Submission
No 51

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

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Theme:

Summary

8 August 2005

The Director
Standing Committee on State Development
Parliament House
Macquarie Street
SYDNEY 2000

Dear Sir/Madam,

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

Please find attached the Master Builders Association of NSW submission to the Inquiry into skills shortages in rural and regional NSW. The submission brings together issues provided by a wide range of our regional members and staff with regard to the social and economic impact of skills shortages in rural and regional areas. The submission also provides some economic analysis of the labour market and workforce composition of the building and construction industry in NSW. Assistance from our national office was provided in order to present this economic background information.

If the Committee requires clarification of the submission, the Master Builders Association of NSW will gladly accept the opportunity to provide further information.

Yours sincerely,

Brian Seidler
Executive Director

The Master Builders Association of NSW

Submission
to

NSW Legislative Council
Standing Committee on State Development

on
Skill Shortages in Rural and Regional NSW

August 2005

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1. INTRODUCTION

1.1 This submission is made by Master Builders Association of NSW (MBA NSW).

1.2 MBA NSW represents the interests of all sectors of the building and construction industry across NSW. The Master Builders national movement consists of nine State and Territory builders' Associations with approximately 28,000 members. The current membership of the MBA in NSW is in excess of 6,200. The building and construction industry contributes $75 billion of economic activity annually to the Australian economy.

1.3 MBA NSW has a robust and active membership which is organised into a divisional structure encompassing 11 regional areas and a total of 24 divisions. Each active division conducts regular meetings and has an appointed President (honorary) to represent the interests of their local members to the MBA NSW State Council of Management. In this way, not only is MBA NSW the oldest employer association in Australia (Inc 1873), but is also one of the most democratic in terms of representing the views of a diverse group of building and construction industry professionals.

1.4 In addition to the members of MBA NSW being organised regionally, full time staff are located in regional offices in Newcastle, Albury, Gosford, Ballina and Ulludulla. These staff have facilitated much of the member responses that have been included within and informed this submission.

2. PURPOSE OF THIS SUBMISSION

2.1 This submission addresses the terms of reference of the *Inquiry into skills shortages in rural and regional NSW* as promulgated with the letter from the Chair of the Standing Committee on State Development dated 23 June 2005. The MBA NSW has a very real concern about the sustainability of the local building and construction industry in many areas of rural and regional NSW. The overall regional economic ecology of such communities is heavily reliant on the success of a stable building industry and the need to remedy the skills shortage issue is paramount. A unified strategy must be adopted to ensure that regional and rural communities are able to access and support a perpetual base of skilled workers, and as such we are glad to see the standing committee inquiring into these issues.

2.2 The future of the employment and training structure of the building and construction industry will depend on a number of interrelated issues, including the demographics relevant to the industry, throughput of apprentices and trainees, the ageing of the workforce and labour market intelligence drawn from a number of sources. In particular, the labour market needs of the industry will, of course, depend on the future projected activity in an industry which is prone to cyclical changes. In rural areas this is further complicated by local industry and demographic factors.

2.3 The varying reasons behind the current skills shortage can be divided into two major categories: the first being cyclical and the second structural. The cyclical shortages would appear to be easing in NSW particularly as the housing cycle moves into a negative phase therefore easing demand. Although this is not a straightforward proposition in rural and regional areas where localised cyclical or project driven phases of building and construction activity can have an affect that can be perceived as independent from the overall housing market figures. The structural issues mainly due to the ageing of our population and the uptake and retention rate of apprentices are matters that can only be dealt with by other intervention policies.

2.4 Due to the project driven and cyclical nature of the building and construction industry, particularly in rural and regional areas, MBA NSW submits that many of the structural problems in recent years have been ignored and put down to cyclical problems. This is particularly apparent in the area of training and engagement between Secondary Schools, the Vocational Educational Training sector and the building and construction industry.

3 TERM OF REFERENCE A: THE CURRENT AND FUTURE DEMAND FOR LABOUR.

3.1 Current Economic Outlook

A summary of the general economic outlook for the building and construction Industry follows which is based on the research and advice from Master Builders Australia, as well as anecdotal evidence from MBA NSW members.

3.2 Activity remains at a high level, although escalating construction costs (materials, labour and costs associated with delays) and a cooling off in housing markets are beginning to impact.

3.3 Even with a moderation in housing markets and related construction, employment remains at all-time highs. There appears to be plenty of work in the pipeline and non-residential construction to compensate for the slowing of residential construction. There has been renewed profit growth in the construction sector, although aggressive tendering and rising wage and material costs continue to hit bottom lines. Construction wage costs are currently running at 5 per cent per annum, and remain a problem although wage growth may moderate as the housing slowdown feeds through.

3.4 The soft landing in the housing sector continues. After contributing strongly to growth in 2002 and 2003, housing nationally has had little impact on overall economic growth in 2004, detracting marginally from growth in the December quarter. In NSW housing activity has slowed over the last financial year due to the tax regime which has had a state economic impact. Nonetheless, activity is still at a high level consistent with pent up demand in some areas and relatively limited oversupply problems.

3.5 Non-residential building has potential to offset weakness in the residential sector as industrial and commercial building projects are commenced. Engineering construction continues to grow strongly as a raft of infrastructure projects get underway.

3.6 New South Wales

Growth in the New South Wales economy generally tracks total Australia growth. NSW is Australia’s largest jurisdiction and has a well diversified industry structure, albeit without the major mineral resource wealth of Queensland or Western Australia.

3.7 However, over the past few years, the NSW economy has underperformed most other states. As a number of macroeconomic indicators reveal (gross state product, state final demand, population, employment and the unemployment rate), NSW has lagged the rest of Australia since 2002.

3.8 NSW finance and IT sectors were more exposed to the late 1990s US led dotcom boom/bust and 'tech wreck', and the economy also suffered from a major post-Olympics construction downturn. While dwellings investment recovered strongly in 2002-03, the severe drought affected export volumes which detracted from NSW economic growth. This was followed by a much more pronounced downturn in housing than in the other states and a consequent flow-on to retail spending, household consumption with implications for the property and business services sector of the NSW economy.

3.9 In the past two years, dwelling commencements in NSW have fallen by over 20 per cent and dwelling investment has become a drag on growth. The sharp increase in Sydney and other NSW residential property prices affected affordability and this, coupled with oversupply in pockets of Sydney apartment markets, led to falling demand from both first home buyers and investors. This in turn encouraged an outflow of population from NSW to more affordable locations, particularly south east Queensland.

3.10 After peaking at around $23 billion of work done in the second half of 2004, NSW building and construction activity began to fall back as residential building declined. On the other hand, non-residential building is holding up and engineering construction continues to grow strongly and can be expected to contribute solidly to NSW economic growth over the next few years.

3.11 Forward housing indicators have not turned in NSW as they have done in many other states where a recovery in dwelling starts appears likely towards the end of the year, barring interest rate rises. Nonetheless, with NSW commencements now well below underlying demand and the large net interstate migration outflow beginning to diminish, pent-up demand on the back of a deficiency of stock is steadily building up. Accordingly, as affordability slowly improves and first home buyer and upgrader confidence strengthens, the fundamentals will reassert themselves, eventually translating into a strong and sustained recovery in NSW housing markets.

3.12 Next 5 Years

The strong level of demand is expected to continue this year as the industry approaches a peak in activity levels from a medium term perspective. Given the inherently cyclical nature of the construction industry, Master Builders Australia advise that a period of more moderate activity is likely over the next few years.

3.13 Work done in the residential sector has probably peaked this year, to be followed by a moderate downturn. The fall from the peak could be moderate by comparison with past episodes given that there has not been a substantial degree of overbuilding of dwellings (apart from notable exceptions such as apartment building in inner Sydney for example), despite the boom experienced in the past 2 or 3 years. Dwelling construction is currently at around underlying demand.

3.14 Engineering construction activity may experience a second wind, with another phase of strong growth as infrastructure projects begin. Non-dwelling building activity is likely to plateau, with some evidence that activity in commercial office and industrial sectors will drive growth further out. Of course in rural and regional areas this is a very “hit and miss” proposition as local industries are dependent on whether projects are going ahead in particular geographic areas.

3.15 Output in the construction industry nationwide has averaged around 3.5 per cent per annum in real terms since the late 1980s peak. Over the same period, employment growth in the construction sector has averaged 2 per cent per anum, with labour productivity growth therefore 1.5 per cent per annum.

3.16 Employment Forecasts

The ABS estimates that employment in the construction sector was 857,000 in May 2005. Given that activity is at or close to reaching a peak, a period of more moderate employment growth on average is likely over the next 5 years. How this pans out on a short term basis is more difficult to accurately predict, but the cycle in prospect may turn out to be milder by comparison with previous downturns over the past 15 years. In terms of order of magnitude, employment in the construction sector fell by around 15 per cent in the early 1990s recession and by 7 per cent in the 2000-01downturn.

3.17 A period of more moderate output growth of say 2 per cent per annum, coupled with productivity growth in line with the long term average would result in employment growth of approximately 0.5 per cent, on average, over the next 5 years. That would result in construction sector employment reaching around 895,000 in 2009/10, an additional 44,000 people on current levels. This number would be less to the extent that output growth was lower and/or productivity growth was higher.

3.18 Age cohort analysis of the construction industry suggests that nationally 80,000 workers will exit the industry over the next 5 years. Assuming that current levels of new entrants continue over the same period (less than 40,000 over 5 years), the industry would therefore need an additional 40,000 people, or 8,000 people per annum simply to cover the gap, or ageing worker effect on the building and construction industry. Whilst these are national figures, it can be reasonably extrapolated that construction activity in Sydney will maintain labour supply pressure on rural and regional NSW, in addition to the overall national trend.

Indicative annual demand for new workers

ASCO	Occupation	Net replacement		Future growth	Demand for new workers	
		No	%	%	No	%
Structural and Construction Tradespersons						
4411	Carpentry and Joinery Tradespersons	2400	2.4	0.7	2920	3.1
4412	Fibrous Plasterers	200	0.8	2.0	660	2.8
4413	Roof Slaters and Tilers	20	0.2	1.6	190	1.8
4414	Bricklayers	340	1.1	0.7	520	1.8
4415	Solid Plasterers	60	2	2.2	130	4.2
4416	Wall and Floor Tilers and Stonemasons	200	1	1.2	410	2.2
Final Finishes Construction Tradespersons						
4421	Painters and Decorators	880	2.2	1.6	1460	3.8
4422	Signwriters	120	2.2	-0.2	100	2
4423	Floor Finishers	160	1.2	2.2	430	3.4
Plumbers						
4431	Plumbers	1260	2.2	1.4	1990	3.6
Total Requirement		**5640**			**8810**	

Source: Unpublished data DEWR

3.19 Master Builders Australia have recommended to the Federal Government that there is scope for higher net overseas migration (which has averaged around 120,000 per annum over the past 5 years) to help address the structural supply side shortage looming in the building and construction industry discussed above. In this context, the Federal Government's announcement of an additional 20,000 skilled migrants for the planned migrant intake in 2005-06 is welcomed.

4.1 The scope of the skills shortage

National figures presented by Master Builders Australia have been used in order to objectively establish the scope of the problem, as state based data is more difficult to source . Master Builders Australia identified the national and state skill shortages lists based on labour market intelligence undertaken by the Federal Department of Employment and Workplace Relations.

4.2 The Department released the most recent estimates on 5 April 2005 and for the construction industry the highlights as shown in the table are that there continues to be national skill shortages in the traditional trades and evidence to hand would suggest also that there are pockets of regional shortages that are not identified by the methodology used by the Department in creating the National Skills Shortages List.

Skill Shortages - Construction Trades

ASCO	Occupation	Aust	NSW	VIC	QLD	SA	WA	TAS	NT
4411-11	Carpenter and Joiner*	N	**Se***	M-D,R	S*	Se	S	S	S*
4412-11	Fibrous Plasterer*	N	**Se***	M-D,R	na	Se	S	S	S
4414-11	Bricklayer*	N	**Se***	M-D,R	S		S	S	M*
4415-11	Solid Plasterer*	N	**Se**	M-D,R	na	Se	S	S*	S
4431-11	Plumber*	N	**Se***	S	S*	S	S*	S	S*

N = national shortage
M = shortage in metropolitan areas
D = recruitment difficulties
M-D = recruitment difficulties in metropolitan areas
E = shortage easing over the next 12 months

S = state-wide shortage
R = shortage in regional areas
R-D = recruitment difficulties in regional areas
na = not assessed
* = see comments on specialisation

Special Comments

Carpenter

NSW: shortages are most apparent for new residential building, residential maintenance and formwork carpentry.

Fibrous Plasterer

NSW: shortages include plasterboard fixing, cornice fixing and ornate plastering.

Bricklayer

NSW: shortages are restricted to trade-level bricklayers.

Plumber

NSW: shortages are evident in both the commercial and residential sectors and for roof plumbers.

5 JOB PROSPECTS

5.1 Linked with the estimates developed by the Department of Employment and Workplace Relations is the analysis of job prospects for each of the trade areas.

5.2 The Australian Government, through its Australian Careers website provides an indication of job prospects for various occupations and provides estimates of employment growth through to the year 2010-11. For the construction the job prospects are as follows:

Carpenter and Joiner	average, with slight growth expected over the next 5 years
Fibrous Plasterer	good, with moderate growth expected over the next 5 years
Bricklayer	average, with slight growth expected over the next 5 years
Solid Plasterer	average, with moderate growth expected over the next 5 years

5.3 Again, these are national trends and in terms of NSW regional and rural communities, local labour supply and demand takes a very diverse shape depending on the status of local infrastructure projects, local housing markets and the take-up of trade apprenticeships by school leavers in respective geographic areas.

5.4 RATIO OF VACANCY FILLING OF JOBS

In addition to the analysis of the job prospects, a further factor is the prospects for filling jobs as they occur. In this regard trade shortages have intensified over the past year, with the number of suitable applicants applying for each vacancy in the building and construction industry falling from 1.1 in 2003 to 0.7 in 2004.

5.5 AGE PROFILE OF CONSTRUCTION TRADES

In addition to the intake of new entrants to the industry principally by the apprenticeship system, there also will be an additional impact on the labour available in the building and construction industry as the ageing of the workforce takes effect. This again is a national trend that only intensifies outside of metropolitan Sydney as the trend of young school leavers moving to the city to broaden their career choices impacts local communities.

The following table provides details of the age profile of the industry.

Occupation	Age Range (%)			
	15-24	25-44	45-54	55 and over
Construction Tradespersons				
Carpentry and Joinery Tradespersons	25.4	47.9	16.4	10.3
Fibrous Plasterers	22.5	55.7	14.6	7.1
Roof Slaters and Tilers	34.4	52.7	11.6	0.9
Bricklayers	19.9	56.7	15.0	8.4
Solid Plasterers	12.8	63.1	14.1	10.0
Wall and Floor Tilers and Stonemasons	19.6	55.0	13.1	12.4
Painters and Decorators	16.9	47.8	23.4	11.9
Signwriters	18.6	49.9	17.5	14.3
Floor Finishers	23.2	47.0	22.8	7.1
Plumbers	23.2	47.3	19.6	9.9

5.6 In summary, over one quarter of the existing workforce is aged over 45 years of age, with painters and decorators being the largest cohort. It is also surprising to note that such a physically demanding trade as bricklaying has 8.4% of its workforce over the age of 55.

6 APPRENTICES IN TRAINING

6.1 The largest source of new entrants to the building and construction industry are apprentices in training. Nationally, the number of apprentices in training in March 1995 was around 27,000 and a gradual decline was evident until the March quarter 1999 and since then there has been a relatively steady increase to the current estimate of apprentices in training of 38,000.

6.2 However, that is one part of the story in that whilst commencements have been around 15-17,000 over the past five years, the number of cancellations and withdrawals has been of significant alarm to the industry. As can be seen in the table below the estimates for the 12 months ending 30 September 2004 show an exit of 9,550 with a net gain of only 6,430.

6.3 This level of completion, coupled with the number of people leaving the industry mentioned above provides a projected gap of 40,000 over the next 5 years. Again, metropolitan Sydney may dodge some of the effect of this national problem, but the regional and rural areas of NSW are likely to feel the full effect of this broad skills shortage.

Number of apprentices/trainees in construction trades and related workers occupations (ASCO 44) by contract status and state, 12 months ending 30 September 2004 estimates

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
In training	11510	11660	8670	199 0	2600	920	160	530	38030
Commencements	4820	5270	4320	910	1270	480	80	280	17440
Cancellations/ withdrawals	2940	3730	1830	270	470	120	50	140	9550
Completions	2100	2010	1240	360	470	130	30	90	6430

6.4 The reasons for the high cancellation and withdrawal rate vary, however based on the final report to Construction Training Queensland *Investigation into Apprentices in the Building and Construction Industry in Queensland – 'Matching Supply and Demand with Results' – 2004,* reasons given by the apprentices themselves in that state indicate the following:

Conflict with the employer and poor treatment:	29.1%
Financial – wages and leaving for a higher paid job:	24.2%
The apprenticeship was not what the apprentice wanted or the apprentice was not suited to the job	21.1%
Personal or health reasons	12.1%
Lack of work, employer retirement or a downturn in the industry	18.9%
Training was not being done	10.2%

In addition to these findings , the Queensland study found that employers of apprentices had a different view on the reasons behind apprenticeship cancellations, with 51.5% of employers citing that the apprenticeship was not what the young person wanted, with the next reason being that the apprentice had left for higher paying employment, 22.2%. A reason not mentioned by respondents in this survey, but later described in the report, was the increased mobility of young people in the workforce. This is a major factor in regional areas as mobility between jobs often leads to migration from a rural area into a regional or metropolitan center. Of the 100 apprentices surveyed by the Queensland report, 13% had had an apprenticeship cancellation in the past.

TERM OF REFERENCE B:

ECONOMIC AND SOCIAL IMPACT OF SKILLS SHORTAGE

7.1 Much anecdotal evidence has been received about the economic and social impact of skills shortages in rural and regional NSW. Staff from the MBA's regional offices routinely site examples of young apprentices having to travel long distances to attend TAFE training as part of their apprenticeship, an example being: a Bega apprentice having to travel to Canberra; and Albury apprentices in trades such as Painting and Plastering having to travel to Melbourne. Such travel is often after days of on-site work, raising serious OH&S implications. MBA NSW submits that the situation as it stands with so many young apprentices and trainees traveling so far in order just to fulfill the off-the-job component of their training is unacceptable. To our knowledge this sort of disadvantage is not endured on such a scale by any other group in our society, whereby a compulsory part of their employment involves training so far from their regular place of employment. Somehow this situation is accepted as par for the course for young people in vocational training who are most at risk of car accidents and can ill afford the additional cost of travel expenses.

7.2 In areas where TAFE training institutions cannot offer courses to apprentices, it is the MBA NSW contention that a more pro-active approach be taken by the VET sector and maximum use of on-the-job training and assessment be made. This would involve some cost to government in terms of increasing the incentives to employers to provide a workplace with properly delivered and monitored training outcomes, however it would alleviate financial burden on apprentices and employers for the additional travel and time away.

7.3 A specific example of the social impact of the withdrawal of TAFE services in regional NSW has come to light through our Ballina office. MBA NSW recently sponsored the North Coast Institute of TAFE, Excellence Awards for Apprentice of the Year. The winner of the award also won a State TAFE Award for his excellence. In a bid to continue his studies and become a qualified building contractor, the apprentice has been forced to undertake his Certificate IV via correspondence (TAFE NSW OTEN). In our view, the provision of distance learning options through TAFE seems to have been used to try and mask the withdrawal of TAFE services from regional areas

7.4 Feedback from MBA NSW members and MBA training staff is that using distance learning as a method for training in the building industry is generally ineffective; particularly the Certificate IV in Building which (in the absence of an endorsed national training package qualification) is such a cornerstone of the licensing and professional standards expected of residential builders in NSW. This is due to the long hours of work and the degree of practical learning outcomes required by some of the courses that are not particularly suited to distance learning techniques. Students recognise this and completion rates are low compared to the environment of a classroom/teacher student relationship that incorporates the important information exchange between participants in the course who are usually in a similar working environment, and guidance from the trainer.

7.5 Anecdotally it has been submitted by our North Coast Manager that the building industry in coastal areas of NSW have traditionally evolved in a situation where lifestyle preference was a large compensator for diminished commercial opportunities. This attitude came with a certain acceptance that regional living standards were lower than the metropolitan regions, therefore reduced pricing and building costs to fund a better style of living were accepted as part of the social impact of living in regional NSW. Since around the year 2000 onwards, booms in real estate due to the aging populations, lifestyle choices and sea changers have leveled out the industry across the state. The issues faced by builders in North Sydney as compared to Coffs Harbour in respect of compliance, pricing, and building-savvy consumers, are no longer polarised as much as they once were. However, the regional players are still confronted with greater levels of isolation and access to information and training, work availability, transportation problems and less trade options.

7.6 In this type of environment the shortage of skilled trades has a far-reaching impact on more than just the local building industry. Most regional areas are heavily reliant on the strength of their building industry, so economic and social factors are influenced by the buoyancy of the industry and its ability to sustain itself for the future.

7.7 Sources in TAFE tells us that they are coming under increased budget pressures and are therefore withdrawing study options for building and construction workers in regional NSW. MBA NSW is becoming increasingly concerned for the current and future training options for the industry. In the area of post-trade training, MBA NSW work hard to improve the professionalism of our members and impress that training and career development is beneficial for not only their personal bottom line, but to strengthen the local industry. The implementation of mandatory Continuing Professional Development (CPD) for all licensed builders and swimming pool builders provides a regulatory framework to get more participation from industry professionals, however the delivery of these opportunities is often limited and disjointed in regional areas. Limited access and diminished professional opportunities inhibit the cycle of employing more apprentices to make the transition to principal contractors and beyond. The adage of working smarter not harder is essential for the smaller style of builder to adopt if they are to remain competitive in a regional building arena whereby, corporate style and systematic approaches are changing the landscape of how a building business is owned and operated.

7.8 Recent surveys conducted by the Northern Regional MBA office, have alarmingly noticed many of the industry's 'brains trust' have an exit strategy in place and therefore will be soon be lost to the industry. The cultural shift of the mum and dad builder to the high end project builder has undoubtedly upset the traditional cycle of apprentices on building sites and the overall aim and function of local industry players within the regional areas.

8 TERM OF REFERENCE C:

STRATEGIES OF LOCAL GOVERNMENT TO ATTRACT AND RETAIN SKILLED WORKERS

8.1 The key to ensuring that regional areas retain and attract skilled tradespeople and industry professionals in the building and construction industry is engagement and cooperation throughout the whole continuum of education and career development from Secondary School through to post trade and professional development. An important forum for this consultation and forming strategies to better sell local careers in the building and construction industry are the regional business organisations and Area Consultative Committees.

8.2 Master Builders Australia are currently negotiating at the national level on behalf of the various state Master Builders Associations to become involved in the Australian Network of Industry Career Advisors and establish representation at the local level through the Regional Industry Careers Advisors and Regional Consultative Committees. The perception of MBA NSW is that these type of organisations have for too long been "coffee clubs" for those involved in the education sector, without meaningful engagement of industry. Details of the proposed involvement have been provided by Master Builders Australia below:

Regional Industry Careers Advisers (RICAs) and National Industry Career Specialists (NICS) to the Australian Network of Industry Careers Advisers (ANICA)

Background

Australian Network of Industry Careers Advisers

The Australian Network of Industry Careers Advisers (ANICA) will provide a comprehensive national career and transition support network for all young Australians from 13 to 19 years of age. Funding of $143.2 million from 2005-06 to 2008-09 will build on existing programmes to improve the career choices of young people and increase levels of student engagement. ANICA will be delivered through Local Community Partnerships (LCPs).

Dr Brendan Nelson, Minister for Education, Science and Training, released the ANICA Directions Paper on 11 May 2005.

The ANICA initiative comprises three parts:

Enhanced Career and Transition Capacity for Local Community Partnerships

The network of LCPs will partner with industry and professional career advisers to:

- facilitate the provision of assistance to students to develop individual transition plans and understand study and work options;
- facilitate access to professional career advice;
- organise and monitor relevant work experience through the Structured Workplace Learning programme during schooling;

- manage and promote industry-led Adopt a School projects;
- promote vocational education and training pathways and opportunities;
- enhance monitoring and mentoring arrangements of all young people, particularly year 9 and 10 students;
- facilitate the engagement of parents, teachers and career advisers in education about post school options; and
- facilitate the provision of advice on youth services and programmes.

Improving the Professional Standards of Career Advice

Raising the quality of career advice and recognition of career practitioners will be achieved by:

- introducing national professional standards for career advisers;
- expanding professional development opportunities for career advisers;
- providing scholarships for career advisers to undertake study and industry placements;
- funding School and Industry Leaders Forums; and
- rewarding and highlighting the work of schools which integrate high quality career advice into their school curriculum.

Extending Industry Leadership through Regional Industry Career Advisers

A network of Regional Industry Career Advisers (RICAs) will engage local business through LCPs to promote VET pathways to young people.

RICAs will have the capacity to increase access to and enhance the quality of SWL placements, facilitate mentoring programmes, promote links between VET in School delivery and local skill shortages needs and increase the uptake of School-based New Apprenticeships. As part of the ANICA commitment a network of RICAs will:

- build partnerships and links at the local level;
- identify and promote pathways, particularly in skills shortages areas;
- promote employability skills;
- identify, promote and disseminate career resources to LCPs, schools and industry bodies; and
- facilitate quality Structured Workplace Learning opportunities and mentoring for young people.

In turn, a network of National Industry Career Specialists (NICS), who will provide specialist industry sector career information at a national level, will support the RICAs. For example, through forming strong links with industry skills councils, industry bodies, State and Territory training authorities and the Institute for Trade Skill Excellence, NICS will be in a position to provide industry specific career information such as national skills shortage and national and regional labour market opportunities.

RICAs and NICS will be the focus of ACCI future schools industry activity.

Key Issues

- the RICAs be part of a **national** system – one that is not divided into 'separate bits' and run by a range of organisations. A national system would ensure organisations understand who they need to work with (including through other measures such as the National Skills Shortages Strategy);
- the need for **active industry engagement** and extending/improving current arrangements commenced under BISWA and other related programs;
- the **exclusion of other "industry" players** such as Industry Skills Councils where there is agreement on narrowing their functions given concerns over performance;
- working **with not through** LCPs – to ensure business and industry organisations get behind LCPs and support them in ways which are meaningful not in a subordinate role;
- **prescribed qualifications** for particularly the Regional/generalist advisors seem to encourage ex-school teacher ACCI intent.

Master Builders proposes to tender for provision of resources under this initiative.

9. TERM OF REFERENCE D:

APPROPRIATE MODELS FROM OTHER STATES IN INTERACTING WITH THE COMMONWEALTH SKILLED MIGRATION PROGRAM

9.1 In terms of assessing the models used by other states, MBA NSW has not, in isolation, developed a submission specifically with regard to respective states. However, through our national office, Master Builders Australia has proposed the following in order to facilitate successful engagement of the skilled migration scheme by the building and construction industry:

9.2 **Background:** The skill shortages in the building and construction industry have been identified and are now listed on the Migration Operations Demands List (MODL). The current shortages exist in the following trades; bricklaying, carpentry, joinery, plastering and plumbing. The vast majority of entities in the building and construction industry are either small to medium size enterprises or sub contractors. Their ability to access information to enable them to take advantage of employer sponsored migration opportunities is extremely limited. Similarly, their capacity to access the DIMIA website is also extremely limited. Further, the perceived complexity of having to complete the necessary paperwork would be seen as an impediment.

9.3 Typically, members therefore rely on their industry association like Master Builders Australia to help them in meeting their skill shortages, whether that be through domestic sources or through the skilled migration program. Further, their awareness of the DIMIA programs is also extremely limited, if non existent. Once again, they typically rely on Master Builders to either advise or assist them with accessing skilled overseas workers. To date the requests for such assistance have been minimal. The placement of an Outreach Officer would therefore significantly improve and assist members potentially accessing skilled workers from overseas.

9.4 **Support Provided by Master Builders Australia.** Master Builders Australia, if successful, will provide an office that is appropriately furnished, along with a state of the art computer with full access to the internet. Where appropriate, other administrative support will also be provided. Master Builders Australia will lodge an expression of interest for a fulltime Industry Outreach Officer (IOO), an initiative recently announced by the Minister for Immigration and Multicultural and Indigenous Affairs, The Hon Senator Amanda Vanstone.

9.5 Master Builders Australia believes that the IOO would be the primary link between the Department of Immigration and members of the Master Builders movement in order to facilitate skilled migration across all programs within the Department's portfolio. It is proposed that the IOO would undertake, but not be restricted to, the following activities:

- Act as the policy reference point between DIMIA and members of the building and construction industry, and in particular, members of Master Builders

- Provide high level advice to the Master Builders Association offices in all State and Territories on the immigration portfolio and associated programs

- Provide advice to companies and individuals on the eligibility criteria and application processes and practices to participate in the skilled migration programs

- Design and deliver awareness programs, in conjunction with the MBA Training Directors on all aspects of participating in the skilled migration programs.

- Act as the contact point between the Department of Immigration, Master Builders and Australian embassies, Austrade and State and Territory Government trade organisations.

- Undertake research into the extent to which the existing skilled migration programs are presently used by the building and construction industry and the opportunities to extend those programs to meet the employment needs of the industry in Australia.

- Assist companies through the skilled migration application process both in a one to one and company situation, and monitor the application through the immigration approval process.

- Facilitate the completion of the Trade Recognition process for applicants wishing to migrate to Australia under the skilled migration program.

- Act as a point of mentoring for companies and migrants to ensure a seamless transition into the building and construction industry in an Australian setting.

- Liaise with other IOOs to ensure harmony of activities and to take advantage of those activities that are working well in attracting skilled overseas workers.

- Carry out an audit of skilled migration placements and take appropriate remedial action to ensure the continued success of these placements over time.

- Evaluate the outcomes of the IOO program initiative and, in conjunction with Master Builders, determine the most appropriate way to continue to provide ongoing services to its members so that they may participate in the skilled migration program.

10 TERM OF REFERENCE E:

COORDINATION BETWEEN LOCAL STATE AND COMMONWEALTH GOVERNMENT TO ATTRACT AND RETAIN SKILLED WORKERS

10.1 The coordination of efforts at all level of government in terms of attracting and retaining skilled workers is very important, and any initiatives in this area would be supported by MBA NSW. The most important consideration from an industry perspective however is that any government initiatives involve an appropriate level of consultation and engagement with industry at the local and state level. This has been a weakness in the past of efforts within the building and construction industry as evidenced by the training system.

10.2 It is submitted by MBA NSW that the vocational training agenda within the building and construction industry has been effectively taken out of reach of the ability of industry to validate or evaluate training outcomes. To illustrate this point, it is important to note that within the National Training Package for Construction, there are no post trade (Certificate IV and above) qualifications endorsed at the national level. Effectively the situation has evolved to the point where Certificate IV, Diploma and Advanced diploma qualifications take the form of state endorsed courses delivered in a restrictive fashion by TAFE, rather than through the implementation of national training packages as is the case in almost all other industries. The bottom line is that there is no effective industry input into the curriculum or learning and assessment strategies that are used to train building and construction professionals after they have attained their basic trade qualification at Certificate III level. Therefore the situation arises where there is a disjointed approach between the federal and state government which has led to the disengagement of industry from the training agenda in the NSW building and construction industry.

10.3 A standard approach to industry trade training and assessment would open up pathways of assessment and on the job training that could assist in alleviating some of the problems faced by regional tradespeople who are not being serviced by the TAFE system. By opening up real user choice in NSW and actively encouraging employers through a program of education and subsidies particularly for regional employers of apprentices and young tradespeople with aspirations to become supervisors and builders, real progress could be made towards sustaining the required level of skilled labour in rural and regional NSW.

11 TERM OF REFERENCE F:

THE IMPACT OF THE COMMONWEALTH'S REGIONAL MIGRATION PROGRAMS IN ENCOURAGING SUSTAINABLE DEVELOPMENT IN NSW

11.1 As submitted earlier, MBA NSW supports the implementation of the Commonwealth's regional migration programs and through Master Builders Australia is taking a proactive role in ensuring that the network of Outreach Officers is effectively engaged with the regional building and construction industry.

11.2 In addition to the need to attract skilled migrants to Australia there is a need to ensure that the processes and practices that are used to formally recognise the skills of potential migrants is simple and practical, whilst maintaining necessary standards of work. MBA NSW is cognisant of the need to ensure that potential migrant tradespersons are able to meet the licensing needs of their trades, and is well positioned to assist the NSW state government in implementing an effective and robust system of competency assessment. This would require the NSW state government to move away from its exclusive arrangement with the Building Industry Skills Centre that conducts assessments against standards based on the licensing categories as administered by the Office of Fair Trading. The system of skills assessments should be based on transparent and public domain standards, such as those in the national training packages, so that Registered Training Organisations can provide this service where it is needed.

12 TERM OF REFERENCE G

ADEQUACY OF CURRENT MEASURES TO REPORT ON SKILLS SHORTAGE

12.1 Most of the data accessed by MBA NSW in relation to skill shortages has been sourced at the national level through various government departments, including DEST and the ABS. These figures provide a feel for the broad trends, but local level data on skills shortage is very difficult to obtain.

12.2 The building and construction industry in NSW is highly cyclical, subject to a diverse range of local factors, by definition project based and incredibly diverse in terms of the sectors involved and the type of work being done. As such, local data on skills shortages would be very costly to extract, applicable only to particular sectors in particular locations and ultimately probably irrelevant by the time it was filtered up to policy decision makers. As such MBA NSW submits that the focus of work on skills shortages should be to fix the issues that affect the structural problems, rather than chasing shadows caused by local business cycles. This means addressing the structural shortcomings in the areas of training at the state level, whilst only addressing significant national problems of a cyclical nature through skilled migration and other such initiatives.

13 TERM OF REFERENCE H:

THE METHODS USED BY TRAINING ORGANISATION TO ASSESS SKILL NEEDS AND RESPOND

13.1 Access to training at a variety of levels is a major issue within country regions of NSW. Indeed, TAFE is predominantly the main provider for formal training requirements (ie apprenticeships Certificate III, Certificate IV in Building and some Diploma Courses). For example in the North Coast region (from Port Macquarie to the Tweed Border), virtually all training is provided by the North Coast Institute of TAFE. Opportunities for private training organisations to provide training in Certificate IV and beyond is cost prohibitive and difficult to achieve given the lack of nationally endorsed competencies beyond the trade (Certificate III) level, hence the stronghold TAFE currently have within the industry. In recent times, TAFE have provided and continue to provide a good product for the Certificate III Apprenticeship course. However, the ability for trade qualified contractors to obtain their full builders license on the North Coast has diminished over the past few years, due to TAFE not offering the course under the banner of State funded curriculum, therefore increasing the course fees out to several thousand dollars for a Certificate IV in Building. Notwithstanding the current inquiry into licensing in NSW, the Certificate IV in Building is currently the minimum qualification for those wishing to apply for a residential builders licence in NSW.

13.2 Beyond the state funded curriculum, in many areas such as the North Coast, TAFE have not even come up with a new course option to offer to the local industry on a fee-for-service basis. In other words, doing the course through correspondence is the only option to seek certification for Certificate IV to obtain a builders licence unless a skills assessment is pursued, with obviously no guarantee of success when making application with the Office of Fair Trading. Furthermore, the inequity needs to be considered of tradespeople residing in Sydney still being able to access the Certificate IV course through a funded fee of around $750, whilst residents of rural areas have no access. Sydney based apprentices can commence this additional training whilst still completing their apprenticeship, plus gain the valuable face to face teaching for some of the topics which are essential for a successful progression to a fully licensed building contractor. This also affects the access to other training and improved career opportunities for members of the industry in regional areas as they cannot pursue a diploma in, for example Building Studies, without first the Certificate IV course.

13.3 Our North Coast manager is currently dealing with a local development group who are responsible for potentially one of the largest long term developments in that area. In that forum, their discussions have already turned to the issue of 'who will be around' to build this development over the next 15 years. Naturally a skills shortage in the building industry affects a host of aligned sectors of the community and an overall ability to improve the infrastructure and housing arrangements for many in regional centres.

13.4 Having submitted this criticism of TAFE, it is fair to also turn the mirror on employers in the building and construction industry who, to some extent, seem to have lost their culture of training and developing staff with long term vision. Unfortunately according to MBA members, there has developed a culture whereby the practice of poaching second or third year apprentices (after they have been initially trained by their employer at large cost of money and time) is prevalent. To turn this trend around, there needs to be a concerted effort to raise the awareness of employers as to the benefits of taking on first year apprentices and a fairer scheme to reward consistent, committed employers, rather than simply paying completion incentives to whomever happens to be employing the apprentices at the end of their term. MBA NSW is also endeavoring establish a culture of support and mentoring within the membership in order for first time apprentice supervisors to develop their own mentoring and communication skills in order to bridge the generation gaps that naturally occur between apprentices and their supervisors and employers.

13.5 As submitted above, the importance of industry engagement at the local level through regional networks involving schools, training providers, GTO, employers, and local development committees cannot be overstated. The new regime of Regional Consultative Committees and linkages into the RICAs and NICS should progress this issue.

13.6 At the semi-formal level, MBA NSW Divisions should remain a strong network for local employers to discuss issues surrounding placement of apprentices and developing the professionalism of practicing building contractors. MBA NSW is committed to increasing this role by engaging its members in regional industry briefings and supporting their regular divisional meetings.