



Priority Issues for Workforce Skills Development

Address by

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The building and construction industry is currently experiencing one of the worst skill shortages it has ever seen. In its August 2005 and February 2006 *Statements on Monetary Policy* the Reserve Bank has repeatedly noted:

“the existence of ongoing broad-based labour shortages, which are most pronounced among skilled workers in the non-residential construction and resources sectors.”

The shortages of skilled labour, especially in the trades areas, are affecting all sectors of the building and construction industry. The impact ranges from the delays in the building of new homes, right through to the deferment of large scale heavy engineering projects. As can be expected when a commodity is in short supply, wages and labour costs have seen a dramatic increase, indeed wages in the commercial construction industry have increased by approximately 60% over the last 10 years and the industry has now embraced the 36 hour week.

From a traditional union viewpoint, were it not for the unjustified attacks on the union movement, and the CFMEU in particular, by the conservative Howard Government it could be argued that the skill shortages have been a boom time for construction workers. Many would therefore expect their union to support a continuation of the current skills crisis. But that would be a short sighted approach and not conducive to the further development of the industry. Unlike many employers and some of the industry associations, the union rejects quick fix solutions especially those that damage the industry's long term viability.

The union recognises that for Australia to grow and prosper it is vital that we have a productive, profitable and well resourced construction industry. An industry that can provide the houses, shopping centres, offices, entertainment facilities, roads, railways, dams, factories, power generation facilities, and other infrastructure necessary for a well developed nation. An important part of those resources is a highly skilled and available workforce. That is why we see training as so important.

The provision of appropriate training and its funding are also important issues for governments. The increase in outsourcing by the public sector that began in the early 1980's, has had a disastrous effect on the provision of skilled labour, especially for the construction industry. Government's of all political persuasions were negligent in pursuing these policies without ensuring that adequate alternative policies were in place to ensure the continued supply of skilled labour. The problems we now face will not be resolved by market forces alone. More action is needed for Governments to atone for the sins of the past.

Why do we have a skills shortage?

The building industry is facing severe skill shortages and, at the present rates of training and retirement, a crisis is evident. A report by the NCVET back in 2001¹ identified various reasons for these shortages. The major reasons identified were: the cyclical nature of the industry; the changing structure of the industry; and the career progression of tradespeople.

Other factors that have made a contribution to the problem include the current strong economy and increased level of business activity, the withdrawal of the public sector as a direct employer of construction labour, the ageing workforce, increased school retention rates and low wages and poor conditions for apprentices.

¹ NCVET, *Skill trends in the building and construction trades*, NCVET, Leabrook, 2001

The industry has not been assisted by a failure of the training system to adequately identify the new supply of skilled workers entering the industry. Unfortunately there has been a focus on the number of commencements of new apprentices rather than the number of completions. In 2003 there were 16 930 new apprenticeship commencements in the construction industry, an increase of approximately 2000 since the year 2000. Yet in the same year (2003) there were only 7944 completions. A 2004 study in Queensland found that between January 2001 and March 2004 there was an overall cancellation rate of 44.3% for apprentices in the building and construction industry. With approximately 30,000 skilled workers leaving the industry each year and only about a third of that number completing apprenticeships, it is not surprising that we have skill shortages.

This then raises the obvious question, what can we do to address the problem?

Over the last 12 months we have seen an unprecedented level of activity in the debate over skill shortages. There have been various inquiries initiated by State and Federal governments and a number of proposals put forward by different employer organisations.

The union has not been quiet during this period, indeed we have readily and willingly entered the debate. In November 2005 we released our policy document "*Apprentices – Building Australia's Future*" – the CFMEU's 10 point plan to reduce skills shortages. The 10 areas that we identified as requiring attention were:

- The introduction of competency based assessment for apprenticeships
- A reduction in the length of apprenticeships
- The restoration of pre-apprenticeships
- The need to increase apprentice wage rates
- The need to introduce adequate adult apprentice wage rates
- The introduction of industry training funds
- The proper auditing of training providers and employers
- The identification of skill gaps in the existing workforce
- Improved access to recognition of prior learning, and
- Training Quota's on government funded projects.

Apart from the wages issues, the other points we identified were not all that radical. Some of them had already been introduced in a number of States. Others had been identified by both employers and governments as needing attention. A significant number of the issues were mainly concerned with identifying the failures of the training system to practically implement the policies of the so called *training reform agenda* that had been agreed to over 15 years ago.

Since the release of our policy it has been heartening to see the level of support for action in some of the priority areas we identified. Not only have they been supported by the Queensland Skills Plan White Paper and the Victorian Inquiry into Vocational Education & Training, but perhaps more importantly through the decisions of the February 2006 Council of Australian Governments meeting.

In regard to the COAG decisions, there are three key policy areas where there is a common view between the governments and the union. These are;

- The introduction of a national outcomes-based auditing model and stronger quality standards for registered training organizations;
- The removal of barriers to competency based apprenticeships (this has the potential to shorten the duration of apprenticeships); and

- The introduction of, and more funding for, a better process to recognise the existing skills of people entering training (i.e. greater support for recognition of prior learning).

We believe that if the industry concentrated on the implementation of policies involving these three key areas alone, then substantial progress could be made in alleviating the worse areas of skills shortages.

However, achieving progress in these three areas will not be easy. The unfortunate reality is that there is a huge divide in the level of understanding of the training system, between the elite level i.e. those people involved on a daily basis, and the employers and their workers operating at the site level. There is too much jargon used that is not understood by the majority of the industry. There is also a disturbing lack of knowledge of what changes have been implemented by those whose job it is to advise their members on how the system operates. Here I am talking of the employer organisations and the unions. Perhaps the best example of this occurred during the negotiations over the union's application to increase apprentice wage rates in the NSW state award. The employer representatives were unaware that NSW had moved to a competency based system!

This divide in knowledge of the training system must be addressed if we are to progress.

Perhaps the second biggest obstacle we need to overcome if we are to achieve a nationally endorsed and supported training system is the unnecessary diversion of our energies to debating short term or quick fix solutions that will not address our long term requirements. The building and construction industry is plagued by participants who only focus on the short term. In many respects the nature and structure of the industry compels this approach, especially in regard to the cash flow of companies and the short duration of contracts. But if we allow this disease to effect our outlook on training then we may be sowing the seeds of future catastrophes.

Some of the short term "fixes" that are currently being debated include:

- 6 weeks quickie-brickie courses
- part trade courses
- 2 year apprenticeships based on what training can be provided in 2 years not the core skills required for the trade
- the introduction of overseas apprentices
- the importation of guest workers on temporary visas
- increase in skilled migration programs

Whilst some of these proposals will give employers quicker access to some skilled workers, they will not necessarily address the long term skill needs of the industry. In fact some of the proposals can have an adverse effect. For example, there is a finite amount of public money available for training. If some is spent on short courses then this will reduce the amount available for the longer and more intensive courses. If apprentices do not learn the core underpinning skills and knowledge of their trade then further skill shortages can emerge where there is a change in the products and techniques used. Allowing guest workers into Australia and increasing skilled migration (without a corresponding obligation on employers to employ local apprentices and trainees) will ultimately lead to a decrease in the numbers of Australian workers being trained.

So what issues should be our priorities for workplace skills development in the building and construction industry? I will try and keep it simple.

The industry is well aware of the various causes of the current skills crisis. The industry is well aware that it needs more skilled workers. What the industry, as a whole is not aware of however is how the training system has changed. The industry is not up to speed or fully understands the concepts of competency based training, recognition of prior learning, or how apprenticeships have changed. The industry is concerned about new training providers and the concept and quality of private training providers.

Our first priority must therefore be to educate the industry on the basics, or key planks of our new training system. This education must occur at the site or grass roots level and must be in the language that employers and workers at the site level understand. Until we bridge the current divide and increase the level of the industry's understanding of the new training system then we will not make progress.

Our second priority must be to concentrate on the issues that have total industry support. Whilst there have been many different proposals put forward to change training arrangements and to help alleviate the skills crisis, there are only a handful that have total industry support across employer organisations, unions and governments. Unless we have that total support experience has shown that there will always be ways in which some parties can undermine or white ant a proposal that they do not support. With the range of players and jurisdictions involved across the whole training system, pursuing issues that do not have total support will be a futile exercise and a waste of taxpayers money.

I will leave you with this sobering observation. If you go onto a building site and ask the workers and their bosses, working side by side, what an apprentice does and how long it takes to complete an apprenticeship, the overwhelming majority will give you a response that will not be radically different from one you would have got 20 years ago. Yet over the past 15 to 20 years we have spent millions, if not billions, on committees, consultants, reports, overseas study trips, etc., devising different ways to change the system and improve the delivery of training.

If all levels of government had spent the same amount of money directly employing apprentices then maybe we would not have the skill shortages we face today.