



**BUSINESS
NSW**

PRELIMINARY REPORT

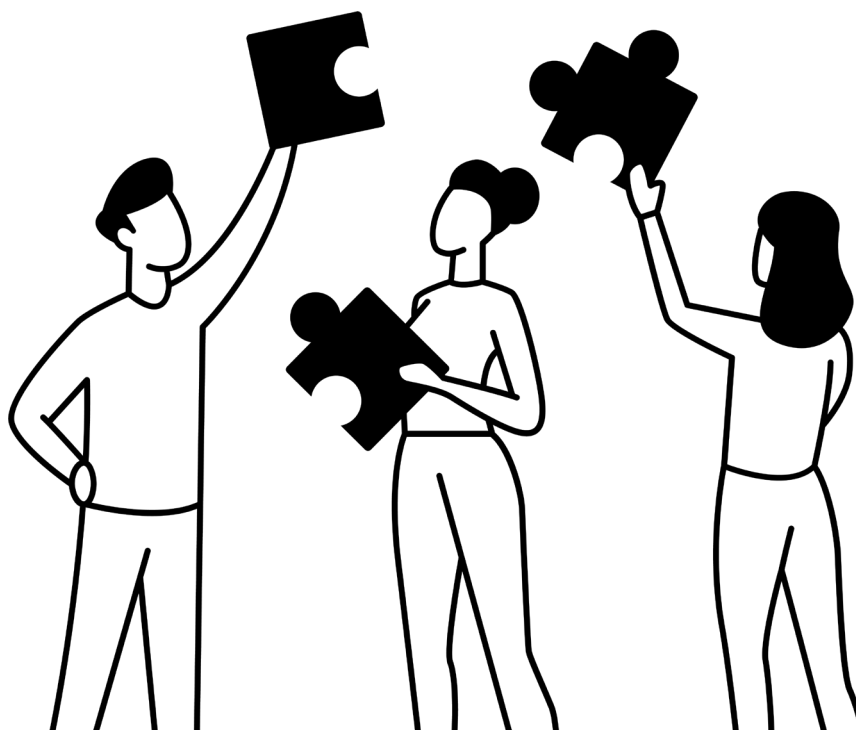
WORKFORCE SKILLS SURVEY

The workforce challenge facing business.

JUNE 2022

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Executive Summary

Business NSW has conducted a Workforce Skills Survey since 2017. It is clear from this year's results that businesses are significantly challenged in accessing the workers they need.

A staggering 93 per cent of businesses told our **2022 Workforce Skills Survey** that they couldn't find the staff they needed. This is a challenging result and reinforces the strong messages Business NSW has been receiving from businesses over the last few months, particularly through our regional networks.

There are three ways we can address these challenges:

1. Training our local population
2. Increasing workforce participation; and
3. Bringing back overseas workers and skilled migrants.

These form the basis for the key priorities for action set out in this report and are equally important.

The key priorities for action within these areas are:

- Sustained, long-term real increases to Vocational Education and Training (VET) funding in the new National Agreement for Skills to bring down the costs of training, help training providers address their own workforce shortages and better link training to employment.
- An indefinite extension to the hugely successful Boosting Apprentice Commencements (BAC) initiative.
- Introducing initiatives to support people into work.
- Increasing skilled migrant numbers, cutting visa processing times, and encouraging the return of more working holiday makers and international students.

Business NSW welcomes the NSW Government's advocacy, including through National Cabinet, to address many of these issues. In addition, Business NSW has advocated strongly for many years to ensure that every Australian has the opportunity to receive the training that will help them find a job. It is crucial that every person has the chance to gain the skills that businesses are crying out for.

This is why one of our key calls to action is for governments to increase funding to the VET sector and link that funding to job outcomes, ensuring that the significant investment by the Commonwealth and NSW Governments is addressing the needs of business.

There were clear messages in the survey on the importance of strong apprentice and trainee training pathways, supporting one of our key recommendations for the Commonwealth Government to extend the Boosting Apprentice Commencements (BAC) initiative indefinitely. Now is not the time to cut spending on training – either for businesses or for governments.

Almost half of all businesses told us that they are having as much difficulty in filling entry level jobs as highly skilled jobs. In many cases, businesses tell us they're just looking for someone with the right attitude. Which is why we need to increase workforce participation. We need to help people address whatever is holding them back from finding a job.

While the international borders have reopened, the country is not seeing the significant return of skilled migrants, working holiday makers or international students that we hoped for. This is clearly contributing to the workforce shortages. The productivity that working holiday makers and international students provided was significant. Making the migration system easier for businesses to navigate, ensuring that visa applications are processed promptly, and urgently and proactively attracting more people to come and work in NSW are all important parts of the solution.

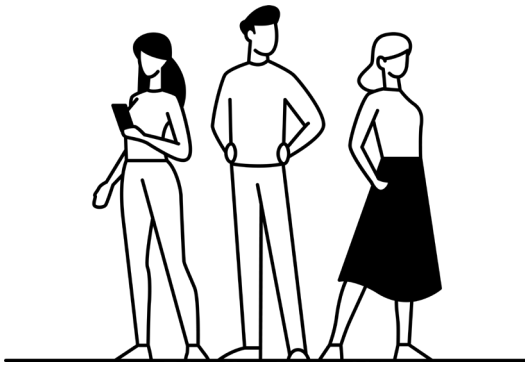
There's no doubt we need the new Federal Government to not only increase the number of skilled migrants, but also cut the complexity, time and cost for businesses to bring people to NSW and make a contribution.

Each of these priorities generally fall under the auspice of the Commonwealth Government but it will require commitment from all levels of government and business to work together in partnership to address these shortages.

1. Headlines

93%

of businesses reported currently experiencing a skills shortage – far higher than in 2021 (73%), 2019 (55%) and 2017 (59%)

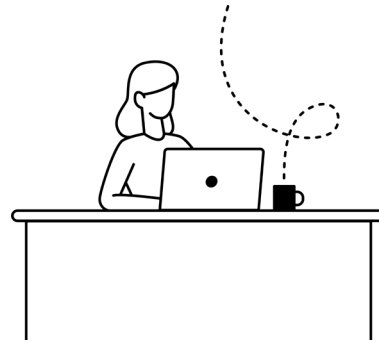


72%

reported that they had tried to fill vacancies three times or more in the last 12 months.

26%

reported that the shortages were caused by not having had **any** applicants for vacancies.



51%

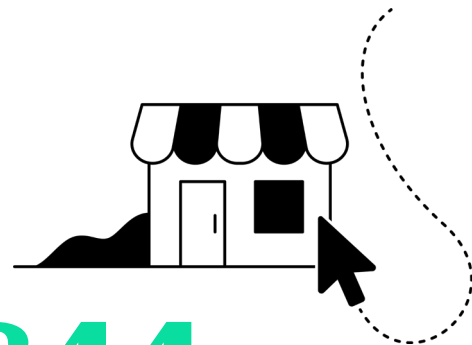
reported that the staff shortages were causing significant negative impacts such as losing customers and missing opportunities.

Every

industry and every region significantly affected.

Less than 1%

reported that the staff shortages were having no effect on the business.



40%

reported that it was equally difficult to fill entry-level positions as it is to find experienced staff. An additional 9% reported it was **more** difficult to fill entry-level positions than experienced staff.

47%

reported that they had increased wages, salaries or bonuses for existing staff as a method for addressing the workforce shortage in the last 12 months.

644

survey sample size (fully completed surveys) using Qualtrics platform.

2. Workforce shortages affecting virtually every business in NSW

Over 90 per cent of businesses reported currently experiencing a skills shortage (93 per cent). This represents a big increase in the proportion of businesses with a skills shortage than in 2021 (73 per cent), 2019 (55 per cent) and 2017 (59 per cent).

Impact of skills shortages are significant

51 per cent of businesses with a shortage reported that it was resulting in significant negative impacts such as losing customers and missing opportunities. This is a significant increase from 20 per cent in 2019.

In addition to losing business, skills shortages are having significant impacts on existing workers: 79 per cent of businesses reporting an increased workload for existing staff as a result. 47 per cent reported that they had increased wages, salaries or bonuses for existing staff as a method for addressing the skills shortage in the last 12 months.

Less than 1 per cent reported that the staff shortages were having no effect on the business.

Shortages affecting every industry and region

Every industry and every region is significantly affected.

Key skills in shortage

Positions of every skill level were reported as being difficult or impossible to fill – from labourers to specialist doctors.

Prominent occupations in shortage included: chefs and cooks, cleaners, housekeepers, waitstaff, boilermakers, fitters and turners, electricians and carpenters. Further detailed analysis of the results of the key skills and occupations in shortage will be included in the final report.

Reasons for shortages

26 per cent of businesses reported that they had had no applications for vacant positions. Other significant reasons included applicants lacked technical skills relevant to the position (12 per cent), applicants lacked experienced (11 per cent) and applicants lacked relevant or required qualifications (10 per cent).

Entry level positions incredibly difficult to fill

40 per cent of businesses reported that it was as difficult to fill entry-level positions as experienced positions.

A further 9 per cent of respondents reported that it was **more** difficult to fill entry-level positions than experienced positions.

Housing is a long-term challenge

More than a third (36 per cent) of respondents identified housing as a key long-term challenge facing business. Many respondents identified the need for more affordable housing and limits on the number of properties used as temporary holiday rentals as methods for helping address workforce shortages, particularly in regional areas.

Current staff absences appear to be having a significant impact

Many businesses provided qualitative feedback around the impact of current staff being absent due to sickness. It appears that the workforce shortages are being exacerbated by high-rates of flu, COVID and other illnesses currently circulating in the community.



Repair & Maintenance business, Richmond-Tweed

“There simply aren’t enough applicants for any job we advertise. I hear this complaint from just about every employer I speak to, ranging from nursing to hospitality to trades. This is not an industry specific problem. The skills shortage is across the board. All I can suggest, is that we look at getting people who are currently “not looking for work” eg retirees, students, single parents, etc, and incentivise them back into work.”

Retail business, Eastern Sydney

“The lack of staff is worse that we have ever seen it in 30 years of operation. We only operate on Saturday and can not offer more hours. We mainly employ uni students but would be happy to employ anyone suitable. Having to pay more super as well as the enormous pressure of constantly having staff off sick is very taxing on us and our other staff. We are constantly worried that the staff we have will just get up and leave. With lack of international students and other from overseas it is putting a huge pressure. The uni students we have have such a great workload that they can’t spare many hours to work.”

Accommodation & Food Services business, Mid North Coast

“Something has to be fixed. I have turned away lots of business including weddings and corporate catering events because we simply don’t have the staff. I am stressed every day as current staff call in sick regularly. Employees are become unreliable because there is plenty of work in our industry.”

Manufacturing business, Capital region

"I am managing our small manufacturing business for the last 12 years. I have never seen this type of severe shortage of skilled labour. There are no applicants for a few of our vacancies, and for the other vacancies, the applicants are not suitable. Our business is being greatly hampered by the shortage of skilled labour."

Retail business, Far West & Orana

"Employees have so many other offers at well above award rates."

Personal Services business, New England & North West

"It is clear that demographics is the major issue for everyone and our profession, there are fewer students in schools and the baby boomers are retiring. This an economy wide issue. Australia needs to rethink its immigration program."

Mining business, Illawarra

"Due to lack of available staff with the right qualifications and salary expectations we have moved 10 positions overseas during the last 3 years. Growth of our engineering staff will most probably also take place overseas, considering the current job market."

PRIORITIES FOR ACTION (OVERALL SHORTAGES)

- ***(Key priority) Governments commit to a real increase in funding to the VET sector over the life of the new National Agreement for Skills.***
- Governments link VET funding to job outcomes, ensuring that the investment by government and business results in increased productivity.
- The Commonwealth Government to entice aged pensioners back into the workforce by increasing the income test threshold and work bonus rates.
- Commonwealth Government provide more support to businesses employing people through jobactive / Workforce Australia.
- Governments increase childcare subsidies to reduce gap costs particularly for lower-income families and continue to build on the NSW Government's recent announcements for universal pre-kindergarten as a way of supporting increased workforce participation.
- Governments support stronger links between youth mental health outreach services and employers.
- NSW Government to increase alignment between VET in Schools courses and future growth occupations.
- NSW Government to provide more affordable housing and consider limiting the number of properties used as temporary holiday rentals, particularly in regional areas.



3. Apprentices & trainees

Employer satisfaction rates have dropped but remain high

60 per cent of businesses were Satisfied or Very Satisfied with the process for employing their apprentice or trainee and 62 per cent were either Satisfied or Very Satisfied with the training being provided. These were significant reductions from 2019 (75 per cent and 72 per cent respectively).

TAFE capacity is clearly an issue

The main reason for being Dissatisfied or Very Dissatisfied with the experience were due to capacity issues at TAFE and apprentices/trainees waiting to commence courses.

Mixed views on School-Based Apprentices or Trainees (SBATs)

The process around employing a SBAT received an amount of negative commentary. Almost a third of businesses with a SBAT (27 per cent) were Dissatisfied or Very Dissatisfied with the process of employing a SBAT.

Businesses were generally satisfied with the training being provided with only 12 per cent of businesses reported they were Dissatisfied or Very Dissatisfied with the training that the SBAT was receiving.

PRIORITIES FOR ACTION (APPRENTICES AND TRAINEES)

- ***(Key priority) Extend the Boosting Apprentice Commencements (BAC) wage subsidy program indefinitely.***
- Introduce loyalty incentives, payable to apprentices and trainees who stay with their employer for at least 12- and 24-months post-completion.
- Expand the Education Pathways Pilot Program to introduce more SBAT mentor positions in more schools across the state.
- Work with training providers to ensure greater flexibility in when training can commence.
- Increase capacity within the VET sector by urgently training people currently employed in industry to undertake the Certificate IV in Training and Assessment.
- Introduce greater flexibility for VET teachers / industry practitioners to move between the classroom and the workplace.



Construction business, Far West and Orana

“Our in-house training of apprentices was not being well supported by TAFE and now we are having to send our apprentices to Orange for training. Offering TAFE training in Dubbo would be an asset. TAFE training of stonemasons is only offered in Sydney which is difficult and the current Stonemasonry course that is offered is not particularly targeted to the type of work most masons are performing ie finishing and installation of kitchen benchtops, vanity tops, wall cladding.”

Manufacturing business, Hunter Valley, excluding Newcastle

“My Apprentice boilermaker’s RTO is TAFE. The TAFE he attends has all 3 years rolled into 1. How is that fair on the teacher or the students. It concerns me that there are so few boilermaker apprentices. We are in the Hunter Valley. There used to be multiple campuses available to attend, and the classes were always full for each year group and each TAFE. Now there is only the Tighes Hill option, with minimal students and 1 class. It’s not good enough. The government and schools have put so much emphasis on going to university, and little to no emphasis on Trades. We have a skills shortage because students are not being encouraged to take on an apprenticeship.”

Construction business, Central West

“We realise we need to ‘grow our own’ staff by putting on apprentices. However, we are racing against time as our mature glaziers are close to retiring and our apprentices are not qualified. We are limited as to how many we can put on because we need qualified glaziers.”

Construction business, Western Sydney

“Very happy with the sign-up process BUT the TAFE offerings at the moment are limited unfortunately.”

Health care and Social Assistance business, Newcastle and Lake Macquarie

“The school-based trainee system is spread out over 2 years. I feel it would be more beneficial to a student to attend 2 days per week over 1 year to complete the course. This would allow for planning on day 1, then follow up and present experiences, complete workplace tasks on day 2. 1 day per week doesn’t provide enough consistency to learn a role fully.”

4. Youth employment & schooling

Preparation for the workplace could be better

Over two-thirds of respondents (69 per cent) felt that young people they had employed in the last 12 months were either not at all or only somewhat prepared for the workplace. This was mainly due to their attitude and professionalism, a lack of 'soft' skills such as communication and teamwork, or poor technical skills. This was a significant increase from our 2019 Workforce Skills Survey (51 per cent).

Poor literacy and numeracy continues to challenge with over 30 per cent of respondents identifying it as the key reason why young people were not at all prepared for the workforce.

Many felt that poor preparation for work could be addressed by providing young people with more work experience (61 per cent of respondents), more development of soft skills (63 per cent) and more training in employability skills (73 per cent) to help young people understand what employers expect in the workplace.

66 per cent of businesses reported they would be interested in supporting more school students into work by mentoring young people, providing more work experience or exploring other partnership opportunities with schools.

Careers advice in schools remains an issue

Only 7 per cent of respondents agreed that sufficient career advice is available in schools. Many respondents continued to raise concerns about careers advice in schools not promoting trades well enough and university still frequently being promoted as the preferred pathway post-school. It is anticipated that the extension of the NSW Government program Careers NSW into schools will help address this challenge.

PRIORITIES FOR ACTION (YOUTH EMPLOYMENT)

- Identify which youth employment programs are successful, particularly for disadvantaged young people, and increase investment in those programs.
- Accelerate the roll-out of Careers NSW into high schools.
- Accelerate the NSW Curriculum Reforms to support school students to understand what is required of them in the workplace.
- Partner with business to develop workplace numeracy and literacy programs.
- NSW Government to consider temporarily raising / removing income limits for young people in social housing.

Construction business, Eastern Sydney

“Encouraging youth towards trades, especially the less ‘advertised’ ones. Many young people would never have considered roofing as a trade, and as such it’s almost a dying art. There are huge amounts of work and opportunity and a lucrative future in our trade, but it’s rare anyone looks at lesser-known trades for a job.”

Construction business, Central West

“We would employ a person 24 and under if they presented with the right attitude for work.”

5. Migration

Skilled migration is not the main method for business to engage a non-Australian worker

When employing a non-Australian, the most common type of visa holder were student visa holders (38 per cent) followed by Temporary Skilled Migrants (36 per cent).

Experience with the migration system is not positive

Only 19 per cent of respondents rated their experience with the migration system as being good or very good. The biggest issues were with timeliness and delays.

30 per cent reported that the migration system was too complex.

PRIORITIES FOR ACTION (MIGRATION)

- ***(Key priority) Ensure that visa applications are processed promptly***
- Review and streamline the system for sponsoring skilled migrants.
- Governments partner with business to urgently and proactively attract more people to work in NSW, in particular encourage and incentivise the return of working holiday makers and international students to help address shortages.
- Temporarily cease requirements for labour market testing for sponsored visas.
- Reduce the levy that businesses need to pay when sponsoring an overseas worker.
- Consider introducing a temporary working visa class for less skilled positions and expand the number of Pacific Australia Labour Mobility (PALM) visa holders.

Education and Training business, Eastern Sydney

“The international workforce has not returned since the pandemic.”

Building Cleaning service, Western Sydney

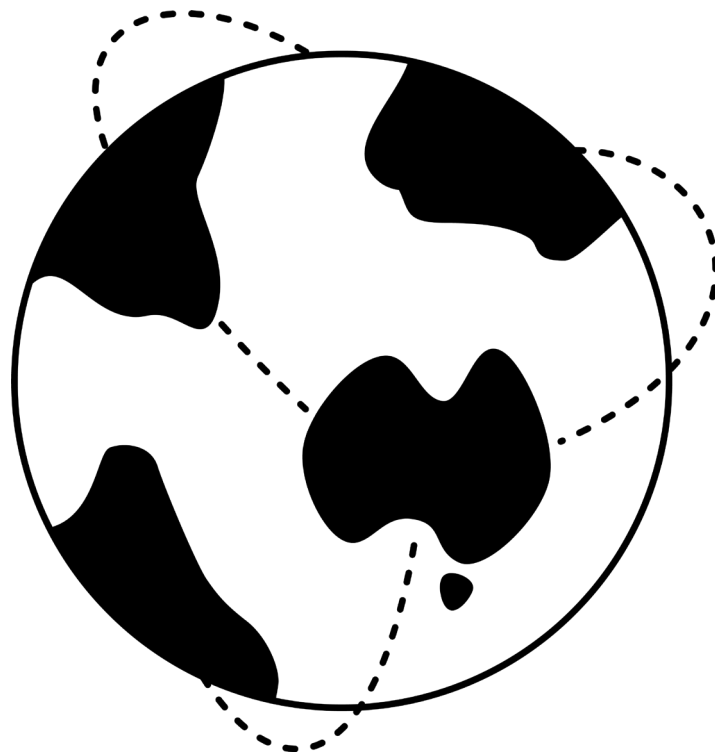
“Making business pay a massive training fee to the government to train people when unemployment is so low seems unethical. It’s a money grab and will not deliver any outcomes when so few people are available to be effectively trained. Let’s lower this cost!”

6. Further analysis

Over the next few weeks, Business NSW will be conducting further analysis on the results of the 2022 Workforce Skills Survey and following it with a further in-depth final report.

We will analyse the occupations already in shortage as reported by businesses, as well as the data collected on businesses' future skills needs.

We will also continue to explore the feedback on youth employment and respondent feedback on capacity constraints within TAFE and consider further how to address these issues.







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