INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

Organisation:

Bega Valley Shire Council

Name:

Ms Judith Clifton

Position:

Manager - Economic Development

Telephone:

02 6499 2222

Date Received:

5/08/2005

Theme:

Summary





Council Chambers: Zingel Place, Bega NSW 2550
ABN 26 987 935 332

Our Ref:

Contact No:

J. Clifton 6499 2192

3 August 2005

The Director
Standing Committee on State Development
Legislative Council
Parliament House
SYNDNEY NSW 2000

Dear Sir/Madam,

Inquiry into Skills Shortages in Rural and Regional NSW

The Bega Valley Shire Business Forum raised skills shortages as an issue in early 2004. To commence the investigation into the building industry the Bega Valley Shire Business Forum convened a meeting on 4 August 2004, in Merimbula. From this meeting a Bega Valley Building Taskforce was created. The Taskforce examined several issues identified by the Building Industry and completed appropriate actions on behalf of the industry.

The following is guaranteed to address of the terms of reference for your Committee in relation to the information the Taskforce received from the Bega Valley Building Industry.

(a) The current and future demand for labour.

According to ABS figures the construction industry within the Beg Valley Shire has experience strong growth between 1996 to 2001 with absolute growth of 219 employees in the construction industry or a growth rate of 34%.

The construction industry is comprised of self employed or small businesses with the average age of 55 + for the business owner. These demographics outline a concern that in the next 5 to 10 years the majority of these people will be retiring leaving gaps in the industry infrastructure.

According to government statistics there were only 24 apprentice approvals in 2003 and 27 up to July in 2004 in the Bega Valley. Of these 28 were carpentry apprentices. There were no apprentices trained in bricklaying, glazing, metal roofing and roof plumbing, plastering and roof tiling in the 2003 -2004 period. There was only 1 wall and floor tiling apprentice and 5 plumbing and 6 painting apprentices.

All correspondence to be addressed to: PO Box 492 Bega NSW 2550

Tel: 02 6499 2222 Fax: 02 6499 2200 Bega Web: www.begavalley.nsw.gov.au Email: council@begavalley.nsw.gov.au DX: 4904

(b) The economic and social impact of the skills shortages

The social and economic impacts of the building industry skills shortage have not been measured; this was not a criterion for our investigation. The Building Industry Taskforce's major objective was to investigate issues that were raised by the industry not to measure the social and economic impacts for the skills shortage.

(c) The strategies and programs of local governments to retain and attract skilled workers including opportunities for strategies and programs in conjunction with non-government bodies such as regional business organisations and Area Consultative Committees and Regional Development Boards

The Taskforce's major outcomes are listed below:

- The conducting of a industry wide survey resulting in 43 responses providing accurate information for the taskforce to act on
- Two pre employment building courses to be funded by DET at Bega TAFE and Auswide Projects in Merimbula.
- A structured approach has been developed to introduce young people to the building industry through building career information days.
- Requesting improved liaison with the building industry associations to improve communications and representation within the industry. (The HIA has agreed to ensure a visit to the Bega Valley at leat one day a month)
- To reduce the vast distance apprentices have to travel a request was prepared to TAFE to provide building and construction training through Bega TAFE and also to provide for local assessment of skills.
- Outlining concerns that the industry has regarding Continued Professional Development (CPD) to the Dept of Fair Trading.
- The writing to the Federal Minister for apprenticeship training regarding industry suggestions for greater incentives to employ apprentices
- Suggested to the industry associations that young people undertaking VET courses at school should be able to access some of the information and services of the industry associations through a junior membership arrangement.
- Provide feedback to the local industry of results from the survey and suggestions for local industry improvements including the need for improved skills in information technology including making good use of the internet and encourage the option to employ apprentices through Group Training Programs.
- (d) Consider appropriate models from the states in interacting with the

Commonwealth's skilled regional migration programs

The Taskforce's objective was to address issues within the building industry and included:

- Shortage of builders and tradespeople
- Poor communications within the industry
- It was feared (and not proved) that some trades activity enjoy the great demand for their labour where they can charge a premium for their work. Should this be true in any way it is a dangerous scenario for the future of the building industry.
- Difficulties in recruiting suitable young people to the industry
- Excessive "red tape" issues especially CPD, builders warranty insurance, Occupational Health and Safety issues and DA approvals
- A lack of incentives to recruit
- Apprentices having to travel vast distances for training
- Having to keep up to date with information technology

It became apparent to the Taskforce that such issues once addressed would encourage the industry to consider employing apprentices. This in turn would alleviate a local skills shortage issue and at the same time maybe address a wider community issue of our young 18-35 year olds leaving the area for education and training.

The retention of these young people in our community removes the need for migration of others into the area. This would be a preferred long-term solution for the community.

(e) Coordination between Local, State and Commonwealth Governments, to attract and retain skilled workers.

The Building Industry Taskforce members were John Dedman, Executive officer for the South East Area Consultative Committee (Seacc), Judith Clifton, Economic Development Manager, Bega Valley Shire Council and Geoffrey Grigg from the Bega Valley Business Forum.

The Taskforce wrote letters to the Minister for Fair Trading, The Director of Illawarra Institute of TAFE, the Minister of Education Science and Training and the Chief Executive Officers of the HIA and MBA. Copies of these letters are attached.

The findings indicated that there is very little local co-ordination of the building industry and that locally a local group should be formed however, this was not thought to be feasible so we recommended that the HIA and the MBA do more co-odination.

(f) The impact of the Commonwealth's regional migration programs including assessing the long-term jobs and investment outcomes and considering possible recommendations to encourage sustainable regional development in NSW.

N/A

(g) The adequacy of current measures used to record and report on the skills shortage.

The Building Industry Taskforce sent out 128 surveys to the construction industry and 43 were returned. We would consider the information to be highly accurate as it was received directly from industry members. The survey question and survey results are attached for your information.

(h) The methods used by training organisations including TAFE to assess skill needs in rural and regional NSW and their response to identified needs.

The Bega Valley Shire holds no TAFE courses for trades. Apprentices have to travel from Bega to Cooma, Canberra, Moruya, Bateman's Bay, Goulburn and Wollongong for TAFE trade courses. The survey results show that 35 people saw a need for local building industry trade courses. This is issue is strongly voiced by the industry because of the cost and safety issues relating to apprentices travelling such distances for there courses.

As the issue of skills shortage continues to grow nationwide the Taskforce believes that this feedback on relevant issues and comments from local building industry members will provide the Standing Committee with some accurate and relevant information, first hand.

In conclusion, it should be noted that once the investigation of a skills shortage began into the building industry it became apparent to the Taskforce that other sectors of the Bega Valley Shire community where also affected. In particular we would direct the Committee to investigate the areas of Health and Community Services, Transport, Education, Motor vehicle repairs, Professional Services and Cooking Trades.

We feel that your Committee should pay particular attention to the letter that our Taskforce sent back to the local building industry as it outlines some of the positive things that can be done to improve skill shortages.

Should you wish to discuss any of the above information please don't hesitate to contact me on 649921292.

Yours faithfully

Clifton

Manager, Economic Development

Dear Industry Member,

Results of Bega Valley Building Industry Taskforce '04-'05

We are pleased to announce the findings of the Building Industry Taskforce for the Bega Valley Shire.

The Taskforce wishes to thank members of the building industry who attended meetings and provided us with information for the local building industry survey, conducted in October 2004.

Attached is a copy of the survey summary. The main problems identified by the Taskforce include:

- Shortage of new trades people coming into the (ageing) industry
- Concerns that suitable young people were hard to recruit
- Excessive "red tape" issues especially with CPD, employment, Builders Warranty Insurance and Occupational Health and Safety issues, plus DA approvals and Construction Certificates.
- Low financial incentives to recruit apprentices
- Apprentices having to travel long distances for training
- During our research there were some comments indicating some members did not wish to train further as they were busy with the continuous work on offer.
- There is a very real skills shortage in some trades.
- Industry support information heavily biased towards the internet and the challenges adjusting to information technology communication

The average age of industry members is growing and if the apprentice recruitment rate does not increase the Shire's economy and building industry will suffer and the skills base will decline further.

Industry Representation

The Building Industry Taskforce became aware that communication to the industry by the two key Associations was not co-ordinated. We have consequently written to both the HIA and the MBA requesting an improvement in these services to the industry in the Bega Valley. We believe their field officers are covering too great an area. A copy of this letter is attached.

The taskforce met with HIA and MBA and gained agreement that HIA and MBA will plan their trade nights better to prevent duplication of effort in the local area. They have also agreed to promote their CPD training calendar further in advance to give you more time to plan plus they have agreed to provide better and more co-ordinated support on their websites for CPD.

Red Tape

Attached is our letter to the Minister for Fair Trading seeking clearer CPD guidelines for you and advising them of your concerns. It also addresses Builders Warranty Insurance.

Development Approvals and Construction Certificates

Regarding the issue of slow Development Approvals at Bega Valley Shire Council which was discussed at the Building Industry Forum in Merimbula (August 4, '04) Council have now sought appointment for a specialist officer to ease processing in Development Applications and Construction Certificates.

Other Actions

A copy of this information pack to you will be forwarded to the local Members of Parliament and Councillors at Bega Valley Shire Council. The survey results will also be sent to training providers and Job Network Members in the Shire.

Our Recommendations to You.

There is a real need to keep informed through an industry association such as the MBA and/or HIA.

Write to your local Members of Parliament or relevant Ministers about the issues important to you.

Contact the SEACC Small Business Answers Officer, Sarah Hannebery Ph 6492 1166 who has free benchmark information for the running of building businesses such as building contractors, painting, plastering, plumbing and landscaping. There is also data for hardware retailers.

You can also contact the Business Enterprise Centre in Bega on Ph 6492 5340 for business support, advice and information or the Capital BEC in Queanbeyan on Ph 6297 3121.

Investigate the use of a Job Network Member on 13 17 15 or go to http://workplace.gov.au to recruit apprentices and trainees from the local labour force.

Building Industry Survey

43 Surveys received

Is there something that can be done to improve your knowledge and use of the following in regard to the building industry

	OH&S		
Yes		No	No Answer
21 .		13	3
	CPD		•
Yes		No	No Answer
18		15	4
All Ins	urance	Needs	
Yes		No	No Answer
25		8	5

4 people had NO answer to any of the Yes/No 15 people made NO comment

Yes what can be done?

- * All trades people required to attend courses on SWMS (safe work method statements) & complete the paperwork for SWMS.
- * Changes need to be made to Home Warranty Insurance Personal assets are put at risk
- * Longer more informative courses and induction training in High Schools
- * Enomous amount of legal obligation that needs to be alleviated driving people out of the trade
- * Get rid of it all and have government backed across the board insurance for everybody.
- * Regular and frequent 1/2 day or evening training sessions
- * Hireable safety equipment in the local area scaffold etc
- * One simple brochure, training courses on workcover, insurance etc.
- * Government Departments to advise builders on legislation changes
- * Make the premiums cheaper better deals for the self-employed
- * Employees need to be taught to be more responsible for themselves
- * Bring courses carrying CPD point to the local area
- * Specific information via Website
- * Insurance companies should be made more accountable instead of shifting the onus away from them

The Home Warranty Insurance Scheme has been criticised. What do you think should be done about it?

- * Needs to be reviewed and over-hauled
- * Scrap it completely if not restore the old Govt compulsory system the BLB used to run. The insurance companies have the wrong idea of what it is supposed to be about- ref little builders and high-rise aren't covered.
- * If it is kept (at the moment it is a joke) too much red tape eg just trying to gain access and what cover does it provide for us tradespeople
- * User pays I work one out just me & my apprentice, never had a claim against me, very little likelihood of going broke, Am I charged the same as big companies with big risks and big claims.
- * If the builder has not had a claim against them, they should be exempt to encourage potential clients to use them

- * Lobbying across trades OH&S responsibilities
- * Support with paperwork
- *Continued update of requirements. Information on financial support, seminars, training
- * Enforcement of fair trading and information services enhancing promotion of the area
- * Book work helping simplifying reports needed on job
- * For up-to-date information
- * Just general info at a time when needed

Do you see the need for LOCAL building industry trade courses?

Yes

No

35

٠ . .

If Yes which courses would you like to see?

- 17 all courses
- 4 whatever is required
- 3 plumbing
- 2 Builder, Electrical & Plumbing
- 2 Electrical
- 1 Carpentry & Joinery
- 1 small business courses
- 1 OH&S
- 1 Green Technology & Product Installation & Education
- 2 made no comment
- 4 of the 8 people who said NO to local trade courses said YES to lobbying government for funding for local building industry pre-apprenticeship training
- 3 of those 4 people said they would put on an Apprentice after Pre-Apprenticeship Training

What would it take for you to hire more Apprentices or Trainees?

17 people said that government assistance would entice them to hire more apprentices Comments:

- * Less red tape, less liability, access to local training and assurance of work into the future
- * Incentives for good business practices industry awards, cuts in costs of premiums, superannuation, workers compensation and administrative costs
- * More sales to local builders by way of shire wide advertising campaign to "buy local"

Should we lobby the government for pre-apprentice training?

Yes

No

No answer

26

7

10

5 of the 35 - that want local training do not want pre-apprenticeship courses

1 person who said NO to pre-industry training but said Yes to putting on an apprentice with Pre-apprenticeship training

Would you employ a pre-apprentice graduate?

Yes

Nο

Maybe

No Answer

13

10

12

8

2 who answered NO said they were too old

- 3 of the 10 stated cost
- 2 of the 10 stated red tape
- 8 made no comment

- * Having been in the building industry for over 40 years, the high administration costs and beaurocratic red tape is driving us established builders away and will unlikely employ apprentices to keep the industry in good hands.
- * Contractors are burdened down by too much paperwork & bookwork due to legalities needed before working on site needs to be simplified some issues are bordering on ridiculous
- * Make it easier & cheaper for tradespeople to keep up with new ideas and development going on in the industry. Better control of unlicensed people doing work and licensed people who are starting to do other trade work.
- *Home owners warranty insurance is a waste of time. It has not improved the industry. CPD also a waste of time too. More time off the job and another cost to our business again will not improve the industry
- * CPD points / I do not understand where this came from or what its suppose to achieve. I think personally that it's a total load of rubbish. It needs to be scraped.
- * In regard to OH&S people should be made more responsible for their own actions.
- * Need to make any potential "builders" fully aware of what mess they are letting themselves into in the building industry. It is grossly over-regulated by government red tape and the returns on invested capital is ever decreasing as a result of the same.'
- * BVSC unable to stick to any sort of time schedule for the DA & CC process. The CPD system after having completed every useful course available in the last 5 years I find I now have to do useless ones to set points.
- * Subcontractors to be responsible for own OH&S & trade contractor's statements. Penalising subcontractors for non-compliance, not builders who are already safety conscious, stressed, exhausted.

TRAINING

- * SEACC and the like provide a valuable interface with the broader business community through their courses. MBA seminars, OH&S seminars and the like bring the building industry together (for who ever attends). A "Bega Valley Building Industry" body could provide valuable communication and networking opportunities on top of these other events. I think the solution to attracting more industry members is to simply employ them. Apprenticeships are few and far between for young people wishing to enter our industry.
- * Educators should realise that we still need labouring type employees and not all university educated boffins. Don't make employees in building related trades feel second-class because they haven't been to university. Give them a degree for hands on training and development.
- * The carpentry TAFE course at Cooma "should" move to Bega. Why? To save a bunch of male "P" platers (the highest risk drivers in the country) having to drive to Cooma in winter on icy roads in the dark. Workcover should investigate the risk. In the meantime block release at Cooma TAFE should run Monday to Thursday or Tuesday Friday not Thursday Friday, Monday, Tuesday as this would halve the number of trips.
- * A builder needs 7 years + TAFE+ experience to build homes whereas owner/builders do a 2 day course and are let loose on a building site.
- * Unfortunately the dollar has been allowed to supersede quality particularly in the field of carpentry very few apprentices (or carpenter joiners) have the skills to cut out a hip roof prior to erection or indeed to set out wall framing. All such work (skills) are now replaced with readymade wall frames and roof trusses landed to the site erected mainly on concrete slabs. The "carpenter" is now an assembler of components that eventually become a "throw-away" house-good for the time being ask any retired builders!!!!



"Enjoy the Sapphire Coast"

BEGA VALLEY SHIRE COUNC

Council Chambers: Zingel Place, Bega NSW 2550 ABN 26 987 935 332

25 February 2005

The Commissioner NSW Office of Fair Trading 1 Fitzwilliam Street Parramatta NSW 2150

Dear Commissioner

Re: Building Industry Bega Valley Shire - New South Wales

The Building Industry Taskforce of the Bega Valley Shire has recently conducted an extensive survey and consultation process with the local building industry.

The survey identified a number of issues, which we would like to provide for your information and consideration:

- Licence holders have found the CPD system to be burdensome, confusing, inconsistent and uncoordinated across the industry.
- They have expressed a need for more local courses and programs that are genuinely relevant to their skills development needs, especially for young trade's people.
- They have expressed an interest in a unified CPD curriculum that is 3. industry guided and relevant to local needs.
- IT skills in the industry are still developing as new generations enter 4 the workforce. Support for existing industry tradespeople to further develop these skills would permit a smoother CPD process.
- The industry has expressed concerns over the equity and 5. effectiveness of the Home Warranty Insurance Scheme

The five items raise above are not conclusive of all issues and responses raised in the survey.



"Enjoy the Sapphire Coast"

BEGA VALLEY SHIRE COUNCIL

Council Chambers: Zingel Place, Bega NSW 2550

25 February 2005

The Minister
Dr Brendan Nelson
The Department of Education, Science and Training
Parliament House
CANBERRA ACT 2600

Dear Minister

Re: Building Industry Bega Valley Shire - New South Wales

The Building Industry Taskforce of the Bega Valley Shire has recently conducted an extensive survey and consultation process with the local building industry.

The survey identified a number of issues which we would like to bring to your attention:

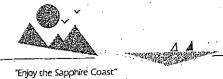
As you would be aware, there is a general skills shortage in the building industry nationally. This shortage is one of the motivating factors for the existence of our Taskforce.

In the process of our consultation with the industry throughout the Shire we have been informed by the industry that they would hire more apprentices if greater subsidies and/or incentives were more readily available.

One of the greater problems uncovered in meetings with the industry and through the survey conducted was the high cost of employing apprentices. There is no doubt that an increase in employer incentives would help to boost the apprentice intake. The current rate of funding over four years is not considered to have any impact on the decision whether to employ an apprentice or not. We would encourage your department to consider further incentives, especially for trades experiencing skills shortages, beyond current incentive arrangements.

The nature and information technology requirements of the industry are changing and with our current industry boom we are well placed to develop a thriving and modern skills base with additional support from the government. We believe that support will be repaid in the form of skilled long term industry members.

To give you some grass roots feedback of what the building industry is thinking we have enclosed a copy of the survey results for your information. We would encourage you and your relevant staff to have a good look at the issues the builders and trades people in the Bega Valley face.



Council Chambers: Zingel Place, Bega NSW 2550

25 February 2005

Mr B. Peddle
Institute Director
Illawarra Institute of Technology
Wollongong Campus
PO Box 1228
WOLLOGONG NSW 2500

Dear Sir

Re: Building Industry Bega Valley Shire - New South Wales

The Building Industry Taskforce of the Bega Valley Shire has recently conducted an extensive survey and consultation process with the local building industry.

The results of the survey are attached.

The survey identified a number of issues which we would like to bring to your attention.

We are aware of competency based field assessing for building apprenticeship modules occurring in other regions in New South Wales and we believe a similar successful program could be introduced in the Bega Valley Shire for the following reasons.

 Winter based travel out of the area is both expensive and dangerous for our young apprentices.

2. Field based competency is more likely to reflect industry standards and so TAFE students will have higher quality outcomes.

3. International trends indicate the decentralisation of training modules through both technology and divestment of RTO's to local communities and we feel there is a good opportunity for TAFE to further engage in this trend.

A majority of survey respondents said they could see the need for local building industry trade courses or modules of courses. The majority of them stated it should cover all courses. The area is attracting so many new housing developments in the medium and long term and we believe it is justifiable and would greatly benefit the industry if you established a long term local training interest in building trades facilities.

All correspondence to be addressed to: PO Box 492 Bega NSW 2550
Tel: 02 6499 2222 Fax: 02 6499 2200 Bega Web: www.begavailey.nsw.gov.au Email: council@begavailey.nsw.gov.au DX: 4904



Council Chambers: Zingel Place, Bega NSW 2550

25 February 2005

Mr B. Seidler Executive Director Master Builders' Association Postal Bag 9 BROADWAY NSW 2002

Dear Sir

Re: Building Industry Bega Valley Shire - New South Wales

The Building Industry Taskforce of the Bega Valley Shire has recently conducted an extensive survey and consultation process with the local building industry.

The results of the survey are attached. We believe this is "grass roots" information that will be of great interest to your organisation. The survey raised a number of issues which your organisation might like to consider.

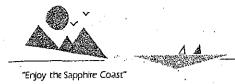
The Building Industry Taskforce's primary interest is to have improved industry communication through coordinated industry association representation in the Bega Valley Shire. There are occasions when both bodies conduct Trade Nights and in some circumstances they are on the same day (there are a number of builders who are a member of both organisations).

While not being critical of your field officers' we feel that increasing your organisation's representation locally would improve communication channels to the industry. We question whether your field officers have too large an area to service adequately.

We have suggested to Lynn Smith a school-to-trade career pathway championed by a number of players with a central focus being student membership of your organisation when VET (Vocational Education Training) or work experience courses are commenced. This will promote many benefits, the primary one being greater use of your IT resources which will have a flow on effect through their entire skill sets and perception of the industry.

All correspondence to be addressed to: PO Box 492 Bega NSW 2550

Tel: 02 6499 2222 Fax: 02 6499 2200 Bega Web: www.begavalley.nsw.gov.au Email: council@begavalley.nsw.gov.au DX: 4904



Council Chambers: Zingel Place, Bega NSW 2550

25 February 2005

Ms Caroline Lemezina
Executive Director
Housing Industry Association Limited
79 Constitution Avenue
CANBERRA ACT 2612

Dear Madam

Re: Building Industry Bega Valley Shire - New South Wales

The Building Industry Taskforce of the Bega Valley Shire has recently conducted an extensive survey and consultation process with the local building industry.

The results of the survey are attached. We believe this is "grass roots" information that will be of great interest to your organisation. The survey raised a number of issues which your organisation might like to consider.

The Building Industry Taskforce's primary interest is to have improved industry communication through coordinated industry association representation in the Bega Valley Shire. There are occasions when both bodies conduct Trade Nights and in some circumstances they are on the same day (there are a number of builders who are a member of both organisations).

While not being critical of your field officers' we feel that increasing your organisation's representation locally would improve communication channels to the industry. We question whether your field officers have too large an area to service adequately.

We have suggested to Bill Lampard a school-to-trade career pathway championed by a number of players with a central focus being student membership of your organisation when VET (Vocational Education Training) or work experience courses are commenced. This will promote many benefits, the primary one being greater use of your IT resources which will have a flow on effect through their entire skill sets and perception of the industry.

All correspondence to be addressed to: PO Box 492 Bega NSW 2550
Tel: 02 6499 2222 Fax: 02 6499 2200 Bega Web: www.begavalley.nsw.gov.au Email: council@begavalley.nsw.gov.au DX: 4904