

High concern from employers on skills

The NSW Business Chamber's inaugural Workforce Skills Survey has found that member businesses are highly concerned about the impact of skills shortages on their future growth, with members reporting skills shortages equating to more than 54,000 jobs statewide.

More than half (53.8%) of the businesses participating reported experiencing a skills shortage now, while nearly two thirds (60.9%) expect to have a skills shortage over the next 12 months. The overwhelming majority (84.9%) of respondents expressed concern about the impact skill shortages may have on their businesses.

a significant factor in securing staff when compared with Sydney (7.7%).

Respondents also assessed the effectiveness of current government assisted employment programs in helping to address their skills needs. The Australian Apprenticeships Incentive Program (39.6%) was the top response, followed by 457 Visa arrangements (26.0%) and Disability Employment Services (15.0%).



"Members report skills shortages equating to more than 54,000 jobs statewide."

Respondents also reported that skills shortages have had a negative impact on their business's ability to meet customer service objectives (12.1%), meet quality standards (10.2%) and develop new products, with 10.3% reporting delays in product development.

Respondents to the survey indicated they had attempted to address their skills gaps internally by increasing the workload of their existing employees (21.7%), encouraging existing employees to work longer hours (18.6%) or by training staff on the job (15.9%). Other businesses experiencing a shortfall of skilled workers have looked to external solutions such as engaging subcontractors or consultants (12.2%) or employing short term staff (10.9%).

Statewide, key factors contributing to skills shortages include competition for skilled employees (21.1%), high wages costs (17.7%) and a lack of availability of a adequate training (10.9%). Employers estimated their skills shortage equated to an average of 3.7 full time jobs, with the Construction (6.2 FTR), Other Industries (4.3 FTR) and Manufacturing (3.5 FTR) sectors recording the highest results.

Regions reporting the highest skills shortages included Western NSW (70.6%), Murray-Riverina (60.0%) and Illawarra/South Coast (58.5%) regions. In regional areas, the most likely factor contributing to skill shortages was candidates lacking specialist knowledge required to perform the role (29.2%) followed by the loss of experienced staff (18.0%) and the geographic location of the business (14.7%).

In regional NSW, geographic location was identified as a far more significant barrier for a business's ability to recruit skilled workers than for businesses in metropolitan areas. Respondents from the Murray Riverina (23.2%), New England North West (22.2%) and Western NSW (22.0%) regions found the geographic location of their business played

A baseline assessment

The Survey was the Chamber's first detailed assessment of business attitudes concerning skills, employment and training issues and was distributed to members across New South Wales.

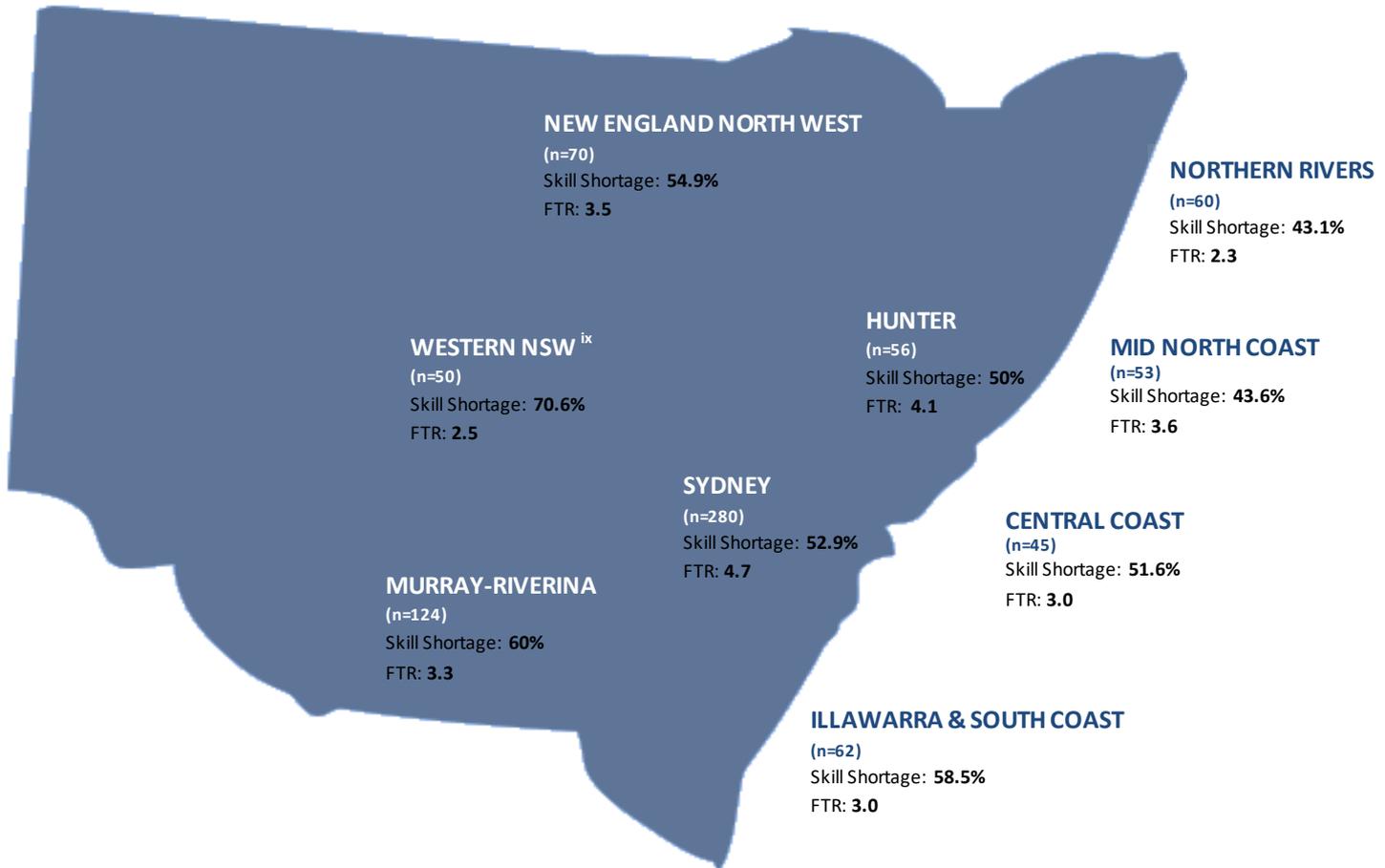
The Survey will be repeated annually and the data gathered in this report will be used as a baseline for analysing trends in future iterations.

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Regional Performance



Industry Performance

Industry	Skill Shortage (Current) % Yes	Skill Shortages (Past 12 months) % Yes	Skill Shortages (Next 12 months) % Yes	FTR (Full-time Roles)
Construction (n=39)	67.7%	40.0%	73.3%	6.2
Retail and wholesale trade (n=99)	41.3%	19.1%	45.6%	2.3
Finance and insurance (n=35)	42.3%	6.7%	36.4%	2.1
Other business services (n=151)	50.0%	32.0%	57.7%	3.4
Manufacturing (n=108)	63.3%	20.7%	73.4%	3.5
Accommodation and food services (n=50)	54.3%	18.8%	64.7%	2.2
Other Industries (n=319)	56.0%	27.3%	63.3%	4.3
All industries (n=801)	53.8%	24.8%	60.9%	3.7

Training pathways

The NSW Business Chamber's previous research¹ has found apprentices and trainees achieve better employment outcomes than their peers who graduate from university. About 85.5% of people who complete an apprenticeship or traineeship are in full time work six months after finishing their training, compared with 62% of university graduates who achieve the same outcome.

As a result, apprenticeships and traineeships are a key incubator of the workforce of the future. The combination of work and learning they involve means that participants develop their skills in a practical, 'real world' way while earning a wage.

In the Workforce Skills Survey, the Chamber sought to test members' views about employing apprentices and trainees and assess the potential barriers to lifting participation in vocational pathways to work.

More than a third (38.1%) of respondents said they had employed an apprentice or trainee over the past 12 months. The overwhelming majority of respondents were positive with the experience of taking on an apprentice or trainee, with around a fifth (22.8%) very satisfied and 54.4% satisfied with the experience. Encouragingly, nearly three quarters (72.3%) reported they would consider engaging a trainee and apprentice again.

On the other hand, a significant proportion of businesses who wanted to engage an apprentice or trainee said there were barriers to doing so. A fifth of respondents (20%) said they wanted to take on an apprentice or trainee in the past 12 months but were unable to. Of these, almost a quarter of respondents they had foregone taking on an apprentice due to insufficient budget (23.0%), while a significant proportion said their existing staff were too busy to train a new worker (22.6%). Nearly a fifth, however, said they lacked knowledge about apprenticeship and traineeship opportunities (21.4%), while others found the administrative burden of arranging an apprenticeship or traineeship was too time consuming (17.3%).

Respondents ranked work readiness training (27.6%), redesigning the incentives paid to employers (24.5%) and better service provision for employers (18.5%) as the most effective strategies to make it easier for employers to engage a training worker.

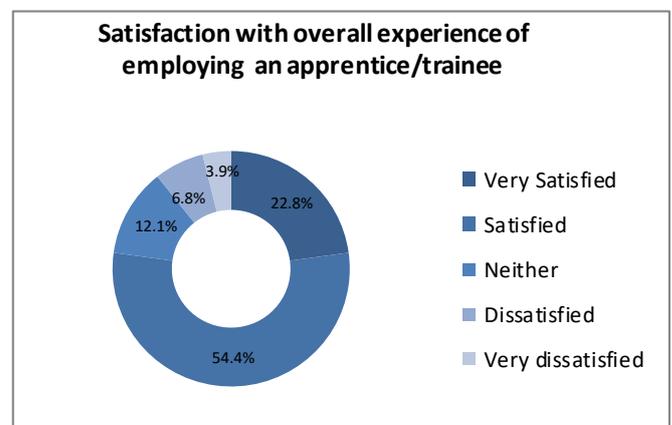
Finally, the Chamber asked businesses for their views on methods to engage more people in taking up an apprenticeship or traineeship pathway. Respondents said strategies to strengthen careers advice (27.2%), job matching (25.3%), external mentoring

programs and career support (24.2%) as well as campaigns to lift public awareness (23.2%) would be the most effective.

The Workforce Skills Survey's findings are consistent with the Chamber's recent research into apprenticeship reform. As outlined in the *Laying the Foundations for Apprenticeship Reform*² report, employers perceive the lack of employability skills of new entrants to the workforce, red tape associated with navigating the system and the lack of high quality careers advice as key barriers to higher participation in apprenticeships and traineeships.

The Chamber will use the intelligence gathered through the Survey to drive the recommendations made in *Laying the Foundations* to reshape the apprenticeship system in NSW and nationally.

Top 3 barriers to engaging an apprentice or trainee		
1	Easier to hire someone already qualified	28.6%
2	No budget available	23.0%
3	Staff too busy to train a new worker	22.6%
Top 3 strategies to boost employer engagement in apprenticeships and traineeships		
1	Work readiness training	27.6%
2	Redesigning employer incentives	24.5%
3	External mentoring programs and career support	24.2%



¹ Polesel, John. (2015). *Paving the Pathway: Addressing Post Year 10 Education*. NSW Business Chamber, accessed 20 April 2017 at http://businesschamber.com.au/NSWBC/media/Unfinished-Business/Thinking-Business-Paving-the-pathway_med.pdf.

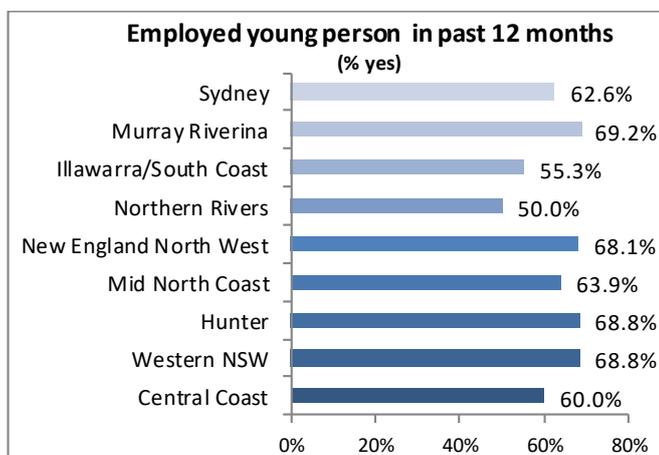
² Noonan, Peter. (2016). *Laying the Foundations for Apprenticeship Reform*, NSW Business Chamber, accessed 20 April 2017 at https://www.nswbusinesschamber.com.au/NSWBCWebsite/media/Policy/Thinking%20Business%20Reports/POL-2342-Laying-the-foundations-report_final.pdf.

Youth Employment

Youth unemployment in Australia is a growing problem. Since 2008, the rate of youth unemployment has nearly doubled and nearly 300,000 young people are not in work or training Australia-wide. While youth unemployment in NSW (12.2%) is 0.5% below the national average, young people are twice as likely to be looking for work compared with the overall labour market³.

Just under two thirds (63.1%) of respondents to the Workforce Skills Survey reported hiring someone under the age of 25, while just over a third (35.0%) had not and 1.9% were unsure if they had ever hired under anyone under the age of 25.

Respondents reported a lack of skills (25.7%) and necessary qualifications (11.2%) as the main reasons for not hiring a young person. This data suggests that more needs to be done to help young people upskill and obtain the qualifications needed to be productive members of the workforce and society.

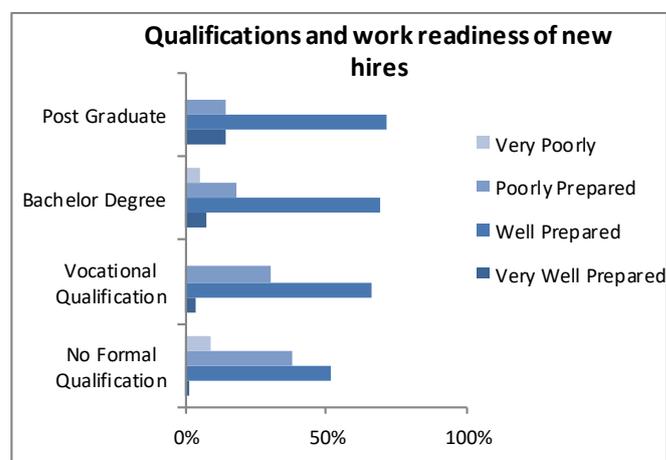


Many businesses, however, are prepared to provide young people with their first start in the workforce, with more than forty percent (42.5%) of respondents to the Survey reporting that they had hired a young person in their first job.

More than half (56.6%) of the young people hired had completed high school only, while just over twenty per cent (22.6%) possessed a vocational qualification (e.g. Certificate II, III or a Diploma) and just under a fifth (17.6%) had a bachelor degree. A small number (3.2%) possessed a postgraduate degree.

Again, employability and preparation for work were a concern for the hiring businesses. Nearly forty percent of businesses said the young people they hired were poorly prepared (31.7%) or very poorly prepared (5.9%).

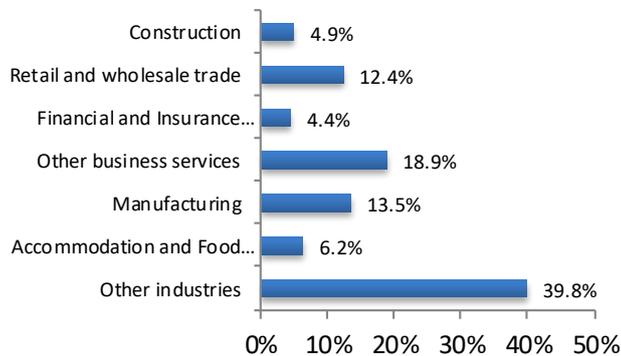
Unsurprisingly, respondents reported that new hires who were either poorly prepared or very poorly prepared lacked the right attitude, personality or motivation (26.5%), followed by lack of common sense (26.0%), lack of required skills (23.7%), poor literacy/numeracy skills (15.1%) and poor education (8.7%). These results point to the need to improve school to work transitions for young people, particularly in terms of building the employability and foundation skills required on entry into the workforce.



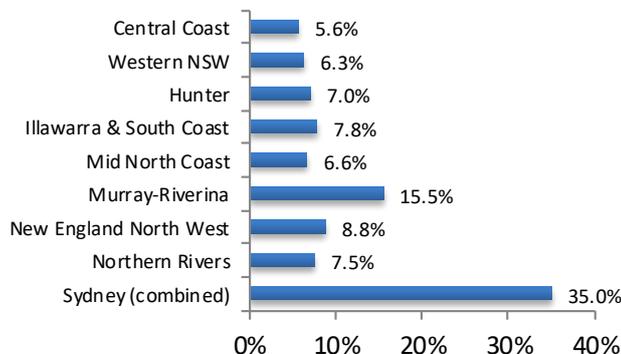
³ NSW Parliament. (2017). *NSW Economic Update Summer 2017*, accessed 21 April 2017 at <https://www.parliament.nsw.gov.au/researchpapers/Documents/NSW%20Economic%20Update%20Summer%202017.pdf>

Survey Details

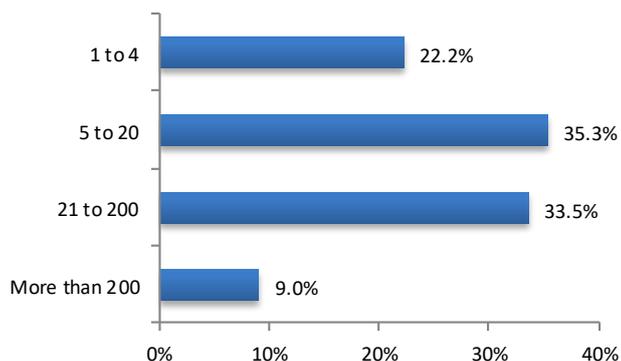
Respondents by Industry



Respondents by Region



Respondents by Employees



SURVEY INFORMATION

Sample size: 801 respondents

Survey period: 24 February 2017 – 10 March 2017

NOTES

Smaller sample sizes mean that results for individual industries, regions and other categories should be treated with caution.

Regions are based on NSW Business Chamber membership regions.

Other Business Services includes information media and telecommunications; rental hiring and real estate services; professional scientific and technical services; administrative and support services.

Other Industries includes agriculture, forestry and fishing; arts and recreation services; education and training; electricity, gas, water and waste services; health care and social assistance; mining; other services; public administration and safety; and transport, postal and warehousing and unspecified industries.

In some instances respondents were able to select multiple options, meaning the figures presented may not align with a 100% total.

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