

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

Organisation: Australian Business Limited
Name: Mr Paul Orton
Position: General Manager - Policy and Membership
Telephone:
Date Received: 7/09/2005

Theme:
Contact: Kathy Rankin 02 9458 7441

Summary

6 September 2005

Ms Julie Langsworth
Legislative Council Standing Committee on State Development
NSW Parliament House
Macquarie St
Sydney NSW 2000

Dear Ms Langsworth

Australian Business Limited (ABL) has pleasure in submitting a response to the NSW Government Inquiry into Rural and Regional Skill Shortages.

As a broad-based employer organisation, ABL has commented on specific issues being faced by regional businesses and highlighted the opportunities we believe are available to positively impact on the development and retention of an appropriately skilled workforce in Regional NSW.

If you require further input to support the Committee's deliberations, please contact Kathy Rankin, Policy Adviser Education & Training on 02 9458 7441 or by email at kathy.rankin@australianbusiness.com.au.

Yours sincerely



Paul Orton
General Manager
Policy and Membership



Australian Business Limited
is a founding member of ACCI

Address: 140 Arthur Street North Sydney NSW 2060
DX: 10541 North Sydney
Postal Address: Locked Bag 938 North Sydney NSW 2059

Australian Business Limited ABN 63 000 014 504

Offices: Albury, Ballina, Canberra, Gosford, Newcastle, North Sydney, Parramatta, Port Macquarie, Mascot, Tamworth, Wagga Wagga, Wollongong

Telephone: 13 26 96
Facsimile: 1300 655 277
Email: navigation@australianbusiness.com.au





SUBMISSION TO
THE INQUIRY INTO SKILLS SHORTAGES IN
RURAL AND REGIONAL NSW

by the

NSW STANDING COMMITTEE ON STATE
DEVELOPMENT

AUGUST 2005

Australian Business Limited

Locked Bag 938
North Sydney NSW 2060

Tel: 13 26 96
Fax: 02 9955 2472

www.australianbusiness.com.au

CONTENTS

1. EXECUTIVE SUMMARY	1
2. INTRODUCTION	3
3. THE CURRENT AND FUTURE DEMAND FOR LABOUR	4
3.i Effectiveness of existing data to identify skill needs	4
3.ii Changing labour and skill needs	6
3.iii Ageing profile of regional employees	8
3.iv Young people and regional employment	10
3.v School based vocational education	11
3.vi Regional skilled migration	12

APPENDICES

- A. Australian Business Limited Survey of Regional Members – August 2005
- B. Case Study – Nambucca Vehicle Body Manufacturing Cluster
- C. Executive Summary – Matching Workplace Skills to Business Need
- D. Evaluation of Illawarra and Shoalhaven Apprenticeship Pilot Project

For further information contact:

Kathy Rankin,
Policy Adviser
Ph: 02 9458 7441
Fax: 02 9955 2472
Email: kathy.rankin@australianbusiness.com.au

1. EXECUTIVE SUMMARY

Australian Business Limited is a long standing broad-based Employer Association providing advice and support to 28,000 businesses. Most are small and medium enterprises which are serviced by a local network of regional offices across the State.

The issues for regional and rural businesses do not simply relate to vocational skill development initiatives. They should be viewed in a broader context of available labour as well as a business and economic development context.

Australian Business Limited strongly recommends that the Committee

- ensures that 'skill shortages' are defined more broadly than trade and vocational qualifications and include consideration of the impact of technical, professional and management skill needs of regional enterprises
- recognises the issues for regional communities are to not only attract new skill sets, but to retain the existing skills of older workers and increase the attractiveness for young people to stay within the community
- acknowledges that skill attraction and retention is not simply the preserve of the education and training sector, but requires an holistic approach to skill and business development that integrates the work of both economic development and targeted employment agencies, and
- notes the critical importance of effective communication, shared goals and local decision making so that enterprises, government agencies and communities are supported to develop strategies that are responsive to existing need and develop longer term strategies to address future need.

Australian Business Limited recommends that the NSW Government:

1. undertake an audit of existing data gathering and reporting mechanisms on skill needs across agencies and commit to develop a single mechanism to gather, analyse and publish annual skill priorities based on this consolidated data.
2. assess the current process for establishment of Vocational Training Orders to ensure that vocational training is responsive to business need and should include:
 - review of the process to identify options to simplify
 - identify best practice for shared training responsibility for workplace delivery by Registered Training Organisations and business clusters
 - progress the simplification of training approvals to better align the approvals for qualifications under National Training Package

development rules and jurisdiction requirements to ensure valid pathways between traineeships and indentured apprenticeships.

3. review the funding model for existing workers in Vocational Education and Training to
 - support a more rigorous and standardised process for Recognition of Prior Learning
 - better identify resourcing models to up-skill and re-skill existing and mature workers based on a unit costing rather than time served
 - investigate the impact of separate funding models for existing and mature employees in recognition of existing capabilities.
4. provides active support to retain youth in regional employment by
 - developing existing pilots for industry specific initiatives for pre-apprenticeship training to apply to all industry sectors
 - establishing mechanisms for structured communication and collaboration between employment and training intermediaries and business networks
 - investigating options to aid employers to engage with young people through incentives for regional cadetship type activities.
5. provides active support to retain youth in regional employment by
 - developing existing pilots for industry specific initiatives for pre-apprenticeship training to apply to all industry sectors
 - establishing mechanisms for structured communication and collaboration between employment and training intermediaries and business networks
 - investigating options to aid employers to engage with young people through incentives for regional cadetship type activities.
6. actively engage with employer and industry associations to negotiate the issues of licensing and award requirements to allow for trade based Certificate III School Based New Apprenticeships by reducing the industrial barriers for the introduction of a training wage.
7. considers the introduction of complementary support services for regional migrants to increase the attractiveness of relocation. This may include opportunity for shared employment across a number of organisations experiencing shortage.

2. INTRODUCTION

Australian Business Limited is a long standing broad-based Employer Association providing advice and support to 28,000 businesses. Most are small and medium enterprises which are serviced by a local network of regional offices across the State. In ensuring that Australian Business Limited represents the issues of the membership direction is provided by our 12 Regional Councils which comprise senior business people in each region.

In NSW, Australian Business Limited is engaged in policy interaction with the NSW Government as it relates to skill issues, providing high level input into the NSW Industry Skills Forum and the State Advisory Committee for Structured Workplace Learning, which supports Vocational Education & Training in Schools. Australian Business Limited is a foundation member of the Australian Chamber of Commerce and Industry and is an active member of its Employment, Education and Training Committee.

In 2003 Australian Business Limited surveyed the NSW business community to determine their business priorities for the NSW Government. For the first time access to, and retention of, an appropriately skilled workforce was identified as the number one priority. This level of concern was reflected in a national survey of ACCI members in 2004, led by Australian Business Limited, which placed skill related issues in the top four priorities. As further indicator to the potential impact of skill shortages, the availability of suitably qualified employees was the second largest constraint on business investment, only just behind taxes, in the July 2005 ACCI Survey of Investor Confidence.

In developing this submission Australian Business Limited surveyed regional business members on a range of skill, recruitment and economic indicators. Their responses are identified throughout this submission. A summary of findings is attached as **Appendix A**.

The issues for regional and rural businesses do not simply relate to vocational skill development initiatives. They should be viewed in a broader context of available labour as well as a business and economic development context.

In the survey referred to above of Australian Business Limited regional members, seventy five percent of respondents indicated difficulty in recruiting employees in the last 12 months.

These were not only related to vocational skills, but indicated constraints across a wide range of employment categories including Business Development, Information Technology, Finance, Marketing, Production and Skilled Trades. All of these have learning pathways that include both vocational and degree qualifications.

A priority for Government should be to ensure that all structured learning opportunities, either through government or private funding, demonstrates

- simplicity for the process of undertaking training
- responsive and flexible processes to identify and engage with learning
- improved opportunities to customise qualifications and articulate into higher levels of qualification.

In light of the above, sixty one percent of respondents considered that skill shortages are negatively impacting on their business viability and seventy eight percent considered that skill shortages are negatively impacting on local economic development¹.

It is worth noting that while thirty six percent agree that they are actively engaged in identifying economic development strategies for the region sixty five percent are not convinced that local, state and Commonwealth agencies are actively working together to support economic development in the region².

Australian Business Limited strongly recommends that the Committee:

- ensures that 'skill shortages' are defined more broadly than trade and vocational qualifications and include consideration of the impact of technical, professional and management skill needs of regional enterprises
- recognises the issues for regional communities are to not only attract new skill sets, but to retain the existing skills of older workers and increase the attractiveness for young people to stay within the community
- acknowledges that skill attraction and retention is not simply the preserve of the education and training sector, but requires an holistic approach to skill and business development that integrates the work of both economic development and targeted employment agencies
- notes the critical importance of effective communication, shared goals and local decision making so that enterprises, government agencies and communities are supported to develop strategies that are responsive to existing need and develop longer term strategies to address future need.

3. The current and future demand for labour

3.i. Effectiveness of existing data to identify skill needs

This issue is problematic under the existing mechanisms to gather data. Australian Business Limited considers that change needs to be addressed on a national, state and local level as the following constraints have been identified.

1. The majority of this data is statistical and as a consequence historical in nature. Most data is based on ABS and unemployment figures. It would appear that little work is being done to capture, in a holistic way, the business planning of individual enterprises or sector representative bodies.

¹ Australian Business Limited Survey of Regional Business Members, August 2005

² Australian Business Limited Survey of Regional Business Members, August 2005

Australian Business Limited believes there is a need to more effectively engage business to identify their projections for business and employment growth, creating a broader context for policy decisions and funding.

It is recognised that this information should not be taken as a firm commitment by business to employ, as over time economic adjustments need to be made to all business plans. However, its inclusion would signal intent and provide additional 'soft' reporting that would better inform training planning for regionally based training organisations and education institutions.

2. There is no nationally consistent, or publicly available single mechanism to integrate the data of agencies such as the Department of Employment and Labour Relations which reports against unemployment and skill shortage; and the data used by the Department of Education, Science and Training and the individual State Training Authorities who gather their own data to identify take up of vocational training which in turn underpins NSW training priorities. Additionally there appears to be little data on labour market information that is connected into either of these agencies or to State planners.
3. Australian Business Limited is concerned that there is limited structural engagement between the NSW Department of State and Regional Development (DSRD), which supports economic growth and business attraction and the NSW Department of Education and Training (DET).

While there may be some collaborative support on an as-needs basis, there seems to be no sustainable mechanisms to ensure that business attraction and training provision are aligned and supportive. This organisation understands that all skill need data is provided to DSRD by DET.

It would appear that in NSW this data is, in the main, provided by State funded Industry Training Advisory Bodies. These bodies have had significant resource restraints imposed in recent years, resulting in a questionable capacity to consult with the broad business stakeholders. This information increasingly is provided on take up of formal, publicly funded Vocational Education and does not necessarily capture self funded (including company funded) management development related learning. It would also appear that little attempt has been made by the NSW Government to holistically engage broader business groups in a structured and sustainable manner to either provide input or validate the advice.

4. Many organisations are undertaking research into skill needs. These range from local council skill audits, to research funded by Area Consultative Committees and local Economic Development Boards. As there is no consolidated reporting of this information it is unclear as to the use, either within a regional footprint or across the State to validate or inform the work of DSRD or DET.

Recommendation:

That as a matter of urgency the NSW Government undertake an audit of existing data gathering and reporting mechanisms on skill needs across agencies and commit to develop a single mechanism to gather, analyse and publish annual skill priorities based on this consolidated data.

3.ii. Changing labour and skill needs

The business environment is changing. Competitors are becoming collaborators, partnerships between product and service deliverers and cluster relationships are allowing competitive access to broader Australian and international markets. Technology is creating new goods and services and changing the way that business operates. As a consequence business requires a mix of technical, generic and employability skills to allow responsiveness to market demand.

Significantly, the nature of the relationship between individuals and enterprises is also changing. Micro businesses are increasingly providing contracted and consultancy services to larger operations. For the individual, years of experience and/or a single qualification is no longer a guarantee of long-term connection to the labour market. Rather, individuals are tending to build a portfolio of skills and qualifications – funded by both the individual and employer. Increasingly this is being identified both in young people seeking increased work challenges, but also in older workers identifying ways continue in either full or part-time employment.

Since the introduction of New Apprenticeships, a larger number of vocational qualifications are available that map to job descriptions. The underpinning value of National Training Package qualifications is the assessment of competency as demonstrated in the workplace, rather than relying on institutional delivered theory and curriculum based examinations.

The value of this broader qualification framework is that there are now vocational pathways in many sectors, such as transport and distribution, where no formal qualification previously existed. A significant number have been developed as a direct response to new technology demands. The value of New Apprenticeships to the business community is the capacity to combine theory with practice in the workplace, culminating in a degree of security by the employer that experience has been a considerable contributor to the award of the qualification.

It appears to be increasingly problematic that the flexibility implicit in training packages is not being translated into delivery. In 2000 all states and territories committed to full implementation of User Choice (public funding to access training from a training provider of choice for New Apprenticeships) under the ANTA (as it was at that time) Training Agreement. However, the reality is that this is not the case and in NSW there is no User Choice for trade related indentured apprenticeships as they are still delivered in Regional NSW by TAFE (excluding Hunter and Illawarra).

While this in itself is not necessarily a concern to business as it acknowledges the vital resource of regional TAFE to deliver locally responsive fee for service

as well as publicly funded training. What is of concern is a constraint on delivery that results because there is not a broad range of Registered Training Organisations available to respond to demand.

While thirty three percent of respondents agreed that there are courses delivered at the local TAFE as a result of the needs of business, thirty percent were not involved in regular and structured consultation to discuss training needs³.

It is significant to note that in Australian Business Limited's recent survey of regional business, of the thirty nine percent who had not employed a New Apprentice in the last 4 years, fifty four percent indicated that this was because the qualification available was not appropriate to their business needs⁴.

Australian Business Limited believes there is a long way before the publicly funded vocational training system becomes as responsive to business needs as is required and cites the following as inhibitors to flexibility:

1. Complexity in obtaining variations to and additional Vocational Training Orders (VTOs). The regulatory requirements are often complex, time consuming and reactive, commencing only once significant demand has been identified.
2. Difficulty in establishing VTOs for traineeships providing direct pathways to higher level qualifications, especially if these higher qualifications have been previously endorsed as indentured apprenticeships. For example, a Certificate II in automotive manufacture requires a complementary VTO for Certificate III (traineeship) in order for the initial qualification to have recognition and articulation into a higher level qualification and for the employee to progress to higher duties.
3. Restraints placed by some unions, actively resisting the introduction of new and/or lower level traineeship qualifications. It would appear to this organisation that there needs to be an improved recognition that increased specialisation results in changing skill need – opportunity does not always exist for broad based qualifications to be undertaken as there is no opportunity to demonstrate workplace competence.

For example if a business is operating only in a new manufacturing sector, an existing qualification that requires competence in both manufacture and repair will be unable to be undertaken. National Training Package qualifications have been developed to respond to this issue, but the process of approving VTOs, which require the cooperation of unions, employers and training organisations is lagging behind and acting as a barrier to skill development.

4. Funding efficiencies for regional TAFEs combined with requirements for operational efficiencies. Under an institutional model of delivery all TAFE colleges may have the capacity under their Registered Training

³ Australian Business Limited Survey of Regional Business Members, August 2005

⁴ Australian Business Limited Survey of Regional Business Members, August 2005

Organisation status to deliver courses. If local demand is not sufficient to establish a class students will need to enroll in courses delivered out of region with the New Apprentice required to undertake block release for training. While this may provide efficiencies for the training provider, it does not provide efficiencies for the employer who has to manage changed workloads as a consequence.

5. Lack of capacity for TAFE to deliver training on equipment that is relevant for current workplaces and introduced technologies. In course areas where there is high infrastructure cost for training, such as manufacturing and engineering, TAFE does not have the capacity to keep pace with the workplace.

In some regional areas where the relationship between TAFE and local business is strong shared training is being undertaken. TAFE personnel deliver the educational components in the workplace in partnership with business which provides the equipment. This is an efficient and effective model for skill development. Unfortunately implementation is adhoc and not fully supported by NSW Government skill development policy.

The attached Nambucca Vehicle Body Manufacturing Cluster Case Study exemplifies the difficulties experienced by regional businesses in managing skill issues in regional NSW (Appendix B)

Recommendation

That the NSW Government assess the current process for establishment of Vocational Training Orders to ensure that vocational training is responsive to business need. This should include

- **review of the process to identify options to simplify**
- **identify best practice for shared training responsibility for workplace delivery by Registered Training Organisations and business clusters**
- **progress the simplification of training approvals to better align the approvals for qualifications under National Training Package development rules and jurisdiction requirements to ensure valid pathways between traineeships and indentured apprenticeships.**

3.iii. Ageing profile of regional employees

In regional NSW the rising age profile of existing employees means that new ways to retain these individuals will need to be identified. Skill acquisition strategies that upskill and reskill existing workers will need to acknowledge the experience and skills developed over time and not formally recognised through a qualification. This will become increasingly critical as regional youth migration to urban centres increases and regional birth rates decline.

Thirty two percent of Regional Australian Business Limited members consider there are limited training opportunities for existing workers in regional areas

and forty one percent consider that the skills of mature age workers are not being fully utilized by the local business community⁵.

In 2004 Australian Business Limited released the report ***Matching Workplace Skills to Business Need***. While the research covered a broad range of training issues, what was significant was a desire by both businesses and individuals for increased customisation and responsiveness of publicly funded vocational training (Executive Summary is attached as ***Appendix C***).

This was especially so for existing workers. Significant numbers of employees, especially those in regional locations have long-term job experience and many entered employment before there were recognised national vocational qualifications. Many have existing skills that would be of benefit when transitioning into new fields of employment. However there is little opportunity for these to be recognised or capitalised on.

The current system of public funding in NSW is based on a time to complete formula and makes little allowance for recognition of prior learning (RPL). While there is a mechanism for RPL within training contracts, both employers and Registered Training Organisations consider that there is room for increased standardisation and rigor to gain improved outcomes from the process.

There have been recent initiatives by the NSW Government to increase the attractiveness of trade based training by reducing the time served for indentured apprenticeships. While a reduction in time is one option, a more appropriate model to apply across a range of industries, especially those with licensing requirements such as plumbers, would be to better engage with competency based assessment mechanisms. Australian Business Limited considers there would be no lowering of standards if the establishment process was done in close consultation with industry and procedures established to set minimum benchmarks for sign off.

Further, Australian Business Limited considers that there needs to be a review of the resourcing formula that would allow for a realistic funding level for a pre training evaluation or competency mapping against training package standards. If the Government were to then identify a cost per unit formula for competencies within each qualification then greater opportunity would exist for efficient use of training dollars.

There are currently two definitions for those wishing to undertake a New Apprenticeship – new entrant and existing worker. The existing worker category requires that the employee undertake a qualification in a completely new field, and that they be employed for a minimum of 3 months prior to commencement. At this point the funding and eligibility requirements are the same for both new entrant and existing worker categories.

Australian Business Limited considers that the Existing Worker category should be divided into existing and mature worker categories. This would encourage older workers to undertake skill assessments and identify opportunities to gain initial qualifications or add additional qualifications. In

⁵ Australian Business Limited Survey of Regional Business Members, August 2005

doing this it adds value to the individual and identifies potential opportunities to support longer engagement with the workforce if they so wish.

Recommendation

That there be a review of the funding model for existing workers in Vocational Education and Training

- **support a more rigorous and standardised process for Recognition of Prior Learning**
- **better identify resourcing models to up-skill and re-skill existing and mature workers based on a unit costing rather than time served**
- **investigate the impact of separate funding models for existing and mature employees in recognition of existing capabilities.**

3.iv. Young people and regional employment

At the same time the availability of young people to enter employment in regional centres is declining. Significant numbers of Australian Business Limited members who operate manufacturing businesses are reporting increasing difficulty in attracting young people to apprenticeships and traineeships. Anecdotal reports indicate that this is due to:

- misconceptions of the current and future employment and career opportunities in the manufacturing sector
- poor understanding of the types of skill needs and work conditions
- changing aspirations of school leavers, and their parents, who increasingly are remaining at school to complete the Higher School Certificate.

Additionally, many young people move out of regional locations for further education and employment experience but are not attracted to return. It may well be that employers are not encouraging a connection with young people during that time. There is opportunity for Government to work with regional employers to identify ways to generate cadetship or structured work experience schemes that maintain the connection and bring the young people back for structured casual employment during holidays.

Many regional businesses are small and medium enterprises which, without in-house Human Resource personnel, rely on external intermediaries such as recruitment agencies, Group Training Companies, Job Network providers, New Apprenticeship Centres and Registered Training Organisations. The preferred candidate for many positions is one with experience and or entry level technical skills.

Many of these regions also have higher than state average youth unemployment rates. However there appears to be differing priorities and outcomes for each of these intermediaries and in the main little communication and connection between them.

In 2002 responding to concerns by a number of small manufacturers in the Illawarra Australian Business Limited sought to identify options to engage unemployed youth in employment.

The Illawarra Business Chamber, an affiliate of Australian Business Limited, established the Illawarra Apprenticeship Committee which sought to identify options to better engage employers with potential employees focusing on building the skill base of unemployed youth.

Two issues were identified. First, that employers sought some certainty that the young person was committed to employment and has some basic skills for the job, and second, that a degree of pastoral care and brokering was required to negotiate the initial or probationary employment period. The Department of Employment & Workplace Relations funded a project coordinator, the NSW Government funded 45 targeted pre-apprenticeship training places, and where required, Group Training Companies negotiated host employment opportunities. In a 12 month period, 120 young people were placed in apprenticeships. At April 2005, 98 were still in their original apprenticeship, 1 was still employed with the original employer but not as an apprentice, and another has moved to different employment.

An independent analysis of the Illawarra & Shoalhaven Apprenticeship Pilot Project is attached as **Appendix D**.

Recommendation

That the NSW Government provides active support to retain youth in regional employment by

- **developing existing pilots for industry specific initiatives for pre-apprenticeship training to apply to all industry sectors**
- **establishing mechanisms for structured communication and collaboration between employment and training intermediaries and business networks**
- **investigating options to aid employers to engage with young people through incentives for regional cadetship type activities.**

3.v. School Based Vocational Education

The introduction of Vocational Education and Training in Schools has provided increased opportunities for young people to develop employability skills and gain a nationally recognised qualification. However, of the 64,000 students undertaking VET programs only 560 were undertaking a School Based Part Time Traineeship. It is a concern to Australian Business Limited that while students report positive experience of the VET in Schools course, there is little regional impact on skill shortages and ongoing difficulty attracting young people to trade based employment.

The majority of students undertaking these courses do so in business service related qualifications such as retail, hospitality, IT, and Business Services, not trade qualifications. The current structure in NSW, due in part to the intervention of unions is that the only School Based Part Time Traineeships are to Certificate II level, which restricts entry into many trade qualifications which commence at Certificate III.

Recommendation

That the NSW Government actively engage with employer and industry associations to negotiate the issues of licensing and award requirements to allow for trade based Certificate III School Based New Apprenticeships by reducing the industrial barriers for the introduction of a training wage.

3.vi. Regional skilled migration

Australian Business Limited supports the role of skilled migration in responding to skill shortages. However it should be viewed as a complementary process to address short term skill needs and should be undertaken as a complementary activity to broadening structured vocational training and higher education.

Ninety two percent of survey respondents had never recruited employees through a skilled migration program⁶. This was reported to be due to lack of knowledge of the program (42%) and the required skill sets not falling under the skilled migration guidelines (33%). Although not reported explicitly in the responses interaction with regional Australian Business Limited members indicates that there is a lack of knowledge of the role of the Commonwealth and State Governments in supporting regional skilled migration and there is a poor understanding of where to access appropriate information.

A further issue for regional enterprises is often the requirement to find employment for the partner of the sponsored migrant. While this is not always the case, many professionals seeking to migrate often have partners also wishing to be employed and without adequate opportunity, this issue will be a significant negative factor. Regional Australia is very different to regions in other countries due to distance, reduced support infrastructure - such as education and professional networks, as a consequence of low population levels, and in some cases a lack of multi-cultural profiles of the community.

While not falling within skilled migration guidelines, significant numbers of migrants enter from countries where Australia does not fully recognise the qualifications attained. Under-employment results and many will seek support from cultural communities, most often in the Sydney Metropolitan region, rather than in regional communities. Australian Business Limited considers that there is an opportunity to work more effectively with this latter group to identify skill sets and provide access to additional nationally recognised vocational qualifications under a similar formula as that proposed for mature workers. The focus must be on better utilization of the skills currently within the community to leverage the most appropriate economic benefit.

Recommendation

That the NSW Government considers the introduction of complementary support services for regional migrants to increase the attractiveness of relocation. This may include opportunity for shared employment across a number of organisations experiencing shortage.

⁶ Australian Business Limited Survey of Regional Business Members, August 2005

Regional and Rural Skills Shortages Survey – August 2005

Summary of survey results.

1. Survey delivered electronically to 1,900 regional Australian Business Limited members
2. Total responses of 195 representing a 10% response rate

Survey questions:

1. How many years has your business been in operation?

Less than 12 months	<input type="text"/>	1-2 years	<input type="text"/>	3-5 years	<input type="text"/>	6-10 years	<input type="text"/>	More than 10 years	<input type="text"/>
3		11		18		25		137	
1.5%		5.5%		9%		13%		71%	

3. How many people (including owner-managers, partners, etc) are employed by your business within Australia?

Self employed	<input type="text"/>	2 – 4	<input type="text"/>	5 – 19	<input type="text"/>	20 – 29	<input type="text"/>	30 - 49	<input type="text"/>	50+	<input type="text"/>
8		14		86		9		24		51	
4%		7%		45%		5%		12.5%		27%	

4. What is the postcode of your main business location?

Regional breakdown not included in this summary but available on request

5. In which industry sector does your business mainly operate? Please choose only one sector.

Agriculture / Forestry / Fishing / Hunting	2	1%	Cultural / Recreational / Personal Services	2	1%
Mining	8	4%	Health and Community Services	15	7%
Accommodation / Cafes / Restaurants	3	1%	Education	5	2%
Electricity / Gas / Water	1	0.5%	Finance / Insurance / Property / Business Services	32	16%
Construction	5	2%	IT & Communication	8	4%
Retail / Wholesale Trade	20	10%	Transport / Storage	8	4%
Manufacturing	60	29%	Other please tell us:see attached.....	38	18%

6. Have you had difficulty recruiting employees for specific positions during the last 12 months?

140 Yes/ No -48

75% yes / 25% no

7. If you answered yes to question 6 please indicate in which employment area(s) you have had difficulty?

Management	4	3%	Marketing	15	10%
Business Development	13	9%	Finance	14	9%
Administration	10	7%	Retail	6	4%
Information Technology	13	9%	Skilled Trades	12	8%
Manufacturing	5	3%	Production	21	14%

Other, please specify:

24% of respondents provided additional written responses

8. Have you ever recruited employees through a skilled migration program?

15- Yes/ No – 171

8% Yes, 92% No

9. If you answered no to question 8, is it because

Did not know of the program	74	46%
Skills required did not fall under skilled migration guidelines	53	33%
Process was too complex and/or time consuming	12	8%
Skills available within Australia	8	5%
Other, please specify...	13	8%

10. Have you employed a New Apprentice (apprentice or trainee) in the last 4 years?

113 - Yes/No – 72

61% yes/ 39% No

11. If you answered no to question 10, is it because

Did not know of the program	6	8%
Qualification available not appropriate to my business	39	54%
Process was too complex and/or time consuming	4	6%
No need for new employees in the business	14	19%
Other, please specify...	9	12.5%

12. Do you consider that skill shortages are negatively impacting on your business viability?

113 - Yes/ 71 No

61% - yes/ 39% No

13. If you answered yes to question 12, is it because

Do not have the skilled employees to operate new technology upgrades	27	25%
Above average wage payments are necessary to attract and retain skilled employees	16	15%
My business requires specialist skills that are not currently available in the local area	54	50%
Production output is restricted by lack employees	6	6%
Other, please specify.....see attached	4	4%

14. Do you consider that skill shortages are negatively impacting on local economic development?

146 Yes/No – 40

78% yes / 22 No

15. If you answered yes to question 14, is it because

New industry is not being attracted to the region	4	3%
Community viability is being negatively impacted by business closures	7	5%
Employees with specialist skills are leaving the region due to poor employment prospects	15	12%
Government economic development and skills development initiatives do not act collaboratively to support and respond to local business need	92	72%
Other, please specify.....see attached	10	8%

15. Is it difficult to attract people with specific skills your business due to perceived relocation difficulties

69 - Yes/No – 114

38% yes/ 63% No

6. If you answered yes to question 15, is it because

Distance from capital cities	35	42%
Lack of education facilities (schools, TAFE, University)	13	16%
Difficulty in accessing jobs due to restricted public transport	7	8%
Lack of professional support networks in the region	15	18%
Fuel costs are a barrier for people to access jobs away from their home town	4	5%
Other, please specify.....see attached	9	11%

17. There are a number of broad issues impacting on regional skills availability. For the following please rate the statements with 1 being strongly disagree and 5 being strongly agree.

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
A. There are courses delivered at my local TAFE that have been developed in response to the needs of local business	23	27	68	62	9
	12%	14%	36%	33%	5%
B. I am involved in a regular and structured consultation process with my local TAFE to discuss training needs for my industry sector	2	57	59	22	52
	1%	30%	31%	11%	27%
C. I have a choice of both private and public registered training organisations from which to choose vocational training	12	27	42	83	27
	6%	14%	22%	43.5%	14%
D. Local, State and Commonwealth agencies are effectively working together to support economic development in my region	37	61	63	28	2
	19%	32%	33%	15%	1%
E. Local business is actively engaged in identifying economic development strategies for the region	12	38	69	67	4
	6%	20%	35%	36%	2.5%
F. Additional services / support should be provided by government to encourage young workers to stay in, or move to, regional areas	5	5	20	95	62
	3%	3%	10%	51%	33%
G. There are limited training opportunities for existing workers in the region	10	49	39	61	30
	5%	26%	21%	32%	16%
H. Offering flexible work (part-time / casual) is an effective way to reduce the pressure on skills demand in the region	23	38	40	66	21
	12%	20%	22%	35%	11%
I. The skills of mature age workers are not being fully utilised by the local business community	5	19	45	78	41
	3%	10%	24%	41%	22%

Case Study: Skill Needs of the Nambucca Vehicle Body Manufacturing Cluster

The Nambucca Vehicle Body Manufacturing Cluster have finally had success in securing a new training qualification pathways for apprentices in the Nambucca Valley but this has not come without its complications. The vocational training order process has been the major inhibitor to this region accessing appropriate training in automotive original equipment manufacture.

The cluster group was identified in 2001, under the Nambucca Economic Development Plan. The NSW Department of State and Regional Development (DSRD) scoped the cluster group sales, employment, external sales, trade skills employed, IT usage and key industry development issues. In 2002 the highest priority area to be actioned was skills development and training, including the identification and local delivery of a nationally accredited vehicle body manufacturing training package.

The cluster produces buses, coaches, truck bodies, motor homes and trailers. It employs approximately 126 people with projections of 75% growth by 2010. In 2005 it generated 98% of the combined \$16.7 million income from outside the region.

The potential skills shortage that was identified in the development plan in 2002 became a reality in 2004. Without the appropriate training delivered locally, skilling issues would continue to limit the growth potential of the cluster and discourage potential new entrants. For the economic viability of this emerging regional industry, it was recognised that a cluster-based approach to training was necessary for the required critical mass needed for a viable local solution.

There is little industry support for existing programs to attract existing skilled labour to the Nambucca Shire. These programs are seen as short term, stop gap measures that do not address the long-term issues of developing the required skills locally. The cluster identified the Automotive Manufacturing – Bus, Truck and Trailer national training package as the most appropriate to deliver the necessary skills and qualifications required to operate in this industry.

In June 2004, the cluster approached the relevant industry training advisory body with the development plan/strategies in support for vocational training orders to be raised. These vocational training orders were critical, allowing for the funded delivery of a Certificate II Traineeship and Certificate III Apprenticeship in Automotive Manufacturing Bus, Truck and Trailer in NSW.

In March 2005, Australian Business Limited was requested to work with the cluster to progress to VTO approval. Key stakeholders – the cluster group of companies, the industry training advisory body, TAFE NSW, NSW Department of Education and Training, Department of State and Regional Development and the Industry Skills Council – were brought together at a series of roundtables to discuss the issues.

The major inhibitor to the approval of these VTO's was the lack of union support for the introduction of a new apprenticeship qualification. The union believed that the current qualification Certificate III in Vehicle Body Building was relevant to the cluster's training needs despite this apprenticeship not being delivered locally – a significant barrier to skills development in itself.

The cluster acknowledged that the current apprenticeship qualification included both manufacture and repair competencies but the issue was the lack of critical competencies to the manufacturing process. The Certificate III in Automotive

Manufacturing Bus, Truck and Trailer qualification had been developed for original equipment manufacturing for the automotive industry, where as in comparison, the vehicle body building equivalent qualification is included in the automotive retail, service and repair national training package. It was important to reiterate that the cluster group of companies was involved in the manufacture of new vehicles, not maintenance and repair.

The Manufacturing, Engineering, Construction & Transport Curriculum Centre for TAFE had undertaken a mapping exercise of the two qualifications on behalf of the cluster group. This showed that 14 competency standards, critical for the manufacturing sector were not included in the current apprenticeship qualifications.

In April 2005, the union provided support for the approval of the Certificate II traineeship and whilst industry recognised this as a step forward, it was still of significant concern that there was no pathway for higher qualification attainment for future indentured apprentices. Trade recognition through an apprenticeship pathway was essential to respond to the long-term skilling issues of this regional cluster.

Despite this the union continued to indicate that it would not support a VTO for the new apprenticeship based on concerns that the additional qualification would reduce the demand for the current approved apprenticeship in vehicle body building. Added to this the union felt that the employment prospects would be reduced for the potential indentured apprentices undertaking the new apprenticeship qualifications. Both concerns were irrelevant due to the fact that the regional cluster could not access training locally for the current apprenticeship and due to the demonstrated need for the new qualification in automotive manufacturing, there was every expectation of a strong employment prospect for graduates.

Due to the continued negative response by the union, endorsement for the apprenticeship in NSW continued to stall. Australian Business Limited on behalf of the cluster sought the support of the Commissioner for Vocational Education and Training in the NSW Department of Education and Training and Chairman of the NSW Vocational Training tribunal, in resolving this stalemate.

In response, the NSW Department of Education and Training engaged directly with the cluster to validate the need for the new apprenticeship qualification and to guarantee that delivery of this proposed new qualification could be undertaken through a collaborative and innovative partnership between the cluster and TAFE NSW.

After 12 months of dialogue between key stakeholders, in August of this year, the NSW Department of Education and Training provided support for the VTO approval of a Certificate III in Automotive Manufacturing Bus, Truck and Trailer. Flexible delivery of this apprenticeship qualification was also endorsed.

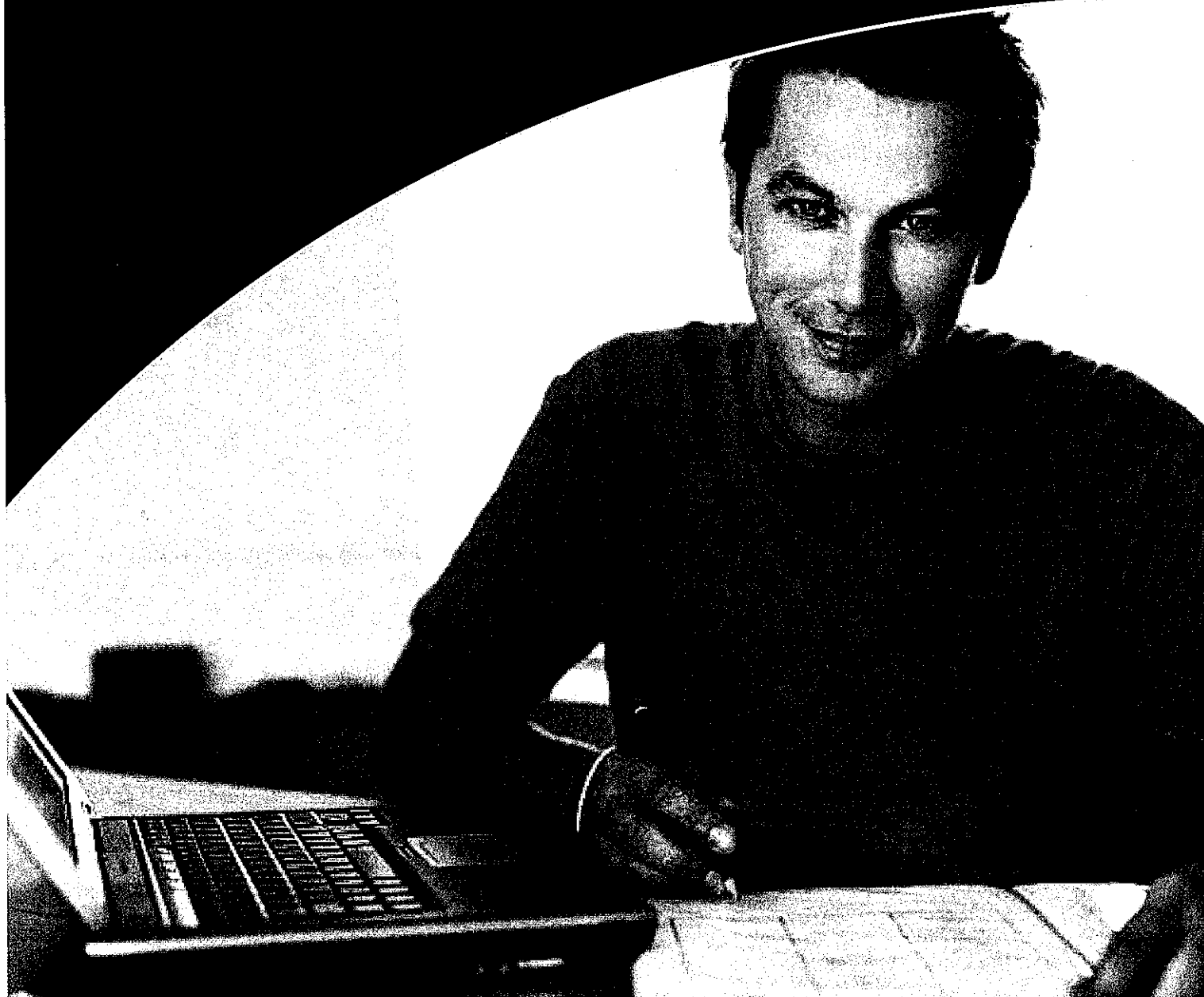
Further, it was suggested that the current apprenticeship qualification in vehicle body building, whilst only delivered off-the-job at one TAFE institute in Greater Western Sydney, be delivered under same flexible arrangements in the region using the cluster group of companies.

The collaborative effort and support of the cluster group of companies with DSRD, Nambucca Valley Shire Council, TAFE NSW, and Automotive Training Australia has produced a significant skilling strategy for an emerging growth industry in a regional area. However the process could have been simplified if VTO approval was less complex and truncated.



Matching workplace skills to business needs

Executive summary – October 2004



The process of education and training can be complex and many small to medium-sized enterprises (SMEs) tend to shy away from training.

Forty five percent of Australian Business Limited members are involved in formal structured training. The stigma, however, is that employers view the vocational education and training sector as confusing, highly structured and unable to deliver short-term benefits.

There are barriers to engagement in training for the majority of small to medium size enterprises. Almost a third of Australian Business Limited members surveyed in 2004 reported difficulties in accessing training in their respective industries. Common inhibitors include location, inconvenient day and time, inappropriate course, inability to facilitate in the workplace and missed enrolment. Such complexities have caused many SMEs to not take advantage of the structured training system to have skills recognised, and to be guided in their training choices.

The survey recommends that to increase future industry engagement in vocational education and training requires:

- 1. Businesses to receive recognition from government for investment in training (64%).**
- 2. Access to User Choice (46%)**
- 3. Increased customisation under publicly funded training (46%).**
- 4. Less red tape in the administration of New Apprenticeships (42%).**
- 5. The benefits of national training packages promoted to business (40%).**

Over a third of respondents agreed that it is critical for further engagement in the formal training system to have the flexibility to pay for add-on training under New Apprenticeships. Yet, only 6.5 percent of registered training providers indicated that they promote this option to employers.

The labour shortage is critical for many employers. Not encouraging employers to engage effectively in the structured vocational education and training system, is tantamount to disaster. There will be a continuing decline in skilled workers and a further loss of business capability for the Australian economy.

Registered Training Providers (RTPs) need to work closely with the client regardless of the size of the business especially as many SMEs have an expectation that they can access tailored training solutions under government initiatives that will skill, up-skill or re-skill their workforce.

There are those employers (more than half of those surveyed), for example, who demand a degree of specialisation in the workplace because they have introduced a new process, procedure or piece of equipment.

Asked to comment on the demand for customised

training solutions, 70 percent of RTPs agreed that barriers to customising publicly funded training were due to low funding levels, cost restrictions, and the often the size of the client organisation making it a financially unviable proposition.

The degree of customisation that RTPs are able to offer under publicly funded programs includes allowing the client to choose the type of delivery method and/or the appropriate day and time for training to occur.

A User Choice Policy has been developed to allow for this degree of customisation. It encourages a direct market relationship between end-users and RTPs to maximise the responsiveness of the training system.

However, full implementation in NSW is yet to occur. Almost 70 percent of Australian Business Limited members have never heard of the User Choice Policy, and surprisingly 56 percent had never heard of National Training Packages.

Furthermore, the KPMG¹ risk assessment report on User Choice Policy indicated that a lack of implementation has led to employers, employees, learners, apprentices and trainees not understanding their rights and responsibilities when making training decisions.

If these current restrictions continue, many small to medium-sized enterprises will withdraw from the vocational education and training system.

Training Solutions and Barriers

Australian Business Limited believes that the User Choice Policy is a key element in employer engagement in training.

It is essential to the on-going performance of the vocational education and training system to provide skills appropriate to the current and future economic development of Australia.

Employees and individuals are becoming increasingly involved, if not responsible, with their own skill development, especially with the casualisation of the workforce.

The research showed that 52 percent of individuals undertake training primarily to gain a qualification. A further 33 percent are involved because their employers offered to pay, while 27 percent are looking to increase their level of skill within the industry.

When individuals were asked to rank the most important outcome of competency-based training, the popular response was 'increasing their employability'.

A similar question asked of employers and RTPs showed eighty six percent of employers citing the importance of acquiring technical skills while a combination of technical skills and work experience was ranked number one by RTPs.

Many individuals wishing to improve their chances of employability believe they can access training under

government initiatives. However, current jurisdictional barriers and a lack of in-depth knowledge can impede an RTP's capacity to deliver training solutions to meet that individual's expectations.

In the case of existing and mature-age workers, skills development initiatives, both State and Territorial, are lacking.

At a Commonwealth level, incentives (while existing under jurisdictional limitations), discourage any uptake as they require existing and mature-age workers to undertake training in a new skill area in order to qualify.

Almost a third of respondents had little or no knowledge of existing worker traineeships in terms of meeting industry skills needs. Fifty percent ranked the outcomes as medium to low. Forty six percent of employers surveyed could not comment on mature-age apprenticeships meeting industry skill needs and 43 percent ranked the program as low (please note that these figures may vary with the new Commonwealth government advertising campaign targeted at mature-age apprenticeships).

Australian Business Limited members also agree that the Recognition of Prior Learning (RPL) in its current structure lacks specificity and discourages its use by many RTPs.

For existing and mature-age worker initiatives to be effective requires clarity and consistency around the eligibility of existing and mature-age worker training.

¹ Impact of User Choice policy on the VET System, KPMG, November 2003.

Strategies will need to be developed with employers' to achieve effective skill development outcomes.

For instance, the proposed learning bonus scheme supports employers by establishing a form of financial assistance for existing employees to undertake training in an AQF 3 level or above discipline which is not limited to New Apprenticeships.

On the job training according to 56 percent of employers and 48 percent of RTPs is the best balance between cost effectiveness and a positive outcome. Eighty six percent of individuals surveyed were undertaking their training on-the-job.

While flexible learning initiatives such as e-learning and distance education, were ranked relatively low as a favoured means for training delivery, there has been a steady uptake in e-learning.

Employers and individuals need to realise that e-learning is the way of the future becoming more favourable to the conventional face-to-face delivery of customised training.

Employers' responsibility

Employers have a responsibility to train their staff and yet 38 percent of individual respondents reported not having a single dedicated mentor/supervisor in the workplace.

Despite this, almost all employer respondents stated that they provide support to their workplace-

based supervisors. This shows that most Australian Business Limited members have a dedicated supervisor overseeing training in their organisation.

Yet, there are no formal structures to support workplace supervisors. Employers and RTPs agree that structured funded support is necessary.

The onus rests on RTPs to guide employers and workplace supervisors to facilitate training in the workplace. Due to the lack of structured support, 32 percent of Australian Business Limited members use mentoring as a support mechanism while 81 percent of RTPs offer informal support through on-going telephone contact.

There needs to be a new allocation of funding for the provision of professional development for workplace-based supervisors. A part qualification or specialised seminars conducted by RTPs would ensure the quality provision of training and assistance, to achieve industry-specific outcomes.

National Training Packages, developed in conjunction with industry stakeholders, have been designed to be responsive to sector and workplace needs.

The downfall is that industry specific competency standards contained in these National Training Packages (equating to the minimum standards required to work in a particular industry), have not been sufficiently conveyed to employers.

Australian Business Limited members (41 percent) still define competency-based training against their specific workplace operations with only 19 percent understanding the relationship to National Training Packages (this may be related to the fact that only 56 percent of employers had actually heard of National Training Packages).

Increasingly more evident is that employers are seeking a broader set of skills in new and existing employees where technical, innovative and generic skills co-exist.

Social and personal attributes, a positive attitude, as well as the ability to learn technical skills are becoming key ingredients.

This framework gained support, with 62 percent of Australian Business Limited members placing a high value on employability skills. Existing employees and future job candidates will need to be supported to develop these skills. This reinforces the need to have included the underpinning implementation of employability skills in National Training Package qualifications.

Undeniably, the continued investment in training by industry will enhance business growth and productivity.

Training enables employees to increase their skills and knowledge base, it also contributes to business improvement, increased efficiency, greater revenue and a stronger skill base.

Further results from the member survey show that employers lack a clear understanding of common industry initiatives.

This is especially evident in New Apprenticeships for both entry level and existing workers. This was matched by disengaged employers who believed that the programs did not meet industry skill needs.

It is essential, with the support of government and industry, to improve the targeting of industry skilling initiatives. It is also crucial to increase employer engagement in training by supporting RTPs. And while the government and industry are currently scrutinising RTPs in terms of their quality and frequency, it is paramount that the outcomes of these and future professional development activities are measured for their overall effectiveness.

Australian Business Limited acknowledges that Commonwealth, State and Territory governments and agencies are committed to providing professional development activities for practitioners.

RTPs as indicated by the survey advocate greater links with industry. The focus of future professional development for practitioners should be targeted industry forums facilitated by Skills Councils and industry associations.

While RTPs often prefer to use the resources of the Australian National Training Authority (ANTA) to keep informed about changes in the vocational education and training sector, further work will need to be undertaken to ensure the quality provision of information by other agencies.

To strengthen the quality of vocational education and training, as well as encourage engagement, it will necessary for governments to consider:

- Increased implementation of User Choice Policy nationally.

- Improved administration of funded programs.

- Reliable and timely information provided by agencies.

- Stronger links to industry.

If this were to occur, strategies for skills development appropriate to the current and future economic development of Australia would be identified and quality implementation would be ensured.

Matching workplace skills to business needs

As a priority, Australian Business Limited calls on government to:

1. Undertake to progress to full implementation of User Choice Policy, as agreed through ANTA MINCO, ensuring that employers can access the most appropriate training provider to deliver workplace-specific outcomes.
2. Undertake development in the area of public/private partnerships that foster infrastructure sharing to better service the skilling requirements of rural and regional communities.
3. Ensure that National Training Packages continue to be flexible and end-user driven, with process development and structures in place allowing for more responsive changes recognising risk management principles.
4. Better support registered training providers under public funding, to customise with the end-user, workplace training and delivery to ensure a responsive training system that is demand-driven.
5. Investigate funding for competency units rather than full qualifications to be formally recorded on skills passports that would fulfil immediate workplace training needs and engage employers in the formal training system.
6. Improve structures for recognition of prior learning/ recognition for current competencies whereby indicators of presumed knowledge are standardised across AQF levels to create benchmarks across industry qualifications.
7. Increase support for mature-age workers by implementing the ACCI learning bonus concept, which provides improved funding for registered training providers to undertake Recognition of Prior Learning/recognition of current competencies.
8. Encourage the use of alternative delivery modes under the Flexible Learning Framework to increase uptake by industry and training providers.
9. Improve communications to industry for the recognition of competency-based training under National Training Packages against industry standards.
10. Commit to ongoing work to embed employability skills into training and assessment for all qualifications in National Training Packages, including increased communication of these to business.
11. Improve communication of State/Territory and Commonwealth training priorities, including a commitment to report achievement and advances in skill development on sectors experiencing skill shortages.
12. Provide additional funding under the Apprenticeship and Traineeship Training Program (ATTP) to eligible registered training providers to acknowledge the increasing requirements in support for workplace supervisors and workplace-focussed assessment.
13. Increase opportunities for broader partnerships with industry through State ITABs, Industry Skills Councils, and industry/ employer associations to gather intelligence on workforce change and inform those concerned about training needs.

Regional Offices: ACT, Mid North, Western Sydney, Northern Rivers, Hunter, Murray/Riverina, Illawarra, Southern Sydney, Northern Sydney, Central Coast

Email: customerservice@australianbusiness.com.au

Web: www.australianbusiness.com.au

The services detailed within this brochure may be supplied by Australian Business Limited (ABN 63 000 014 504), one of its related companies, or in association with pre-selected companies and service providers. The information contained in this brochure is current as at February 2005. Prices, benefits and services are subject to change at any time without notice. Please check with Australian Business Limited for full and current details.



The Illawarra & Shoalhaven Apprenticeship Pilot Project Evaluation Survey

Prepared by
IRIS Research Ltd.

June, 2005.

IRIS Research ABN 16 002 278 793
**Porter Street Annex, The University of Wollongong, 22 Porter Street,
Nth Wollongong**
Postal address: Northfields Ave, Wollongong. NSW 2522 Telephone:
(02) 4229 4777 Fax: (02)4227 2987
Net: <http://www.iris.org.au> Email: research@iris.org.au



Executive Summary

The Pilot is the initiative of the Illawarra Business Chamber in conjunction with the Illawarra Apprenticeship Committee. The Project is funded by the Australian Government's Employment Innovation Fund.

Substantial support has been received from the NSW Department of Education & Training for the funding of a total of 45 pre-apprenticeship courses in skill shortage trade areas. Other courses in Aged Care Work & Children's Services have also been funded under the Pilot, as these areas have been recognised as skills shortage areas.

The Illawarra Apprenticeship Committee is made up of employer, training & community organisations including the Illawarra Business Chamber, Illawarra Area Consultative Committee, Australian Industry Group, South Coast Labour Council, Australian Metal Workers Union, TAFE, Work Skills Illawarra, and local Group Training Organisations including Illawarra Group Training & Wollongong Training & Employment as well as New Apprenticeship Centres.

Various local Job Network Members, Disability, Indigenous & Youth organisations have also partnered with the project in putting forward clients for the various pre-vocational courses.

An Employer Evaluation Survey was undertaken during the month of April 2005, where all employers were contacted other than the hosts of GTOs. Each GTO was also contacted but only to confirm the apprentice's employment status; that is if they still were in their original apprenticeship or not. A total number of 26 apprentices were or are with the GTOs.

The evaluation showed up to 12 months later a very high proportion of the young people placed in an apprenticeship remained with the employer. Out of the 120 apprentices placed into apprenticeships under the Pilot, a total of 98 young people remained in their apprenticeship up until April 2005. Of the remaining 22 no longer in their apprenticeship, 1 participant remains with their employer but not as an apprentice and another participant is now with another employer within a different trade.

In line with the aim of specifically targeting small & medium employers, only 13 employers out of the 75 surveys had more than 25 employees, and of that, only 6 employed more than 50 employees.

86.7% of employers believed that one of the main reasons for employing the apprentice was because they had completed a pre-apprenticeship.

Over 95% of the employers, who put on an apprentice through the Pilot, did so due to:-

- the apprentice had already acquired knowledge in the industry by completing a pre-apprenticeship course
- difficulties they faced in being able to get hold of qualified tradespeople

One in four employers indicated that before the current I&SAPP placement, they had never employed an apprentice.



86.7% of employers believed there was a shortage of skilled tradespeople within their industry and 81.5% believed not enough employers within their industry employed apprentices.

Over 81.3% of employers said in the past they had faced difficulties in recruiting the right person for an apprenticeship.

Employers were also asked if they knew the role of NACs, GTO's, Job Networks & Trainee/Apprenticeships. The results were as follows;

- 38% were aware of Trainee Apprenticeships
- 27% were aware of Job Networks
- 57% were aware of NAC's
- 49% were aware of GTO's

The results demonstrate that employers generally had limited or poor understanding of the process involved in recruiting and/or employing an apprentice.

Questions were also asked of the apprentices, 94.5% of respondents believed that the Pilot had helped them gain employment into an apprenticeship. All apprentices interviewed felt that the program should continue and said that they would recommend the program to other young people.



1. Background

This telephone survey was conducted by Lisa Chambers, Project Officer for the Illawarra and Shoalhaven Apprenticeship Pilot Project (I&SAPP). The survey's purpose was to provide feedback to I&SAPP personnel about the 120 apprentices the pilot has placed with various employers in the Illawarra and Shoalhaven areas since its inception.

Once the survey was conducted, I&SAPP handed over the completed questionnaires to IRIS Research to allow them to enter the data into the SPSS Statistical Analysis software package, analyse data and produce this report.

2. Questionnaire

The questionnaire used in the survey was titled "The Illawarra & Shoalhaven Apprenticeship Pilot Project – Phone Survey of Placements".

Out of the 120 apprentices placed by I&SAPP, 75 surveys were completed – a response rate of 63%. The responses from the 75 surveys are analysed in this report.

The questionnaire can be broken up into four sections:

1. Personal details of the employer and apprentice,
2. Nine questions for the employer to answer,
3. Three questions for the (current) apprentice to answer, and
4. Three questions for the (prior) apprentice to answer. Note: no questionnaire had this section filled in.

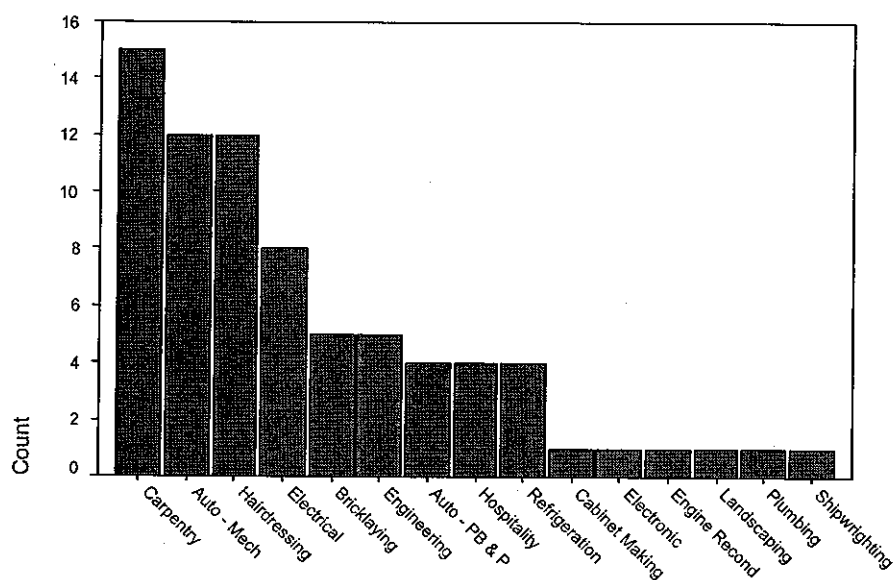
3.1 Number of apprentices placed in each category

Table 1, and Chart 1 below, show the distribution of the 75 apprentices placed by I&SAPP with respect to the category of apprenticeship they have been placed in.

Table 1 : Number of apprentices placed in each category of industry/profession.

Industry / Profession	Count	Percent
Carpentry	15	20.0%
Automotive - Mechanic	12	16.0%
Hairdressing	12	16.0%
Electrical	8	10.7%
Bricklaying	5	6.7%
Engineering	5	6.7%
Automotive – Panel Beating and Painting	4	5.3%
Hospitality	4	5.3%
Refrigeration	4	5.3%
Cabinet Making	1	1.3%
Electronic	1	1.3%
Engine Reconditioning	1	1.3%
Landscaping	1	1.3%
Plumbing	1	1.3%
Shipwrighting	1	1.3%
TOTAL	75	100.0%

Chart 1 : Number of apprentices placed in each category of industry/profession.



3.2 Questions for Employers

First, the employers were given a list of 7 reasons for employing an apprentice through the pilot program, and asked to select any that they felt had applied to themselves. Note that each respondent was able to nominate more than one reason. Table 2 below, shows the number of employers who considered each reason as applied to them.

Table 2 : Reasons for employing apprentice through I&SAPP.

Reason for employing apprentice	Count replied Yes	Percent replied Yes
Completed pre-apprenticeship	65	86.7%
Share your skills and knowledge	34	45.3%
Other reason	21	28.0%
Can't get qualified tradespeople	14	18.7%
Incentives	7	9.3%
Can get a return after a period of time	2	2.7%
GTO Option	0	0.0%

Of the 21 'other reason' responses in Table 2, nine were because the apprentice had acquired some knowledge in the industry previously (* which couples with 'completed pre-apprenticeship' in Table 2 above), nine were because the employer required the labour and 10 were for personal reasons.

From the results, probably more than 95% of the employers have put on an apprentice through the Pilot program because:

- the apprentice had already acquired knowledge in the industry by completing a pre-apprenticeship or by other means, and/or
- the difficulties they had in being able to get hold of qualified tradespeople.

Next the employers were asked how long it had been since they had had an apprentice. Their responses are shown in Table 3 below.

Table 3 : Years since employer had an apprentice.

Years since had apprentice	Count	Percent
1 year	27	36.0%
2 years	11	14.7%
3-5 years	13	17.3%
5-10 years	3	4.0%
10 years or more	2	2.7%
Never	19	25.3%
TOTAL	75	100.0%

One in four employers indicated that before the current I&SAPP placement, they had never employed an apprentice before. Another quarter of respondents stated it had been 3 or more years since they had previously employed an apprentice.

The employers were then asked if one, they felt there was a shortage of skilled tradespersons in their industry and two, if employers employ enough apprentices in their industry. As can be seen in Tables 4 and 5 below, an overwhelming majority, 86.7% and 81.5% respectively feel that these issues are problems within their industry.

Table 4 : Employers who feel there is a skilled tradesperson shortage.

Shortage of skilled persons	Count	Percent
No	10	13.3%
Yes	65	86.7%
TOTAL	75	100.0%

Table 5 : Employers who feel that enough apprentices are employed.

Enough employers employ	Count	Valid Percent
No	53	81.5%
Yes	12	18.5%
No answer	10	
TOTAL	75	100.0%

The 53 respondents who felt that employers weren't employing enough apprentices, were then offered to give a reason why they felt this was so. 47 employers responded with a reason. Table 6 below shows the reasons given along with the number of employers who felt that reason applied to them. As can be seen, slightly more than half of the employers (53%) feel that the high cost and the fact that apprentices have a bad attitude are the reasons that not enough apprentices are being put on.

Table 6 : Reasons why not enough apprentices are employed.

Reason	Count	Percent
Too high cost	14	29.8%
Apprentices have a bad attitude	11	23.4%
Couldn't be bothered	6	12.8%
Unsure	6	12.8%
Can't get the right person	5	10.6%
Other	5	10.6%
TOTAL	47	100.0%

Next the employers were asked if they had faced any issues or difficulties prior to employing their apprentice through I&SAPP. More than one issue or difficulty could be given. Table 7 shows each of these issues or difficulties faced, along with the number of employers who felt they had had to deal with that issue. It is clear that employers utilise I&SAPP's services in the hope of recruiting the right person for the job.

Table 7 : Employers' issues/difficulties before employing apprentice.

Issue or difficulty faced	Count replied Yes	Percent replied Yes
Recruiting the right person	61	81.3%
High worker's compensation costs	35	46.7%
Incentives not sufficient	29	38.7%
Poaching going on within your industry	27	36.0%
Bad experiences with apprentices	21	28.0%
Confusion in process of employing apprentice	20	26.7%
Concerned with 4 year commitment	19	25.3%
Too much paperwork	14	18.7%
Other reason	12	16.0%
Easy for apprentice to break contract	9	12.0%

Employers were then asked what other methods of recruitment they had used in the past, other than through I&SAPP. More than one method of recruitment could be given. Table 8 shows their responses.

Table 8 : Methods of recruitment other than through I&SAPP.

Method of recruitment	Count replied Yes	Percent replied Yes
Word of mouth recommendations	52	69.3%
Resumes sent to employer	45	60.0%
TAFE	31	41.3%
Newspaper / magazine advertising	27	36.0%
Job network	25	33.3%
Employment agency	19	25.3%
High Schools	7	9.3%
On-line recruitment	7	9.3%
Labour hire company	6	8.0%
Other	6	8.0%

Table 9 shows employer awareness levels of the roles of New Apprenticeship Centres, Group training organisations, Job Network and trainee/apprenticeships preceding involvement in the Pilot program. Again, more than one response could be given.

Prior to their involvement in the program close to sixty percent of the employers surveyed understood the role of New Apprenticeship Centres. One out of every two employers was aware of the role of Group training organisations, while the majority of employers surveyed had limited awareness of the roles of Trainees/Apprentices and the Job Network.

Table 9 : Employers were aware of the role of

Aware of the role of	Count replied Yes	Percent replied Yes
New Apprentice Centres (NACS)	43	57.3%
Group Training Organisations (GTO's)	37	49.3%
Trainees / Apprentices	28	37.3%
Job network	20	26.7%

3.3 Questions for Current Apprentices

Out of the 75 valid surveys returned to IRIS, there were 55 completed surveys from individual apprentices. When asked if they felt that the Pilot program had helped them gain employment into an apprenticeship, 52 of the 55 apprentices (94.5%) said that the program had helped. Every apprentice felt that the Pilot program should continue and every apprentice said they would recommend the program to another young person.



Appendix 1 : The Questionnaire



THE ILLAWARRA & SHOALHAVEN APPRENTICESHIP PILOT PROJECT – Phone Survey of Placements

Employer/Host: _____ GTO: _____

Contact Name: _____ Position: _____

Phone: _____

Apprentice Name: _____

Apprenticeship Name: _____

Start Date: _____

Hi, this is Lisa Chambers, Project Officer for the I&SAPP. We're just following up with you about your apprentice. The Project has placed 110 apprentices since it started and we've had good feedback, but we're just doing a follow-up survey to see how you've found the project. I've got some questions which will help us to make the project work better. The questions will take about 10 minutes – Is now a good time?

Your responses today will be added to all the others we're getting. You won't be personally identified, nor will your company.

How's he/she going?

1. What were the reasons for employing (apprentice name) who was part of the Pilot?

- a) ☐ completed pre-apprenticeship
- b) ☐ can't get qualified tradespeople/people retiring; no-one to take their place
- c) ☐ incentives
- d) ☐ can get a return after period of time/if so when? _____
- e) ☐ Share your skills & knowledge/ Give something back
- f) ☐ GTO Option
- g) ☐ Other - _____

2. How long has it been since you had an apprentice?

- a) ☐ 1yr
- b) ☐ 2yrs
- c) ☐ 3-5yrs
- d) ☐ 5-10yrs
- e) ☐ 10 or more
- f) ☐ Never

3. Is there a shortage of skilled tradespersons in your industry?

- ☐ Yes ☐ No



4. Do you think enough employers in your industry employ apprentices?

☐ Yes ☐ No

Any reason why?

5. Before taking on an apprentice, what were some of the issues Or difficulties you were faced with?

- a) ☐ bad experiences with apprentices in the past
- b) ☐ difficulty in recruiting/finding a young person with basic skills & the right attitude
- c) ☐ too much paperwork
- d) ☐ incentives not sufficient/cost
- e) ☐ confusion around process of employing an apprentice – who is who & what is what
- f) ☐ concerned with 4 yr commitment
- g) ☐ high workers comp costs
- h) ☐ Poaching going on within your industry
- i) ☐ easy for apprentice to break contract
- j) ☐ other, please specify? _____

6. Other than through the I&SAPP, which of the following methods of recruitment have you used in the past?...

READ LIST

- a) ☐ Job Network
- b) ☐ An employment Agency
- c) ☐ A labour hire co – that is for Cas/short term positions
- d) ☐ Word of mouth recommendations From personal contacts
- e) ☐ Resumes sent to you or handed to you
- f) ☐ Directly from TAFE
- g) ☐ Directly from schools
- h) ☐ On-line recruitment Website
- i) ☐ Other _____

7. Before becoming involved with the pilot were you aware of the role of:-

- a) ☐ Job Network
- b) ☐ New Apprenticeship Centres (NACS)
- c) ☐ Group Training Organisations (GTO's)
- d) ☐ Trainee/apprenticeships (if applicable)

8. Do you know anyone else in your industry who might be interested in taking an apprentice?

Thankyou very much for the feedback you have provided me, it is much Appreciated & thankyou for taking (apprentices name) on and giving He/she an opportunity to get them along their way in their career, please Let everyone in your industry know about the pilot and if they would like to know further information, I am only too happy to help. My number is



QUESTIONS FOR THE APPRENTICE

Do you believe that being part of the Pilot helped you gain employment into an apprenticeship?

☐ Yes ☐ No

Do you believe the Pilot should continue?

☐ Yes ☐ No

Would you recommend the Pilot to other young people?

☐ Yes ☐ No

APPRENTICE NO LONGER WITH THE EMPLOYER

1. If the apprentice is no longer with your company – can you tell me what happened?/Any reason why?
2. Approximately what date did they finish up? _____
3. Did that experience or would that experience put you off employing another apprentice or giving someone else a go?

☐ yes ☐ No ☐ Unsure

Is there anything else I can do for you at this point in time – or down the track? Is there anything that I have not covered or any questions you would like to ask me? – Thankyou for your time and feedbacketc...