

**SKILL SHORTAGES IN THE
RETAIL MOTOR INDUSTRY**

AN INTERIM REPORT

**Prepared by the Victorian Automobile Chamber of Commerce
for
the Automotive Working Group**

April 2000

SKILL SHORTAGES IN THE RETAIL MOTOR INDUSTRY AN INTERIM REPORT

This report has been prepared by the Automotive Working Group led by the Victorian Automobile Chamber of Commerce (VACC). The report has been prepared for the consideration of the Commonwealth Minister for Education, Training and Youth Affairs, Dr David Kemp, to address the serious question of skill shortages in the retail motor industry.

The task of the Working Group was to:

'Provide a written report which examines the perceptions and views of employers within the industry concerning skill shortages. The employer views are to focus on a range of matters which may be influential in relation to the decision of employers to employ apprentices and/or trainees, and the factors which may affect or influence young people to enter the industry.

The matters to be considered are to include the capacity of schools to adequately inform and prepare young people for employment in the industry, the role of TAFE to adequately train apprentices, the nature of the training relationship between employers and training providers, the general perception of the status and standing of the industry in the community and in the minds of young people, and the reasons for the wastage of both apprentices and skilled tradesmen from the industry.

The written report addressing these matters is to include appropriate recommendations which may assist in addressing the issues that arise from the Working Group's deliberations.'

In the preparation of the report, the VACC engaged in detailed discussion with employers, TAFE teachers, apprentices and trainees throughout Australia, and as a consequence we have been able to identify a number of important matters which are central to resolving skill shortages within the industry.

It is employers and enterprises who know first hand the consequences of skill shortages. Employers' views are shaped by a number of factors, including their knowledge of available options, the size of their business, the locations in which they operate and their own personal experience. This report sets out the views of employers as consumers of the system which produces their workforce. By knowing the views of employers, the automotive industry now has the opportunity to work with them and other key players, including government, to find ways to improve the system and better explain the options available to address skill shortages.

It is important to note that we have prepared an interim report which provides a basis upon which further, more detailed research is required. Whilst we believe that there is much to be gained from the information contained in this report, it is apparent that there is a need for more detailed discussions with all of the key players in the areas of employment, education and training.

To the employers, TAFE teachers, apprentices, trainees and members of the Working Group who assisted in the process leading to the development of this report, I would like to offer my thanks. This has been an important first step in addressing an important issue for the industry, and the participation of those who took part in the process has been invaluable.

Brian Curmi

Chair

Automotive Working Group

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Executive Summary

The context in which skill development occurs is relatively complex. Australia's vocational education and training system involves a range of players, including employers, employees, training providers, industry representatives and government authorities. Significant changes to the training system have taken place in recent years and these changes impact on the ways in which employers access training for their current and potential workforce.

Employers are the users of the system and, as such, the context in which this report has been put together is from the perspective of the consumer. It is a report on the perceptions and views of a range of employers, apprentices and training providers in the retail motor industry concerning skills shortages. It is a valuable first insight into the factors which hinder skill development in an industry which is predominantly comprised of small businesses. A key observation from the consultations undertaken is that the raft of changes to the training system appear either not to have been understood or not to have filtered down to the majority of users. This issue is potentially a significant hindrance to skills development and needs further investigation.

The report arose from the initiative of Dr Kemp (Minister for Education, Training and Youth Affairs) to provide a better and more informed understanding of the reasons why the industry perceives that the level of skill shortages is so acute.

In order to elicit the views of employers, the Working Group identified a number of key areas for discussion with focus groups. The key areas included:

- school/industry relationships;
- the role of Registered Training Organisations, particularly Technical and Further Education (TAFE);
- employer work practices;
- reasons for wastage in apprenticeship and for skilled tradespeople;
- developments within the industry;
- government incentives and subsidies; and
- the demands of training.

In the course of the project, it became apparent that there were a number of issues concerning school leaver and apprentice views that required further investigation. Similarly, there were a number of issues relating to apprenticeship training within TAFE institutes that also required further consideration. Consequently, additional focus groups were conducted with apprentices, school leavers and TAFE teachers to provide opportunities to clarify various matters.

Employer views were remarkably consistent across all States, and it was apparent that there is a view that the respective secondary school sectors do not adequately inform students of their career options and prepare them for employment in the industry.

In terms of improving the capacity of schools to prepare young people for the industry generally, almost all participants identified a need for improved information and promotion of the industry and the need for career guidance staff in general, and teaching staff in particular, to have more direct links with the industry.

There was a strong sense that the industry has an 'image problem', and that in terms of competing employment options was unable to attract sufficient interest from school leavers.

There was widespread interest and concern relating to the likely future of the industry and its implications for both employment and training issues. The major focus of employers was what was referred to as 'segmentation of the industry'. This refers to the distinction between major vehicle and component manufacturers and small retail and repair firms. It also refers to the increasing specialisation of businesses which operate in discrete product and service markets which may lead to a narrowing of the skill base required of employees in the industry. A particular issue raised was the extent manufacturers appear to undertake their own on and off-the-job training as Registered Training Organisations. The concern expressed by employers was that broad generic training may be replaced by firm specific training, and that technical information concerning specific vehicles or components may not be available to the industry generally.

These matters were implicit in many of the issues raised by employers concerning on and off-the-job training and employment issues, and clearly warrant more detailed examination.

General training issues were identified as a source of concern to employers and TAFE teachers, and it is apparent that there are a number of matters requiring attention in relation to the capacity of employers, TAFE institutes and other Registered Training Organisations to provide quality training, consistent with the needs of the industry.

In considering the action that may be taken to address the issues that arose during the focus groups, the report proposes a number of specific recommendations which will provide opportunities to examine key issues in more detail.

The critical feature of the recommendations is that it is the industry that must assume responsibility for addressing the issues. Whilst it is acknowledged that industry will require the support of government, it is the view of the Working Group that industry must undertake a range of initiatives in seeking answers to the many complex and difficult issues concerning skill shortages in the industry.

The central recommendation is to establish a National Retail Motor Industry Taskforce. The Taskforce will be responsible for co-ordinating and managing a range of initiatives arising from the report. It will provide a co-ordinated national approach concerning further, more detailed assessments of the issues identified in this report and identifying appropriate responses.

It should be noted that the Taskforce is not intended to replace existing advisory bodies or agencies. Rather, as a response to the issues identified in this report, it is intended to provide a mechanism by which the industry and government will undertake a more detailed examination of key issues within the industry and identify appropriate responses.

The Taskforce will have clearly defined terms of reference and it is anticipated that it will complete its task within a two year time-frame. It will be required to consult with all relevant agencies, advisory bodies, institutions, organisations and individuals in meeting its obligations.

The Working Group is of the view that it is essential that the initiatives arising from this report are undertaken on a national basis. This would ensure a consistent and comprehensive approach across the country. Whilst the levels of skill shortages may vary between regions, it is clear that many of the issues confronting the industry are the same in all States.

The Working Group is aware that in terms of the profile of the industry, the majority of employers operate within the small business sector. This has particular implications for the industry in relation to many of the issues, such as the capacity of the industry to attract and retain employees, and the ability of the industry to keep up to date with developments in the training system. The industry profile is set out in Attachment 'A'.

The Working Group believes that the initiatives recommended in this report will provide a basis for further investigating and addressing a number of key issues concerning skill shortages in the industry.

Skill Shortages in the Retail Motor Industry Employers' Perspectives

Introduction

The context in which skill development occurs is relatively complex. Australia's vocational education and training system involves a range of players, including employers, employees, training providers, industry representatives and government authorities. Significant changes to the training system have taken place in recent years.

These changes include:

- greater flexibility in how training is packaged (through National Training Packages) and how it is delivered;
- greater choice in who provides the training, both by enabling a wider range of organisations to register as a training organisation and through a 'User Choice' policy, enabling employers to choose the provider of their training; and
- greater range of training pathways generally and increased options for employment-based training through the introduction of New Apprenticeships.

These changes impact on the ways in which employers access training for their current and potential workforce.

Employers are the users of the system and, as such, the context in which this report has been put together is from the perspective of the consumer. It is a report on the perceptions and views of a range of employers, apprentices and training providers in the retail motor industry concerning skills shortages. It is a valuable first insight into the factors which hinder skill development in an industry which is predominantly comprised of small businesses (88% of businesses in the retail motor industry have fewer than ten employees). A key observation from the consultations undertaken is that the raft of changes to the training system appear either not to have been understood or not to have filtered down to the majority of users. This issue is potentially a significant hindrance to skills development and needs further investigation.

Following discussions with the officers from the Department of Education, Training and Youth Affairs (DETYA) and the Australian Chamber of Commerce and Industry (ACCI) in November 1999, the VACC's attention was drawn to the fact that the Minister for Education, Training and Youth Affairs (Dr David Kemp) was interested in working in partnership with industry to address skill shortages in the retail motor industry.

Given the fact that the VACC is currently undertaking a major research study of aspects of the retail motor industry in Victoria and Tasmania, it was considered appropriate that it undertake some preliminary work in assessing employer attitudes to skill shortages on a national basis.

Methodology

A series of focus groups was undertaken throughout Australia to identify employer attitudes to a range of issues relating to employment and training generally, and skill shortages in particular.

Following the completion of a number of employer based focus groups it became apparent to the Working Group that there were a number of issues concerning TAFE and apprentices that warranted further examination. Consequently, it was decided to incorporate additional focus groups which would provide opportunities to explore certain matters with TAFE teachers, apprentices and trainees. We found that they provided important insights concerning a range of issues, and it is clear that further, more detailed analysis of the views of the key players in the industry is essential.

Focus Groups:

On behalf of the Working Group, the VACC established focus groups of employers and employer representatives from the retail motor industry throughout Australia.

A total of 134 employers and employer representatives were consulted. In addition, focus groups of TAFE teachers, apprentices and trainees were conducted. A total of 40 and 80 people respectively were consulted through these forums.

Focus groups of employers and employer representatives were conducted in the following Centres:

- Melbourne
- Geelong
- Traralgon
- Wangaratta
- Bendigo
- Launceston
- Hobart
- Sydney
- Brisbane
- Adelaide
- Perth

Focus groups of TAFE teachers, apprentices and trainees were conducted as follows:

- Melbourne – TAFE teachers, apprentices and trainees
- Launceston – TAFE teachers and trainees

Details of the dates of the focus groups and the numbers of participants in each group are set out in Attachment 'B'.

It is noteworthy that of the issues raised within the focus groups there were significant levels of consensus amongst employers throughout Australia.

Whilst the number of TAFE teachers, apprentices and trainees consulted was limited, they provided an important point of reference in relation to many of the issues raised in the employer focus groups.

The information that has been obtained from the focus groups provides a snapshot of issues across the country and will provide a basis for Minister Kemp to make a number of initial assessments of key issues which relate to skill shortages within the retail motor industry. These will form the basis by which government and industry will be able to work together to address the issues raised.

Outcomes

The following is a summary of the matters arising from the focus groups:

1. School/Industry Relationships

All focus groups expressed concern at deficiencies in the respective secondary school systems as they related to both the preparation of students for vocational training generally, and the provision of realistic career advice concerning the industry.

Workplace components of Schools/Industry initiatives

Participants indicated that programs with work experience operating in secondary schools had historically been very effective in providing students with opportunities to develop a greater awareness of the industry. The general perception of employers was that formal 'work experience' initiatives appear to have diminished in recent years thus limiting opportunities for school students to develop first-hand knowledge of the industry.

There was also general agreement from participants that initiatives involving placement in the workplace, particularly VET in Schools, provided ideal opportunities for employers to identify potential apprentices and trainees. Employers highlighted the significance of these opportunities, as school results alone do not provide sufficient information on academic or technical competencies.

Discussions with both apprentices and trainees indicated that, from the perspective of students, work experience was an important factor in both understanding the nature of work within the industry and developing basic skills and knowledge. Whilst the views of the trainees were limited in terms of the number of students involved, it was clear that there was little significant career guidance and support for work experience generally which was directed at the automotive industry. The lack of career guidance in the respective school sectors was identified by employers, TAFE teachers, apprentices and trainees.

Key Message:

The value of work placements has been identified by both employers and students as a valuable basic introduction and insight into the automotive industry. These views are confirmation of the need to improve on and expand opportunities for on-the-job training and work experience for students. Efforts need to be focused on bringing together employers, training providers and schools to enable more on-the-job experiences and structured training opportunities to be taken up by employers and students through increased VET in Schools programs.

Quality of VET in Schools programs

‘VET in Schools’, or corresponding programs of a different title, which prepare secondary school students for positions in the automotive industry were generally criticised by both employers and TAFE teachers. This was particularly so where secondary schools were solely responsible for the vocational preparation of students.

It is important to note that significant effort is being put into ensuring VET in Schools programs meet standards required of other nationally recognised training activity. Some of the issues identified to date include:

- limited numbers of participants undertaking substantial nationally recognised training in the automotive area whilst at school;
- the slow rate Training Packages have been integrated into school curriculum;
- lack of agreed processes to measure the quality of outcomes achieved by students; and
- confusion of employers of options available which provide required levels of quality.

Participants expressed concern that, in general, the graduates of VET in Schools programs did not generally possess the skills and competencies which were consistent with the level of training credits that schools claimed to have completed. Consequently, it was asserted that employers and/or TAFE teachers were often required to ‘retrain’ the apprentices/trainees in order to bring them up to an appropriate standard.

Participants were adamant that where secondary schools were solely or primarily responsible for the provision of vocational studies in the automotive industry, the secondary teachers must have the knowledge and/or skills necessary to prepare a young person for an apprenticeship in the industry. Consequently, it will be necessary to ensure those teachers responsible for VET programs are given adequate support and opportunities to acquire skills in teaching automotive programs.

This concern was not as acute where a Technical and Further Education (TAFE) institution was involved in the development of skills and knowledge of the secondary school students.

Over the last three years, governments and non-government education agencies have been working in partnership with industry to expand pathways and improve outcomes for students by developing VET in Schools programs and part-time New Apprenticeships for school students.

Key Message:

There is still a significant amount of work required to fully implement VET in Schools and ensure that it is meeting the needs of employers and students. Consideration needs to be given to more effectively communicating with employers about VET in Schools, including sharing

case studies of successful programs. The performance of schools as Registered Training Organisations needs to be closely monitored. For further information see Recommendation 7.

Career information and guidance in schools

Participants (employers, TAFE teachers, apprentices and trainees) felt that there was a need for more effective career guidance in schools. The nature of the guidance, in terms of the retail motor industry, requires that the relevant teaching staff have current knowledge and understanding of the industry or access to personnel who have such knowledge. Participants were generally concerned that teaching staff in secondary schools were too often concerned with encouraging students to pursue 'high profile' career paths, such as those in the hospitality/tourism and business/computing areas, along with the traditional pursuit of University degrees, in preference to employment options in the trade areas.

There was a view amongst all participants that there was a need for a major promotional and marketing campaign to improve the status of the industry and to ensure that school leavers were aware of the available employment and training opportunities.

All groups (employers, TAFE teachers, apprentices and trainees) felt that the automotive industry was not highly regarded within the community, and that action should be taken to promote its strengths and the opportunities available to young people.

Various examples were given of the decline in both employment queries and the number of applications for advertised vacancies. Whilst it was acknowledged that this circumstance arises from a number of complex issues, it was felt that improvements in the provision of career advice in the secondary school system, coupled with an effective national promotion and marketing campaign, would result in significant improvements.

Notwithstanding the expressed concerns of all participants relating to career guidance within schools, it was notable that apprentices and trainees identified parents as having the most significant influence on them in relation to their decisions to seek employment in the industry.

During the course of discussions concerning the low level of interest amongst school leavers for apprenticeship training in particular, participants noted a range of views concerning the changing nature of interests, values and attitudes of young people generally. This was a thread that was raised consistently throughout the focus groups and was acknowledged as part of the complex range of issues that need to be addressed in attracting school leavers and other young people into apprenticeship training and traineeships in the industry. This matter also emerged in relation to the training of apprentices and is discussed in more detail in section 5, 'The demands of training'.

(p.23)

Key Message:

There needs to be a better partnership with industry in developing specific, relevant and current information on the industry which presents it as a positive career choice for young people.

Female apprentices/trainees

Participants' responses to the reasons for the lack of female apprentices and trainees in almost all aspects of the industry centred around the following themes:

- inadequate career guidance and knowledge of the industry at the secondary school level;
- the perception that there is an inherent gender bias in the development of girls and boys which directs them to gender specific roles;
- a concern at the prospect of becoming involved in legal proceedings as a result of 'sexual discrimination' action being taken as a result of the behaviour or actions of a tradesman and/or male apprentice;
- a concern at the physical capacity of young women to undertake the heavy physical activity required in some aspects of the industry.

Two female trainees participated in separate focus groups and indicated that their motivation for employment in the industry was self-directed. They indicated that they did not receive any significant assistance or guidance from school. Indeed, one of the trainees indicated that on informing her career teacher that she intended seeking employment as an automotive apprentice she was advised to reconsider a career in hairdressing.

Key Message:

Employers are missing out on a potentially valuable workforce. Career information needs to present the automotive industry as an attractive career, regardless of gender.

Literacy/numeracy

In terms of school reports and results, there was concern amongst employers and TAFE teachers that they were of little assistance or support in assessing a student's educational capacity. Of particular concern was the view that literacy and numeracy standards of some school leavers applying for positions and entering the industry is at a very low level.

Many examples were given by employers of 'job cards' completed by some apprentices that contained incorrect spelling, poor sentence construction, an inability to complete relatively simple mathematical calculations and indecipherable writing. These comments were reinforced by TAFE teachers, who also expressed concern that the reading and comprehension skills of some apprentices were at a very low level.

Participants were concerned that there should be no 'streaming' of students into those who demonstrate academic ability and those who are 'good with their hands'. If this occurs, students who enter the industry will not have acquired the minimum levels of literacy and numeracy needed. The perception of this approach is that a higher proportion of students who enter the industry have demonstrated difficulties in literacy and numeracy. It was asserted by employers and TAFE teachers

that where an individual had problems with literacy or numeracy, this often created subsequent impediments to the student's progress in dealing with the increasingly complex technology in the industry and effectively meeting the demands of the self-paced learning that forms the basis of the apprenticeship system.

Key Message:

Problems with literacy and numeracy not only disadvantage the individual concerned but also impose additional costs for employers. Consideration may need to be given to industry and the school sector working together to clarify industry's needs with respect to reporting on literacy and numeracy skills. Further investigation of this issue is required.

2. Developments Within the Industry

There was interest and concern from both employers and TAFE teachers relating to the likely future of the industry and its implications for both employment and training issues. The major focus of employers was what was referred to as 'segmentation of the industry'. This refers to the distinction between major vehicle and component manufacturers and small retail and repair firms. It also refers to the increasing specialisation of businesses which operate in discrete product and service markets, which may lead to a narrowing of the skill base required of employees in the industry. A particular issue raised was the extent manufacturers appear to undertake their own on and off-the-job training as Registered Training Organisations. The concern expressed by employers was that broad generic training may be replaced by firm specific training, and that technical information concerning specific vehicles or components may not be generally available to the industry.

In acknowledging that 'segmentation' within the industry was occurring, some employers and TAFE teachers expressed concern that its continued development could result in the demise of broad based generic training. Specific concern was expressed at the effect such a development would have on small businesses within the retail motor industry.

Participants' concerns centred on the potential loss of information and knowledge to the industry as manufacturers, who are developing their own training arrangements as Registered Training Organisations (RTOs), may limit access to technical data to their own accredited and trained personnel.

Broad industry access to intellectual property was regarded by participants as a critical issue requiring attention by the relevant authorities.

Key Message:

The issue of segmentation for this industry has implications beyond the training system and needs to be investigated further.

3. Technical and Further Education

Adequacy of training provided by TAFE institutions

In the main, employers were concerned that TAFE institutions should build the capacity to provide the level of training considered appropriate for the various requirements of the industry. Whilst the extent of the criticism varied from State to State, it was, nevertheless, a matter of obvious concern to employers across Australia. The level of concern was such that there was a widely held view that there would be a significant and continuing growth in the number of employers seeking registration as training providers undertaking their own on and off-the-job training. In this regard, the Automotive industry is able to take advantage of the 'User Choice' policy enabling employers to choose the training provider of their publicly funded training and have the choice to become a Registered Training Organisation themselves if they satisfy the quality assurance requirements under the Australian Recognition Framework.

A number of automotive manufacturers, dealerships and franchise organisations indicated that they had taken steps to undertake their own training on the basis that they were concerned that TAFE's capacity was not sufficient to provide adequate training. It should be noted that there was a significant level of support from small businesses within the industry for the incorporation of on and off-the-job training within individual firms. The attitude of small business operators to the question of training is a matter of considerable importance and is dealt with further in section 4 '*Employer work practices*'. (p.23)

The issue of employers obtaining registration as training providers is one aspect of a broader range of issues concerning significant changes to the industry which need further consideration. These matters are addressed in more detail in '*Developments within the industry*'.

Concerns in relation to the quality of training across the training system more generally have been noted and work is currently underway at the national level to address a range of issues, particularly tightening the registration and audit requirements for RTOs. This work should be seen as a priority by State and Territory governments.

In general terms, the criticisms of the respective TAFE systems centred around the following matters:

Knowledge and skills of TAFE teachers

It was the view amongst employers that TAFE teachers within the various training areas relating to the industry were unable to keep up-to-date with contemporary developments in knowledge and skills. Consequently, it was considered that they were unable to provide the level of training considered necessary.

TAFE teachers indicated that they were aware of the criticisms of employers and acknowledged the difficulty in keeping up-to-date with new developments. Whilst relationships between TAFE institutions and the industry in relation to providing opportunities for teaching staff to return to the industry for varying periods vary across the country, it is evident that the substance of the

relationships are patchy and appear to rely on individual initiatives rather than any formalised process.

The importance of close relationships between RTOs and employers should not be underestimated, and it would appear that this is an area requiring attention for the Automotive Retail and Repair industry.

TAFE teachers expressed frustration at the inability to implement a formal 'return to industry' scheme. They highlighted major difficulties with workloads, the increased use of casual/sessional staff and financial constraints as affecting the implementation of 'return to industry' schemes. Options for implementing more informal programs, whereby teachers return to workplaces for a day at a time to keep up to date at a broad level with changes in Retail and Repair workplaces, should be considered.

In terms of teaching competencies, TAFE teachers also expressed concern at the lack of formal teacher training programs which provide the essential skills to deal with education and training issues, and the important pedagogical issues that arise from teaching young men (and occasionally women), at a time of profound changes in their personal and physical development.

TAFE teachers expressed the view that in terms of the age profile of existing ongoing teaching staff, there will be a significant exodus of experienced personnel over the next five to seven years. They indicated that the current policy of many institutions to employ casual/sessional teaching staff, who have limited teacher training skills, will diminish the quality of teaching overall.

Key Message:

Based on the perspectives discussed above, it will be necessary to examine the professional development opportunities available to TAFE teachers to ensure that they have the skills and knowledge that enable them to provide effective training.

Content and delivery of training

Employers were critical of the content of training generally within the industry, claiming that it is too often controlled by education and training bureaucrats who do not have a detailed appreciation of the requirements of the industry on the shop-floor.

It should be acknowledged that the Automotive Training Package has only recently emerged onto the training market and that it did involve input from the industry in its development. However, there is no doubt that the flexibilities enabled by the Training Package and the intention behind them need to be better communicated to both RTOs and employers. The need to involve employers and practising tradesmen in the development of training programs was a constant theme that was raised in the focus groups.

A related matter concerned the view that TAFE institutions were able to independently determine how training programs would be delivered to apprentices and trainees. This was considered to be a

significant deficiency in that there was little coherence or uniformity in the delivery of training, and consequently could present major problems to employers with apprentices or trainees in different TAFE institutions within a State.

Whilst employers generally perceived TAFE to have played a major role in the development of curricula, training programs or modules under Training Packages, TAFE teachers expressed the view that they were simply delivering course content which was an expression of the needs of industry. It was apparent that there is a significant breakdown in communication between TAFE and industry in terms of their respective responsibilities in the development of training programs.

Key Message:

A clear message from these perceptions is that the changes to the training system which enable employers to have significant influence on the content and delivery of training have not been communicated effectively to employers. Significant additional work on this issue needs to be undertaken to ensure that employers become empowered consumers of the training system. Having a better understanding of available choices and better ways to communicate their training needs to providers will assist the empowerment of employers as consumers. In addition, it is essential that mechanisms to continuously improve the Training Package operate effectively to ensure that any problems with content and practical implementation are resolved quickly.

Communication between TAFE institutions and industry

Concern was expressed by employers in relation to the deficiencies in communication between TAFE institutions and industry generally.

The concerns were based around the following specific issues:

- inadequate reporting of apprentice progress by TAFE institutions;
- inadequate consultation with employers concerning the relationship between off-the-job training and on-the-job training;
- limited information on the offerings available under the new Training Packages and the inherent flexibilities available to employers; and
- lack of consultation with employers when a decision is taken to require an apprentice to undertake additional block training and relevant 'User Choice' options.

Some employers indicated an awareness of the current development of 'training journals' and indicated that this may overcome some of the frustrations felt by industry. It was, however, made clear by many employers that, notwithstanding the use of training journals, there is a need for a more conscious commitment by TAFE institutions to develop more effective communication processes generally with employers.

Conversely, TAFE teachers expressed a cynicism that many employers will not use the training journals in a way that ensures a more integrated approach to on and off-the-job training.

TAFE resources

Whilst the question of the resources available within TAFE institutions for training was not a concern in all States, it was nevertheless a concern which was raised by many employers and TAFE teachers. Where this matter was raised, the concern related to the inadequacy of equipment, machinery and related resources. Many employers expressed concern that as TAFE institutions do not have access to 'cutting edge' technology and equipment, they are unable to provide training which is relevant to the needs of employers. Some options for rewarding employers on collaborative use of their equipment by TAFEs should be explored.

Whilst it was apparent that many TAFE institutions receive significant support from employers in terms of vehicles and major pieces of equipment and technology, a number of anecdotes were recounted which indicated that, in some cases, employers are providing TAFE institutions with basic requisites, such as paint and sand paper, due to claimed deficiencies in training budgets within the institutions

During discussions concerning resources, there were often competing perceptions as to TAFE's training responsibilities. This was generally the basis of concerns relating to the availability of resources. TAFE teachers invariably took the view that TAFE's role was to provide a broad generic training base which did not necessarily require state of the art equipment and resources. On the other hand, employers often took the view that unless TAFE was provided with state of the art equipment and technology it would not be able to meet the needs of industry in terms of training apprentices.

The differences in attitude to TAFE's training responsibility appears to suggest that there is a significant level of misunderstanding between the two parties. This is a matter which is addressed further in section 4 '*Employer work practices*'. (p.17)

'Corporatisation' of TAFE institutions

Both employers in most States and TAFE teachers expressed the view that in recent years it had become apparent that TAFE institutions had become 'corporatised', in that they are much more reliant upon generating independent income to supplement government funds. This, it was asserted, has had the effect of diverting funds into marketing and supporting broad based commercial initiatives, to the disadvantage of traditional activities such as apprenticeship training and traineeships.

Various examples of reduced funding were raised in discussions with TAFE teachers. One example which exemplifies the dilemma of a TAFE automotive department seeking to generate commercial income whilst improving current skills for teaching staff is demonstrated as follows:

The automotive department had accumulated a total of \$60,000 to purchase a particular piece of equipment which was currently used in high standard workshops in industry. The

department tendered for a commercial contract to utilise the new equipment which would have enhanced its credibility in the industry, generated commercial income and provided teaching staff with valuable 'industry experience'.

Prior to the closure of the tender, senior management within the Institute determined that the \$60,000 would be diverted for other purposes. Because the department was unable to purchase the new equipment, it was advised that it was unable to compete for the tender.

One of the issues identified here is the need for each TAFE department to compete with others for valuable resources. This may lead to traditional trades areas receiving less resources in some circumstances. Employers were concerned that there is a growing disenchantment with the provision of training in TAFE institutions, and that the requirement that the institutions compete internally for training income is having a detrimental effect on their ability to deliver effective training.

Unfortunately, the project did not provide sufficient time to explore in any detail the viewpoints of Registered Training Organisations (RTOs) other than TAFE. It was noted, however, that there were indications of tension between the TAFE institutions and other RTOs. This is an area that warrants further examination as it relates directly to the nature and quality of training and the relationship between on and off-the-job training.

Key Message:

Employers believe that TAFE institutions need to recognise that they will only remain competitive and relevant as providers of industry training if they are prepared to make appropriate investments in staff and infrastructure. The benefits of the User Choice policy also need to be marketed to employers to enable them to become more knowledgeable consumers of the training system and to encourage TAFE institutes and other providers to be more responsive and innovative in meeting their training needs. Examples of successful and progressive TAFE institutes which have excelled in a more competitive and flexible training environment should be promoted throughout the system. It must also be acknowledged that a significant cultural change is taking place within TAFE institutes in response to the new environment that they now operate in, and changes required to their operational practices will take time to fully implement.

4. Employer Work Practices and Training

There was overwhelming support for the importance of an integrated approach to the provision of off-the-job and on-the-job training. It was generally conceded, however, that the ‘training partnership’ that should exist between employers and TAFE institutions was not as effective as it should be.

Employers’ views concerning TAFE’s role in the ‘training partnership’ are set out above. In terms of the employers’ role, it was conceded that on-the-job-training was difficult for many employers, particularly those in the small business sector. Notwithstanding such difficulties, some examples of what may be termed ‘best practice’ training arrangements in small business were apparent during the discussions, and it is suggested that they should be the subject of further, more detailed examination in terms of identifying training arrangements which may be applicable across the industry. In addition, such ‘best practice’ training arrangements should be promoted across the industry to ensure maximum benefit from successful experiences.

Participants generally were concerned that the ‘segmentation’ of the industry was likely to have significant implications for training, within the industry. The issue of ‘segmentation’ is addressed in section 2, *‘Developments within the industry’*. (p.13)

TAFE teachers expressed concern that some employers tended to expect TAFE institutions to make up for the lack of on-the-job training and that there was an expectation of TAFE’s role which suggested some confusion as to the respective responsibilities of employers and TAFE institutions in relation to training.

Key Message:

Employers need better information on the respective roles and responsibilities of themselves and training providers in the training partnership

5. The Demands of Training

As indicated earlier, a common thread that arose throughout the focus groups concerned the observations that, in terms of training responsibilities, there was a range of issues concerning young people that are placing added demands on employers.

Participants expressed the view that many of the apprentices and trainees entering the industry demonstrated such low levels of literacy and numeracy that they were significantly impaired in relation to developing both on and off-the-job training.

It was a view of both employers and TAFE teachers that the responsibility of training went beyond the development and acquisition of technical knowledge and skills. They indicated that they felt a responsibility to assist apprentices and trainees in their growth and development as young people dealing with a wide range of societal and personal difficulties and challenges.

Given the broad based responsibility of employers and TAFE teachers in relation to apprentices/trainees, and the pressures of dealing with educational, attitudinal and training responsibilities, a number of employers expressed concern at the increasing demands being expected of them.

In some cases, employers indicated that the demands of training, and the related responsibilities that arise when dealing with young people, has resulted in their decision to no longer employ apprentices or trainees. Group training activities present another option for employers, particularly those operating small businesses. There are a number of successful operations in the Automotive industry which cater for these demands.

Employers and TAFE teachers were anxious to ensure that the relevant training authorities and government agencies were made aware of the demands and responsibilities that exist in terms of the employment of apprentices and trainees.

Key Message:

In response to the burdens felt by employers, the benefits of group training activities in a small business environment need to be highlighted. The industry needs to find better ways to support the special needs of small business employers.

6. Wastage/Retention Issues

Participants were of the view that there are a number of complex issues associated with wastage and retention issues concerning apprentices. They included the following;

- school leavers entering the industry tend to have relatively low levels of educational achievement and find the demands of the industry difficult to deal with;

- the prevailing attitudes of young people is not conducive to undertaking a period of structured training whilst being paid a relatively low wage compared to competitively high growth industries;
- there is a strong culture of unemployment that encourages young people to accept unemployment benefits as they are comparable to the wages paid to apprentices in the automotive industry; and
- training in the traditional trade areas is not regarded highly by young people.

In terms of the wastage/retention of qualified tradespeople, it was widely held that many tradespeople leaving the industry did so to undertake unrelated work for better wages. The general perception was that, outside of the major dealerships, there was little opportunity for career development within the industry.

All participant groups, including employers, TAFE teachers, apprentices and trainees acknowledged that wage rates in the industry were a significant factor in deciding to stay in or leave the industry for both apprentices and tradespeople. However, it is also apparent that many other factors impact on their choice to leave the industry.

It was notable that apprentices and trainees indicated that both wage levels and career paths were issues taken into account in considering employment in the automotive industry. A significant number of apprentices surveyed indicated that they had 'second jobs' to supplement their income, and that they would probably leave the industry on completion of their apprenticeship in pursuit of higher wages elsewhere.

Key Message:

This is a complex and important issue. The retail motor industry needs to explore its ability to compete with other industries in relation to wage levels and career paths. Much more work is required to clearly establish reasons for wastage and the differences between apprentices and tradespeople across size of firm, location and age.

7. Government Incentives and Subsidies

Focus group participants in all centres expressed views which indicated that they were not fully informed of the various incentives and subsidies available to employers in relation to the employment of apprentices and trainees.

Whilst participants indicated that the availability of incentives and subsidies was a consideration for small business in deciding whether or not to employ an apprentice or trainee, it was not a sole determining factor. The key issue in deciding whether or not to employ an apprentice or trainee was generally expressed as being related to the requirements of the business and in the long-term interests of the industry.

There was a strongly held view that incentives and subsidies should reflect the financial demands that are made on industry in relation to training. This attitude was based on the widespread view that significantly increased demands are being made on employers to provide effective training.

Key Message:

It was clear from the focus groups that an overwhelming number of employer participants took the view that the current incentives and subsidies which apply to the employment of apprentices and trainees are confusing and need to be reconsidered.

Priority Issues

All participants were asked to rank the three most important issues in terms of providing advice to the Minister for Education, Training and Youth Affairs in addressing skill shortages in the Automotive industry. The following matters represent the priority issues identified by the various groups:

1. In terms of attempting to ensure that a ready supply of competent applicants for apprenticeships are available to the industry, it was considered that there needs to be a commitment to jointly addressing the following matters:
 - (a) There is a need to implement a significant national promotion campaign and other activities which highlight the realities of the industry and draws attention to the technological developments that have taken place within it in recent years and which will help to make the industry a more attractive career option.
 - (b) Ensuring that secondary schools are provided with current up-to-date knowledge and understanding of the industry so that teachers in general, and career teachers in particular, are more fully informed of the nature of the industry.
 - (c) Ensuring that technical skills and knowledge relating to the industry that are taught in secondary schools are delivered by teaching staff that are knowledgeable of the industry and sufficiently experienced to impart practical skills.
2. Whilst Priority 1 will assist in addressing the supply of competent applicants for apprenticeships and trainees there is a need to assess the developments that are occurring within the industry. In this regard, the 'segmentation' of the industry is considered to be an important issue as there are significant implications for both the nature of future employment in the industry and training.
3. The third priority related to the Technical and Further Education system. In particular, the need to address the capacity and quality of training provided by both TAFE institutions and RTOs to deliver effective training.

Conclusions and Recommendations

In proposing the following recommendations the Working Group reiterates its earlier comments that this report, and the issues raised within it, must be seen in a broader context. The project which led to the formation of this report was, of necessity, limited in terms of its scope. Consequently, whilst the report provides valuable insights into the views of employers on skills and skills shortages in the retail motor industry it is nevertheless a snapshot view and a preliminary step towards finding more complete answers to what is a complex and difficult area.

It is in this context that the Working Group has formulated the following recommendations. They provide a framework within which further, more detailed initiatives can be taken as additional information and understanding of key issues becomes clear.

In seeking answers to the question of skill shortages in the retail motor industry, the Working Group believes strongly that:

- (a) There can be no 'quick fix' to the complex issues involved in the matters being examined. It is crucial to the future development of the industry and the employment and training opportunities for young people, that appropriate steps are taken to fully examine all relevant matters;
- (b) It is crucial that the retail motor industry is given carriage of the examination of the issues, and is responsible for finding the ways and means of resolving issues;
- (c) In the context of the industry accepting the responsibility set out in (b) above, relevant government support will be absolutely crucial to ensure that all matters are effectively dealt with.

It is on the basis of these three key principles that the Working Group has formulated the following recommendations.

1. Industry Ownership: A Framework for the Future

Consistent with the view that there is a range of complex issues to be explored in finding answers to the issues facing the retail motor industry, it is proposed that a National Retail Motor Industry Taskforce be established. The Taskforce will be responsible for co-ordinating and managing further research, undertaking specific initiatives and improving communication between the various players in the industry. It is proposed that the Taskforce be made up of industry-based personnel who will be able to involve others as required, including existing advisory bodies, relevant government agencies, schools, TAFE institutions, unions and others.

Recommendation 1.1:

That a National Retail Motor Industry Taskforce be established as follows:

Membership

It is proposed that the membership of the Taskforce be:

- VACC
- Motor Traders Association of Australia
- Motors Traders Association New South Wales
- Motors Traders Association Queensland
- Automotive Training Australia
- Department of Education, Training and Youth Affairs

The administrative support for the Taskforce will be provided by the Victorian Automobile Chamber of Commerce (VACC).

Terms of Reference

The National Retail Motor Industry Taskforce will be required to:

1. Undertake a detailed examination of the matters arising from this report and develop appropriate recommendations and related initiatives;
2. Liaise with relevant industry advisory bodies, government agencies, institutions, organisations and others as required;
3. Submit recommendations to relevant industry advisory bodies, government agencies, institutions and organisations;
4. Undertake other activities as requested by the Minister for Education, Training and Youth Affairs.

Funding

It is proposed that the Taskforce will be supported financially by both the Commonwealth Government and the industry.

Period of Operation

The Taskforce will be required to complete the required tasks within a two year time frame.

2. Promotion and Marketing of the Industry

Participants in focus groups referred to the need to promote and market the industry as a means of:

- (a) Better informing the community generally, and parents in particular, of the industry and the available employment and training opportunities;
- (b) Improving the status of the industry in terms of possible employment and career opportunities for young people;
- (c) Improving the knowledge and understanding of secondary schools, teachers and career guidance personnel in particular, of the nature of the industry and the employment and training opportunities within it;
- (d) Encouraging young people to consider employment as an apprentice or trainee within the industry.

In seeking to meet these objectives, it is proposed that a national marketing and promotion strategy be developed and that it be funded jointly between the industry and government.

Recommendation 2.1:

That the Retail Motor Industry Taskforce be requested to prepare a marketing and promotion strategy consistent with the objectives outlined above (refer (a) – (d)) in conjunction with an appropriately skilled and experienced marketing/promotional consultant.

Recommendation 2.2:

That the Commonwealth Government enter into a joint initiative with the retail motor industry to support the proposed marketing/promotional initiative referred to in Recommendation no. 2.

3. Industry Information to Schools

Schools are crucial links in the provision of information and advice to students concerning the industry. It seems apparent from the focus groups that they are currently failing in terms of providing current and up-to-date information. To overcome this problem, it is proposed that State Motor Traders' Associations (MTAs) and ITABs in each State be requested to liaise in the development of 'Automotive Industry Information Centres'. The Centres will have the primary responsibility for providing direct relationships between the industry and schools. An appropriate consultation and development process involving schools would need to take place in establishing the Centres.

Recommendation 3.1:

That State Motor Traders' Associations and all State ITABs be requested to liaise in the development of Retail Motor Industry Information Centres. The Centres will have the responsibility of establishing a direct link between schools and the industry and providing current and up-to-date information concerning the nature of the industry and the employment and training opportunities available within it.

Recommendation 3.2:

That in order to ensure a co-ordinated national approach to the role of the Retail Motor Industry Information Centres, the Retail Motor Industry Taskforce be requested to establish appropriate terms of reference in conjunction with them and identify the funding and resource requirements necessary for them to function effectively.

Recommendation 3.3:

That the Commonwealth Government support the proposed Retail Motor Industry Information Centres following the identification of resource requirements referred to in Recommendation no. 5.

4. Career Guidance in Schools

It is a matter of concern that there appears to be such an inadequate level of career guidance directed at the trades generally, and the automotive trades in particular. To assist in addressing this situation, it is proposed that Automotive Industry Information Centres accept the responsibility for assisting career guidance personnel in schools to develop a more substantial information base and understanding of the industry than currently exists.

It is proposed that career guidance personnel in schools be invited to make submissions to the Centres concerning the most effective means by which the Centres may be able to assist them.

Recommendation 4.1:

That the National Retail Motor Industry Taskforce advise relevant organisations of career guidance personnel in schools, and secondary schools generally, of the establishment of Retail Motor Industry Information Centres in each State, and request that they make submissions concerning the information, advice and support that is required to improve career guidance concerning the industry.

Recommendation 4.2:

That following the establishment of the Retail Motor Industry Information Centres in each State, meetings of relevant career guidance personnel in schools and other relevant personnel and organisations be convened to examine the most effective means by which the Centres may be able to assist.

Recommendation 4.3:

That the National Retail Motor Industry Taskforce manage and co-ordinate a national framework for the Retail Motor Industry Information Centres to develop and distribute careers information in a variety of formats, including:

- *Print;*
- *Videos;*
- *Interactive PC based programmes;*
- *Interactive CD ROM with push/pull technology;*
- *Web sites, to which industry is committed to maintaining;*
- *Material for inclusion in popular television series;*
- *Packages for school consumption, including project materials; and*
- *Curriculum awareness materials, etc.*

5. Preparation of Young People for Employment in the Industry

In addition to the need for improvements in career guidance in secondary schools, there was concern amongst employers and TAFE teachers within the focus groups relating to the inadequate preparation of students for employment and training in the automotive industry.

These concerns relate to a range of complex and difficult issues for which it must be acknowledged there is no easy or quick solution. It must, however, also be acknowledged that it is essential that the issues be addressed. They are far too important to set aside or be ignored on the basis that they are 'too hard' to deal with.

It is proposed that the National Automotive Industry Taskforce be requested to examine all relevant issues and undertake further discussions with relevant school personnel. It should also be noted that the respective State TAFE systems, and other Registered Training Organisations (RTOs), have an important contribution to make to the preparedness of young people for employment and training in the automotive industry, and it is expected that they will be invited to play a prominent part in examining all relevant issues.

Recommendation 5.1:

That the National Retail Motor Industry Taskforce be requested to undertake an immediate examination of issues relating to the preparation of school students for employment in the automotive industry. It is anticipated that the issues to be examined will include literacy and numeracy, technical skills, career guidance, the 'streaming' of students and other relevant matters. Similarly, it is anticipated that the Taskforce will enter into detailed discussion and dialogue with relevant school and registered training organisation (RTO) personnel in examining the issues before it.

6. The Segmentation of the Industry

Without exception, all focus groups referred in some way to the manner in which the automotive industry is segmenting or developing niche products with their own training arrangements. There were numerous examples of vehicle and component manufacturers and franchise organisations, which were perceived to be separating themselves from the industry in such a way as to become independent and specialised training operations. They were also perceived to be limiting access to technical information concerning their respective products.

The 'segmentation' of the industry was a matter of serious concern to many employers and TAFE teachers, and appears to be an issue requiring further, more detailed examination in terms of its potential impact on the industry generally and the consequences for training specifically.

It is proposed therefore that the National Retail Motor Industry Taskforce be requested to initiate, as a matter of urgency, an examination of the segmentation of the automotive industry. It is anticipated that the examination will include such matters as the consequences of segmentation relating to its impact on small business, the availability of technical information for all products within the industry and its impact on the provision of broad-based generic training for tradesmen within the industry.

Recommendation 6.1:

That the National Retail Motor Industry Taskforce be requested to undertake, as a matter of urgency, an examination of the 'segmentation' of the industry and its consequences for the industry generally and training within the industry specifically.

7. The Training Relationship

The focus groups identified a number of issues concerning the training relationship between employers and apprentices/trainees, and between employers and Registered Training Organisations (RTOs), which require further examination in terms of ensuring that effective training is undertaken.

It is proposed that the National Retail Motor Industry Taskforce be requested to examine the various training relationships with a view to more clearly identifying those matters requiring action.

It is anticipated that matters such as clarifying the respective roles and responsibilities of on and off-the-job training, communication between employers and training organisations, consideration of the opportunities provided by the Automotive Retail Service and Repair Training Package and other reforms to the national training system will be included in the matters requiring clarification.

In terms of assisting the small business sector of the industry, it is proposed that a number of 'best practice' employer-based training arrangements be identified and promoted within the industry. This will enable employers to identify initiatives that are both practical and possible.

It is also anticipated that in considering relevant matters the Taskforce will enter into detailed consultation with employers within the automotive industry, Registered Training Organisations, schools undertaking pre-apprenticeship programs which attract credits and other organisations and individuals.

It should be noted that the matter of training relationships relates also to the matter of 'industry segmentation', which is referred to below.

Recommendation 7.1:

That the National Retail Motor Industry Taskforce be requested to examine the nature of the training relationships that exist within the automotive industry with a view to ensuring the most effective relationships between the various parties. This will include consideration of the nature of TAFE/RTO relationships and the implications of this relationship for quality training outcomes.

Recommendation 7.2:

That State Motor Traders' Associations in conjunction with the respective Industry Training Boards be requested to identify 'best practice' employer-based training arrangements in order that they can be promoted on a national basis for the information of employers and Registered Training Organisations.

It is recommended that the National Retail Motor Industry Taskforce receive the details of the 'best practice' arrangements and promote them in a manner which is consistent with other marketing and promotional initiatives.

8. The Role of TAFE

Whilst it is acknowledged that TAFE represents one aspect of the training provided by Registered Training Organisations throughout the country, it is nevertheless a major contributor to the training of personnel within the automotive industry generally.

Given the responsibility that the various TAFE systems have in terms of training within the automotive industry, it was therefore a matter of grave concern that there was such a high level of criticism directed at TAFE institutions.

It is acknowledged that the focus groups represented a small sample of employer opinion, and for that reason, we are reluctant to respond directly to the criticisms other than to take the view that the criticisms were widespread and consistent in their nature.

It is proposed therefore that the Taskforce convene a national conference of appropriate representatives of relevant employer organisations and TAFE systems with a view to identifying more precisely the concerns that exist in relation to TAFE's role as a major training organisation within the Automotive industry.

Recommendation 8.1:

That the National Retail Motor Industry Taskforce convene a national conference of Automotive industry employers and TAFE representatives to examine the nature of the training relationship between the industry and TAFE institutions.

9. Incentives and Subsidies

It was clear from the focus groups that an overwhelming number of employer participants took the view that the current incentives and subsidies which apply to the employment of apprentices and trainees are not operating as effectively as they could be.

It is proposed therefore that the Commonwealth Government undertake a review of the existing arrangements with a view to developing realistic incentives and subsidies which are consistent with the needs of employers.

Recommendation 9.1:

That the Commonwealth Government undertake a detailed review of incentives and subsidies currently available to employers in relation to the employment of apprentices and trainees. In the context of the review, it is stressed that there must be extensive consultation with employers.

Attachment A

Data Analysis of Skill Shortages in the Retail Motor Industry

**Prepared by VACC for the purposes of
the Automotive Working Group**

DATA ANALYSIS

1.0 Introduction

Automotive labour activity covers many and varied fields and occupations. Both the Skill Shortages In The Retail Motor Industry paper and this document concentrate on the repair, services and retail sector of the industry, and in particular those occupations classified as automotive trade under Australian Statistical Counts of Occupations (ASCO) coding.¹

The Federal Government has identified four particular automotive ASCO occupations as areas of national skill shortage. These are ASCO occupations 4211 Motor Mechanic, 4212 Auto Electrical, 4213 Panel Beater and 4214 Vehicle Painting. This paper focuses on the size and nature of skill shortages within these occupations. It also provides, where possible, some analysis of the state of shortages in additional automotive occupations.

1.2 Methodology

The tables and other figures in the paper are based on State and Federal Government documentation, reports and statistics as supplied by DEWRSB, the National Centre for Vocational Education and Research (NCVER), the Monash Centre of Policy Studies and the Department of Employment, Training and Youth Affairs (DETYA).

2.0 A Retail Automotive Industry Context

2.1 Definition

The largest sector of Australia's automotive industry is the repair, services and retail (RS&R) sector, comprising over 49,000 businesses and 306,000 workers in 1998². For the purposes of this paper, the RS&R sector will be called the retail sector. The retail sector relates to economic activity involving vehicles (including motor cycles, trucks, buses and farm machinery) once they leave the factory gate or container ship. The retail sector is comprised overwhelmingly (88%) of mainly small (less than ten employees) businesses.

2.2 Recent Key Automotive Developments

- a) Over the last decade, the age of the Australian vehicle fleet has shrunk, and new vehicles have become comparatively cheaper based on a ratio of totalled average weekly income*(Black and White Data book).
- b) The small to micro car has increased market share to a point where now it comprised 43% of Australian new vehicle sales at the end of 1998 (Black and White Data book).

¹ ASCO coding is the basic measure under which the Federal Government collates statistical outcomes from the Australian Bureau of Statistics (ABS).

² ABS Business Register, September 1998.

- c) Vehicle reliability and warranty conditions have improved markedly.
- d) Automotive component and whole vehicle export value has increased rapidly (\$3.2b in 1999).
- e) There has been a significant rise in vehicle and component specialist technologies based on computerisation and electronics.
- f) Economies of scale are rising owing to the impact of insurance companies and large corporations. This is beginning to cause a further segmentation of industry into corporatised large players and independent smaller operatives.
- g) Vehicle collisions have decreased (Black and White Data book).
- h) Regulations governing emissions and safety have been tightened (Black and White Data book).
- i) Brand specific technical information on many newer vehicles/products is becoming more difficult to access owing to increasing levels of manufacturer copyright protection.

2.3 Recent Key Automotive Staffing Trends

Complex specialisation and brand-specific generalist skilling are perhaps the two most noticeable changes within the automotive staffing culture. Specialisation has always been a part of automotive repair and servicing activity; however, the rate of technological change in the 1990s has introduced levels of skill complexity requiring educationally advanced training programs and/or diagnostic aids. At the same time, larger economies of scale across many enterprise fields has also seen a diminution of general diagnostic skills for many repair/service staff, who now simply remove and replace systems or components previously “repaired”. The establishment of manufacturing regime training programs, now counted as a formalised part of apprenticeship, also means many mechanics now achieve a reduced level of generalist training/working experience on anything other than a specific vehicle brand.

2.4 Skill Shortage Definition

As defined by DEWRSB, automotive skill shortage is not merely an absence of sufficient trades people to fulfil automotive industry occupational demand. Skill shortage is also defined as the absence of particular types of practical techniques or knowledge with which qualified trades persons can solve (repair/service) automotive problems.

3.0 The State of Employment – 1999/2000 to 2005/2006

3.1 Employment Projections

Before any estimates can be made of skill shortage projections, some definition of the potential labour requirements must occur. The following figures are 1999 Monash University Centre of Policy Studies current measurements and estimates of three digit ASCO 421 automotive labour skill needs.

The ASCO 421 Automotive Trades classification is based around work conducted under “traditional” trade areas. The counts include people working in such trade areas who have not attained formalised trade certification.

National Employment Growth, '000 persons, to 2005-6

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
144.2	148.5	150.4	152.8	153.7	155.50	159.2	(+10.4% on 144,200)

The above projections indicate that over all designated 421 Trades, Australia will have to find an additional 15,000 workers within the traditional trades areas if it wishes to maintain skill levels to break even with natural occupational wastage rates (ie. retirements, resignations progression into higher automotive positions).

The ASCO 421 Trades measure can be broken down further into Trade and Services Occupations using four digit ASCO designation. The following figures are the specific automotive trades spread.

National Employment Growth By Trades Occupation, '000 persons, to 205-6

4211 Motor Mechanics

1999-0	2000-1	2001-2	2002-3	20034	2004-5	2005-6	
102.0	105-4	107.2	109.4	110.5	112.3	115.4	(+13.1% on 102,000)

4212 Auto Electrical

1999-0	2000-1	2001-2	2002-3	20034	2004-5	2005-6	
6.8	7.1	7.1	7.2	7.2	7.2	7.3	(+7.3% on 6,800)

4213 Panel Beating

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
17.8	17.9	17.6	17.4	16.9	16.5	16.3	(-8.4% on 17,800)

4214 Vehicle Painting

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
12.2	13.1	13.7	14.4	15.0	15.7	16.5	(+35.2% on 12,200)

4215 Body Making

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
2.4	2.3	2.1	1.9	1.8	1.6	1.5	(-37.5%, on 2,400)

4216 Vehicle Trimming

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
2.9	2.8	2.6	2.5	2.3	2.1	2.0	(-31.0% on 2,900)

In summary, the figures above indicate that skilled labour needs will rise by an estimated 18,200 in the motor mechanic, automotive electrical and vehicle painting trades. The single largest rise in projected labour needs is in the motor mechanic area, which includes trades such as heavy and light vehicle mechanics, engine reconditioning, automatic transmissions, small and light engine activity, as well as Certificate II (traineeship) trades like brake and underbody.

In the trades of body making vehicle trim and body repair, there is a projected fall of 3,300 jobs in skilled labour needs with a fall of 1,500 jobs (17,800 to 16,300) between 1999-2000 and 2005-2006 in the body repair area. The predicted decline is primarily due to structural and technological changes in the industry, eg. product improvement and mechanisation.

National Employment Growth By Services Occupation, '000 persons to 2005-6

6212P Motor Vehicle and Related Sales

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
18.7	19.4	19.8	20.3	20.5	20.9	21.6	(+15.5% on 18,700)

7991 Motor Vehicle Parts Fitting

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
12.6	13.1	13.5	13.9	14.1	14.4	14.9	(+18.2%, on 12,600)

8296 Service Station Operations

1999-0	2000-1	2001-2	2002-3	2003-4	2004-5	2005-6	
12.6	13.2	13.5	13.9	14.2	14.5	15.1	(+19.2% on 12,600)

Additional non-trade automotive occupations (designated as “services”) are also covered under four digit ASCO coding. These occupations may be covered under formalised training, mainly at Certificate II level, and at 1999-2000 they were larger in terms of workforce than all but two Trade Occupations. 43,900 jobs were categorised as Automotive Services Occupations in 1999-2000, with their spread as follows:

A total combined 17.5% rise can be expected across the designated service occupations to 2005-2006.

3.2 Employment Projection Conclusions

- 3.2.1 A consistent rise can be expected across general automotive occupational demand, although service occupational need will grow markedly quicker than trade occupational need.
- 3.2.2 Within the trades, requirements for Vehicle Painters, Motor Mechanics and Automotive Electricians will increase.
- 3.2.3 The traditionally significant employment field of Panel Beating is expected to experience steady decline in the number of jobs primarily due to structural and technological changes.

4.0 Training

The Automotive industry has traditionally utilised the apprenticeships system as a significant contributor to its labour force. Apprentices usually comprise between 14.5% to 15% of automotive labour within the trades area (NCVER/Automotive Repair and Service Trades 1995-1999/1999/P16).

The Federal Government has identified three occupations of concern where apprenticeship take up is not expected to match occupational replacement demand. These are Motor Mechanics, Automotive Electricians and Panel Beaters.

4.1 Training Commencement, Numbers, Completion and Age

Table 1³ shows that there has been a decline in apprenticeship commencements from 6,166 in 1995 to 5,560 in 1998. The bracketed figures in table 1 are the number of Certificate II Brake and Underbody (4,211), Panel/Paint (4,213) and Accessory Fitting Traineeships (4,212).

Table 1

Auto RS&R trade occupation commencements 1995-1998

	1995	1996	1997	1998
ASCO 4211 Motor Mechanic	4,806(10)	4,383(8)	4,052(60)	4,452(89)
ASCO 4212 Auto Electrician	372	326	300	308(1)
ASCO 4213 Panel Beater	988(21)	968(27)	747(34)	800(28)
Totals	6,166	5,677	5,099	5,560

The ASCO figures are not available for 1999; however, if the 1999 Victorian figures⁴, which show a slight increase (approximately 5%) over 1998 4,211 Certificate III commencements, are mirrored elsewhere a slight increase may be expected across Australia. The 1999 Certificate III take up numbers will still be less than those of 1995; however, even with a slight increase.

³ Source - NCVER unpublished apprentice and trainee data, please note that in all tables one year completions (trainees) are bracketed figures.

⁴ Office of Post Compulsory Education, Training and Education - 1999, Data Base of Employment Contracts. Not a public document.

If Victorian trends are mirrored across Australia throughout 1999 and 2000, a rising proportion of all commencements will be due to a sharp rise in Certificate II (Traineeship) uptake.

Table 2

Auto RS&R trade occupation numbers in training 1995-1998

	1995	1996	1997	1998
ASCO4211 Motor Mechanic	14,722(23)	14,900(24)	14,575(74)	14,035(102)
ASCO4212 Auto Electrician	1,019(1)	1,061	1,056	1,020(1)
ASCO 4213 Panel Beater	2,586(17)	2,775(24)	2,633(31)	2,483(20)
Totals	18,327	18,736	18,264	17,538

From Table 2, the following can be noted:

- a) The increase of traineeships since 1996 (the first full year of traineeships) coincides with a gradual decline in total numbers in training.
- b) The rising numbers of trainees in the industry would suggest that the Certificate III apprenticeship take up has fallen considerably since 1995.
- c) Over a four year period, there are almost static training numbers in the 4212 Auto Electrician category. This could raise significant problems in RS&R industrial capacity to effectively handle technological development and the servicing of the modern vehicle.
- d) Panel Beating training appears fairly constant; however, it will experience a noticeable participation reduction after 1998 owing to falling 1996/97/98 commencement.

Table 3

Auto RS&R trade occupation training completions 1995-1998

	1995	1996	1997	1998
ASCO4211 Motor Mechanic	1,811	2,939	3,283	3,532
ASCO4212 Auto Electrician	110	199	199	255
ASCO 4213 Panel Beaters	309	452	488	544
Totals	2,230	3,590	3,970	4,331

Potential workforce replacement can be further informed by measuring the rate of trade completions (those who finish their apprenticeship/traineeship) as highlighted in Table 3.

- a) The very low 1995 total completion tally is due to record low automotive apprenticeship uptake over the 1990-91 recession and the industry's unfamiliarity with the traineeship (introduced September 1995).
- b) The relative rise of completions between 1996-1998 is based upon increased apprentice take up over 1993, 1994 and 1995, combined with the creation of one year contracts of

training (Traineeships) from 1995 onwards. One year completions are undifferentiated from four year completions in Table 3.

- c) Traineeships began to comprise a significant portion (30%) of the automotive training market from 1997, and hence much of 1998's completion rate will be Certificate II trainees, not Certificate III apprentices.

Table 4

Training Commencements by Age

	1995	1996	1997	1998
15-19 yrs	4,908	4,468	3,974	4,191
20-24 yrs	1,001	979	893	1,046
25+	253	230	232	321
Totals	6,212	5,677	5,099	5,558

The Commencements by Age table above showing new signs on patterns emerging, is no doubt partially due to New Apprenticeship policies.

- a) The 1997-1998 growth in commencements of the 20-24 (17.1%) and 25+ (38.4%) cohorts is attributable to the rise of traineeships.
- b) 1997-98's slight rise (5.5%) in the 15-19 training cohort is attributable to a combination of:
- an increasing number of basic auto-skilled school leavers coming through VET in Schools;
 - the ability to employ younger work entrants under traineeship arrangements in occupations previously unacknowledged within the formal training agenda; and
 - the ability to train younger work entrants under the less-costly national training wage.

4.2 Training Analysis Conclusions

- 4.2.1 Training commencements and participants in training declined sporadically between 1995 and 1998, but in the same period the rate of completions rose.
- 4.2.2 Training commencements, participants in training and completions contain rising levels of Certificate II trainees. This means Certificate III numbers are declining both as a total and proportion of training.
- 4.2.3 Panel Beating commencements are decreasing at a rate quicker than Mechanics and Auto Electricians.
- 4.2.4 Within States, completion, participation and commencement rates vary little from location to location.
- 4.2.5 There is a slight increase in the proportion of older apprentices (over twenty years of age) commencing training.
- 4.2.6 The proportion of apprentices actually completing training is increasing, again indicating the rising levels of Certificate II trainees.

5.0 Skill Shortage Quantification

Although it is recognised by the Automotive industry and Commonwealth and State Governments that skill shortage is increasing significantly, there is no exact measure that can be made of the size of the problem; however, some indicators exist that point to trends in skill shortages. Probably the best of these is DEWRSB's national Skills Vacancy Survey, instituted in 1981.

DEWRSB methodology in monitoring the skill vacancy survey consists of collating job advertisements from each capital city's major newspaper and then monitoring (by phone follow up) whether the advertised job has been filled. The methodology of the survey is not without its problems and the results can not be viewed as the total measure of automotive labour demand. The use of other newspapers (both metropolitan and rural), the Job network, industry word of mouth and even industry frustration (leading to a failure or refusal to advertise) are some untapped sources which might lead towards a more accurate measure of total labour demand. Nevertheless, the survey is a reasonably reliable indicator of skill shortage trends.

Recent surveys (refer Appendix 'A') show that:

- 45% of automotive job vacancies in New South Wales were filled within 4 weeks in mid 1999 compared to approximately 40% in mid 1998. For Panel Beaters, the vacancy filling rate was 60% in 1999 compared with 40% in 1998, a trend which seems linked to structural change and an above usual level of business closure within the collision repair industry (DEWRSB/Skill Shortages in Automotive trades/1999/P 1)

- Only 50% of Victorian employers filled Automotive Electrician positions with four week of advertising, However, 90% of Victorian employers filled collision repair positions (Panel Beating & Vehicle Painting) within four weeks of advertising.
- Victoria, Queensland and Western Australia generally show much higher rates of skill demand than New South Wales, South Australia, Tasmania and the Northern Territory. This may be due to each State's population size, spread and sampling inconsistencies.
- Skills demand in South Australia, Victoria, Queensland and Tasmania has generally risen each year since 1994. Skills demand in New South Wales, although obvious, rises and falls to no set pattern.

6.0 Retention/Wastage of Skilled Automotive Labour

Trades areas in general lose workers at a greater rate than any other group of occupations, and so retention of both workers and apprentices in the Automotive industry becomes a crucial factor in the reduction of skill shortages. The 1996 ABS Census of Population and Housing (DEWRSB/Skill Shortages in Automotive Trades/1999) illustrates that with a retention rate of 43%, automotive occupations have the highest level of skilled labour retention of all trades. Even so, this leaves 57% of workers departing over a period of twenty years.

Of those who leave, just under one half do so within five years of joining and 66% leave within ten years of commencement. Approximately one third of trade departures working in non-trade occupations were working at a higher skilled level, the remaining two thirds were working at a lesser skilled level. (DEWRSB/Skill Shortages in Automotive Trades/1999.)

An ABS publication Career Paths of Persons with Qualifications (DEWRSB/Skill Shortages in Automotive Trades/999) surveyed automotive trades persons who had left the trade as to their reasons for departure. 24.9% who left did so seeking better pay or career prospects or were promoted. This rate is 5.6 percentage points higher than the rate of people who left other trades for the same reasons. 21% of automotive workers stated they were laid off and 21% were either dissatisfied with their job or sought change. 15.5% left because of family, ill health or personal reasons, and 9.5% wanted more job security or better physical working conditions.

Better pay/lack of career prospects and job security/better conditions are reasons which arise from the very "small business nature" of automotive retail. The Automotive industry, with 88% of worksites employing fewer than 10 staff, maintains essentially flat workplace structures. Career progression is therefore generally limited to one or two workplace levels. In addition, the industry's intense culture of small business competitiveness results in small profit margins limiting the capital available for higher wages. A 1999 ABS table of mean weekly earnings (from 1989 to 1992) across trades and other occupations puts automotive earnings on a parity with those of other trades, but below those of "all occupations", (DEWRSB/Skill Shortages in Automotive Trades/1999/P13).

In spite of trade departure, the trades of Mechanical (2.6%), Automotive Electrician (1.7%), Trimming and Body Making (0% each) maintained extremely low levels of “tradesmen unemployment rates”, levels well below the national “all trade” and “occupations” rate of unemployment (4.2% and 3.2% respectively). Reflecting structural changes over the last half decade in the collision repair area, the unemployment rate for Panel Beaters (4.8%) and Painters (5.9%) is significantly higher than the other automotive trades and the national average (DEWRSB/Annual Unemployment Rates for Trades persons/Feb 2000). Given the vagaries of the collision repair industry, the relative unemployment rates for automotive tradespersons would seem to indicate that an automotive career path provides consistent employment.

6.1 Skill Shortage Factors

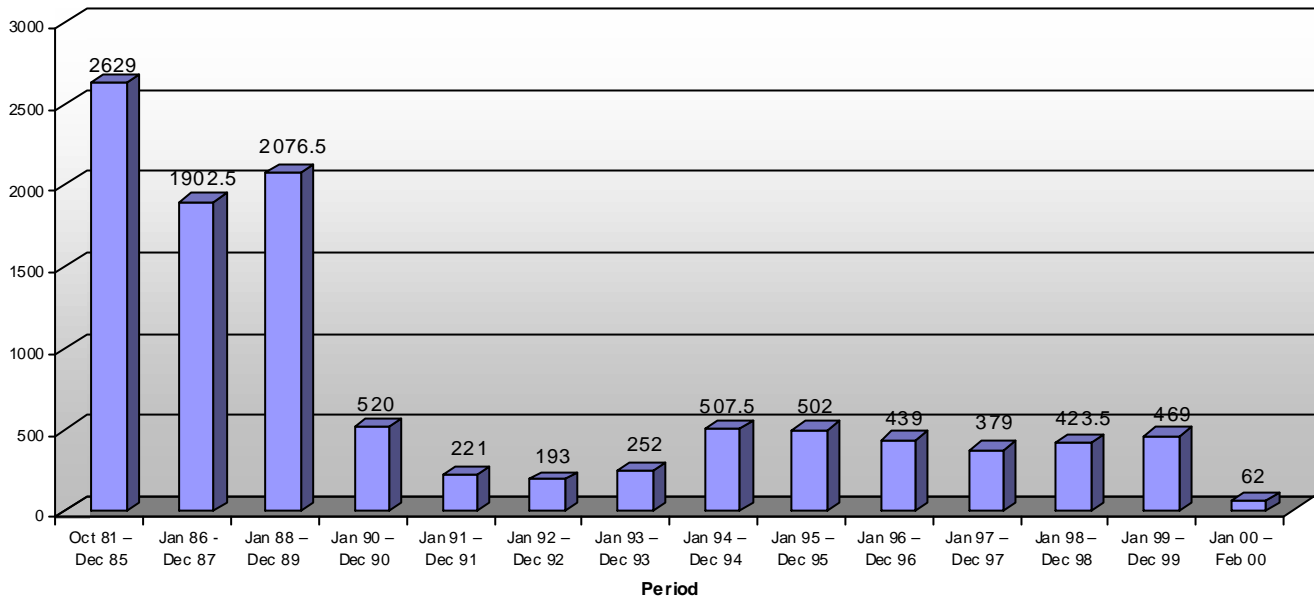
Industry believes that shortage of trade skills presents potential impediments to economic health. While acknowledging that cyclical employment in key industries is a fact, cyclical employment patterns are widening when one juxtaposes automotive apprentice take-up with job advertisement trends. In short, employers trim apprenticeship take-up in times of economic tightening and usually lift apprenticeship intake when profits begin to rise.

6.2 Factors in Skill Shortage Analysis and Conclusions

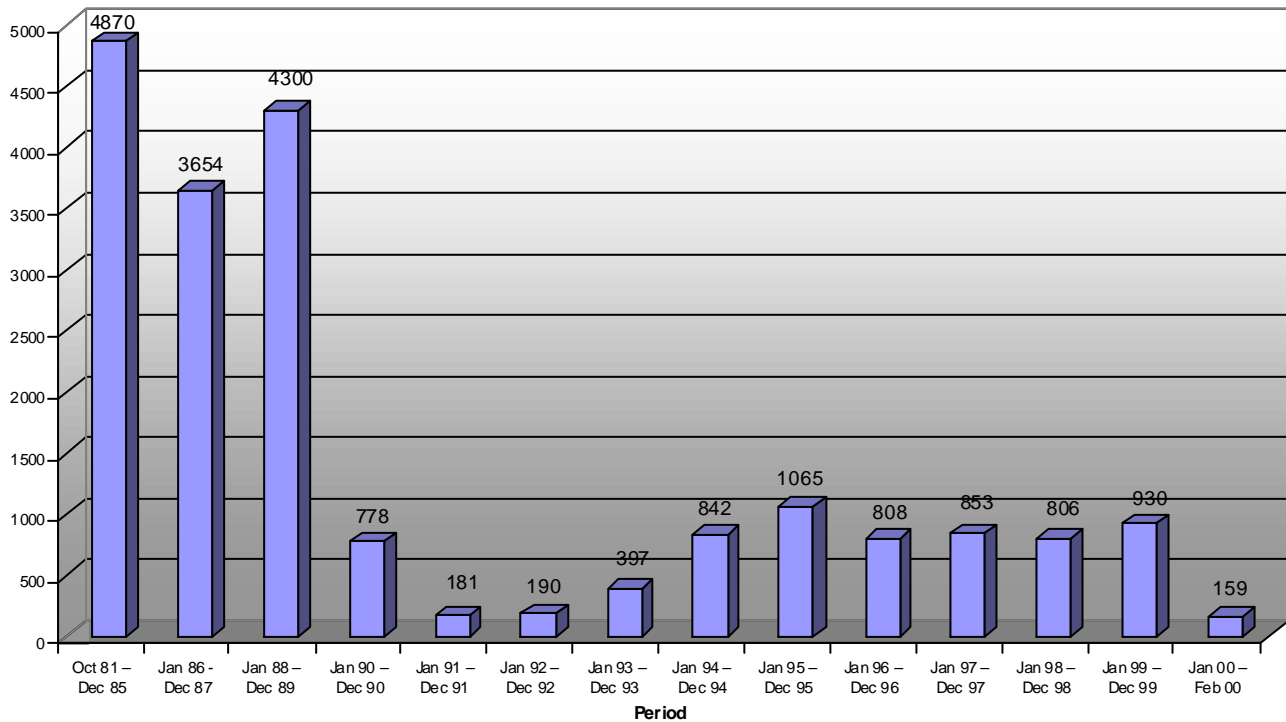
- 6.2.1 Economic health determines an employer’s capacity to enlist apprentices or offer financial inducements to retain staff.
- 6.2.2 The main reason trade qualified people leave most trades was because they were “laid off” owing to a lack of work. This is not the case for automotive tradespeople, who leave seeking better wages/promotion.
- 6.2.3 Automotive retention of skilled labour is better than most other trades, but worse than non-trade occupations.
- 6.2.4 As the Automotive industry is comprised predominantly of (88%) small businesses (less than 10 staff), career paths are horizontal rather than vertical.

APPENDIX A – DEWRSB JOB ADS BY STATE – 1981-2000

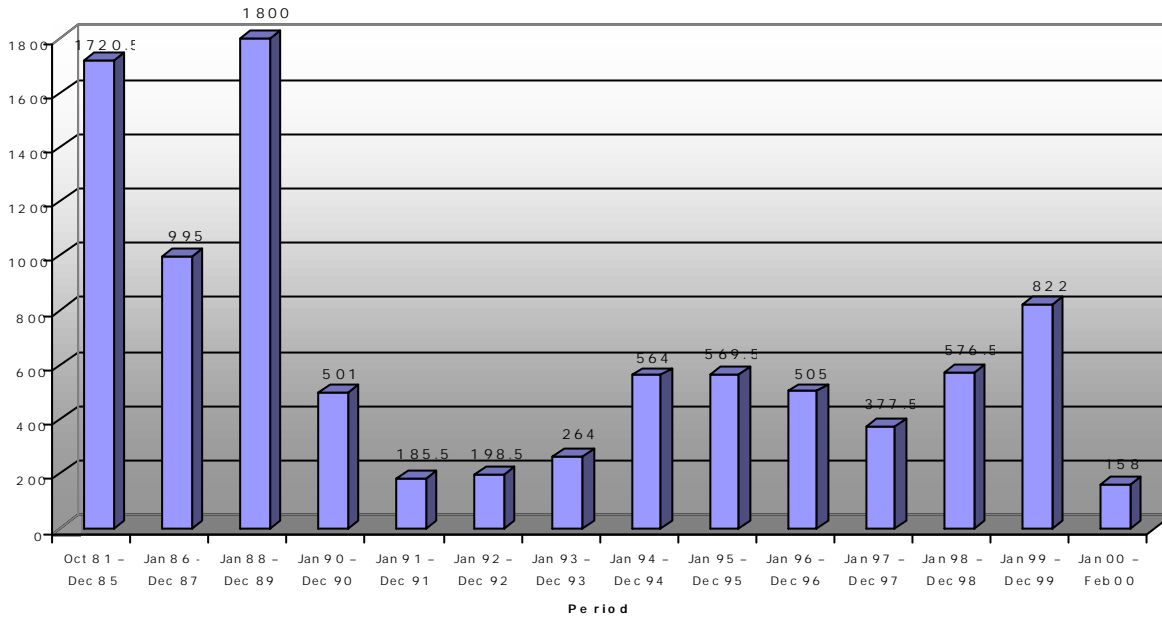
Job Advertisements - Automotive Trades Total (NSW)



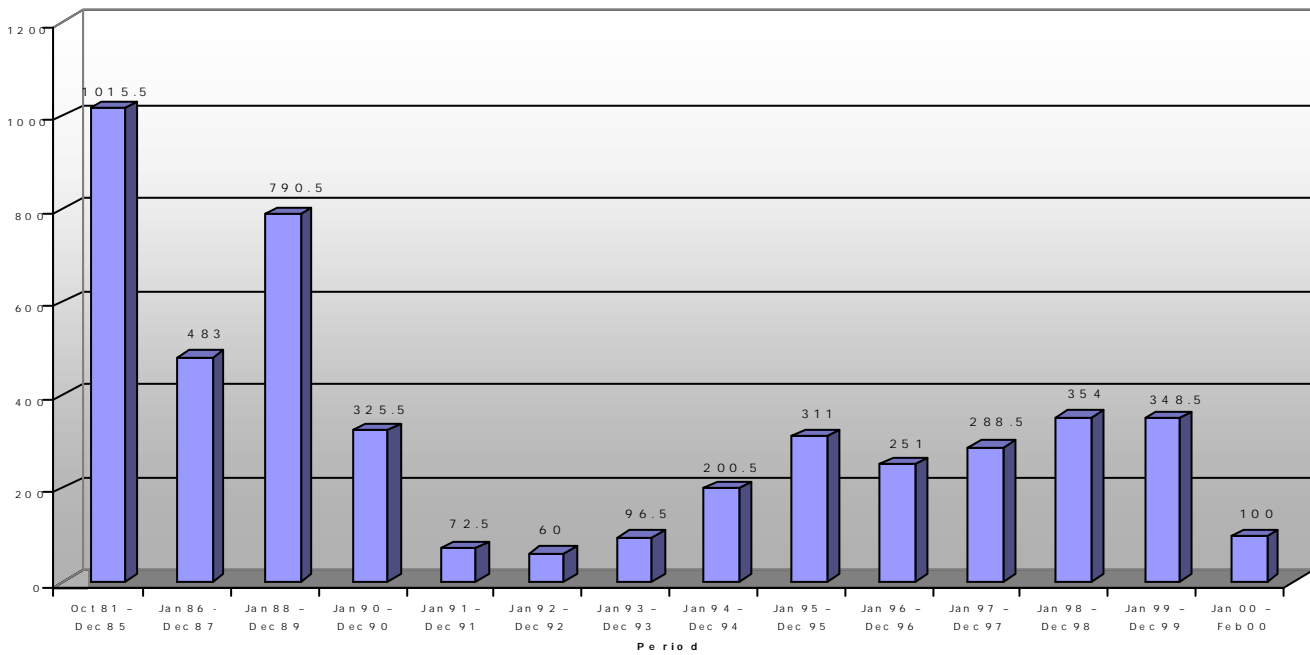
Job Advertisements - Automotive Trades Total (VIC)



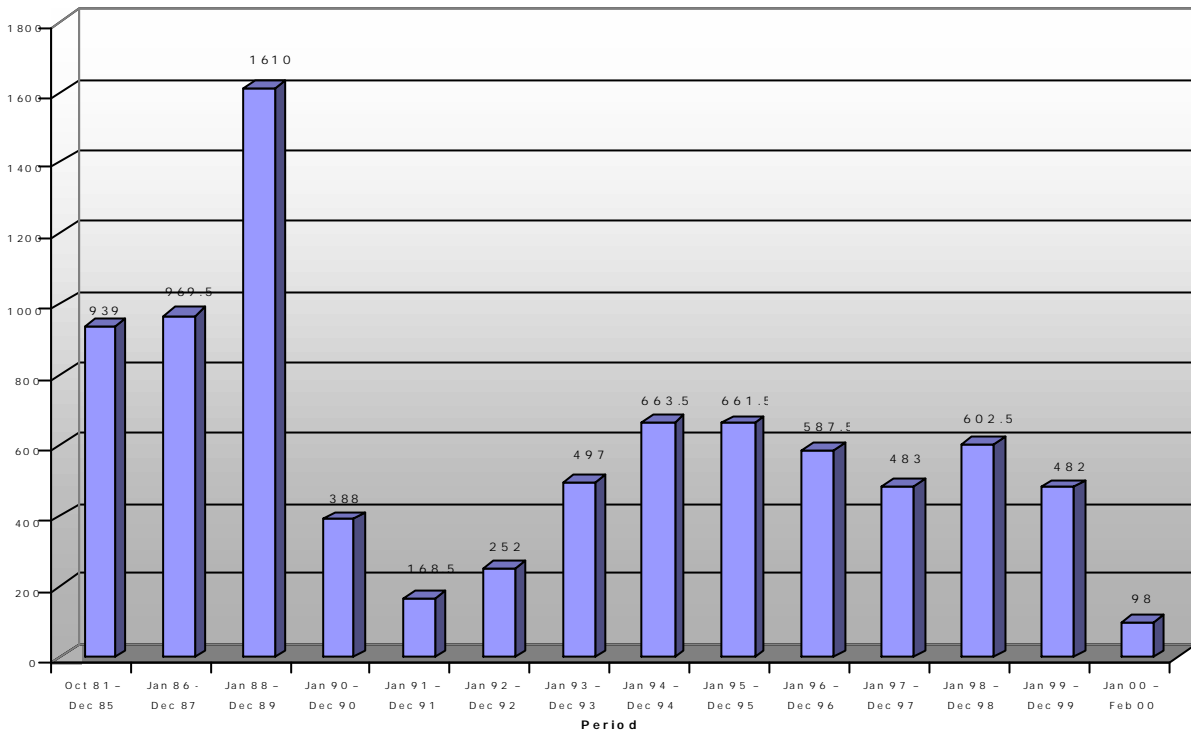
Job Advertisements - Automotive Trades Total (QLD)



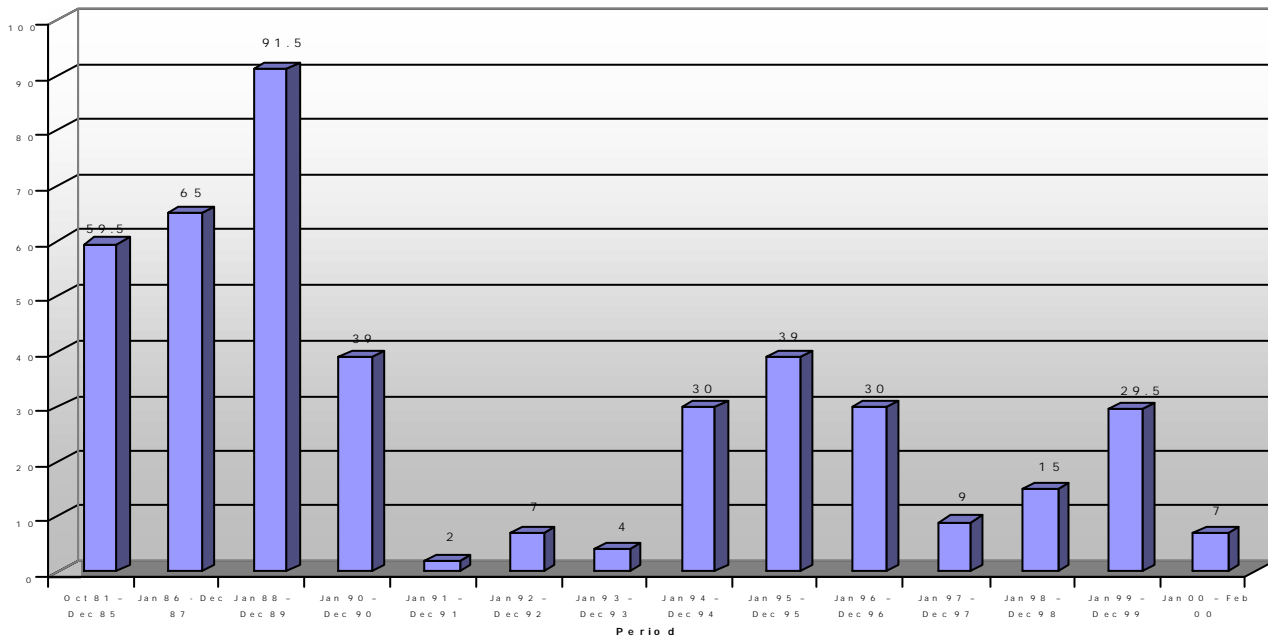
Job Advertisements - Automotive Trades Total (SA)



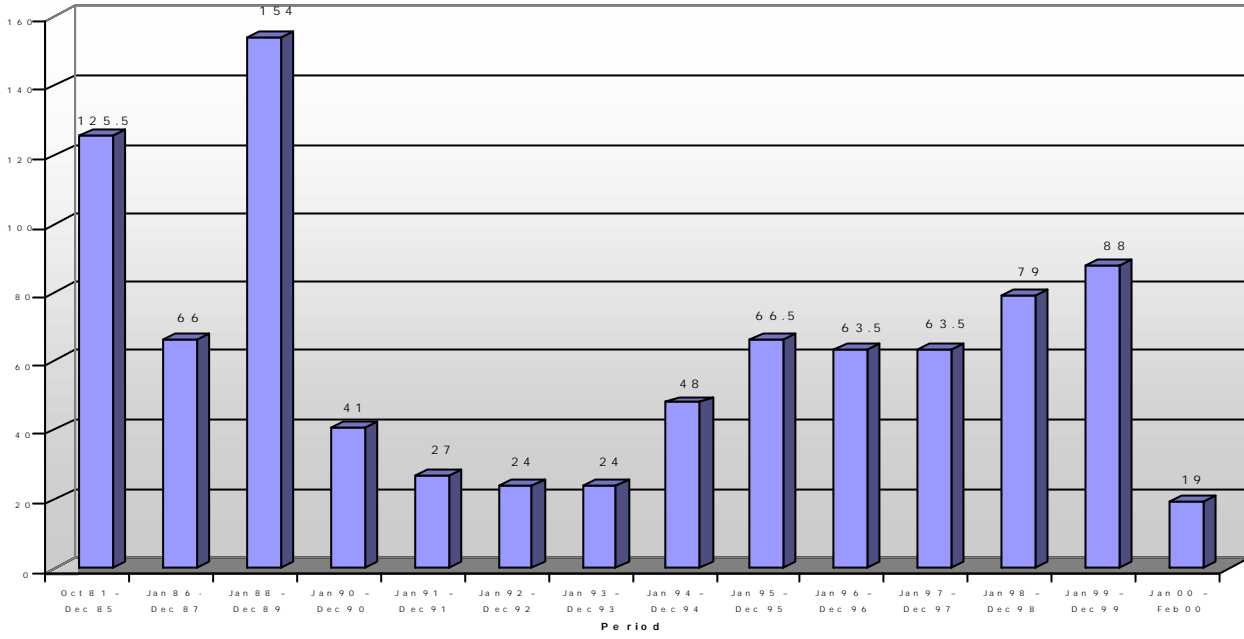
Job Advertisements - Automotive Trades Total (WA)



Job Advertisements - Automotive Trades Total (TAS)



Job Advertisements - Automotive Trades Total (NT)



APPENDIX B – Auto Job Ad Breakdown By State, Number And Month Ave.

Automotive Trades Total (NSW)

Date	Number	Monthly Average
Oct 81 – Dec 85	2629	51.55
Jan 86 – Dec 87	1,902.5	79.27
Jan 88 – Dec 89	2,076.5	86.52
Jan 90 – Dec 90	520	43.33
Jan 91 – Dec 91	221	18.42
Jan 92 – Dec 92	193	16.08
Jan 93 – Dec 93	252	21.00
Jan 94 – Dec 94	507.5	42.29
Jan 95 – Dec 95	502	41.83
Jan 96 – Dec 96	439	36.58
Jan 97 – Dec 97	379	31.58
Jan 98 – Dec 98	423.5	35.29
Jan 99 – Dec 99	469	39.08
Jan 00 – Feb 00	62	31.00

Automotive Trades Total (VIC)

Date	Number	Monthly Average
Oct 81 – Dec 85	4,870	95.49
Jan 86 – Dec 87	3,654	152.25
Jan 88 – Dec 89	4,300	179.17
Jan 90 – Dec 90	778	64.83
Jan 91 – Dec 91	181	15.08
Jan 92 – Dec 92	190	15.83
Jan 93 – Dec 93	397	33.08
Jan 94 – Dec 94	842	70.17
Jan 95 – Dec 95	1,065	88.75
Jan 96 – Dec 96	808	67.33
Jan 97 – Dec 97	853	71.08
Jan 98 – Dec 98	806	67.17
Jan 99 – Dec 99	930	77.50
Jan 00 – Feb 00	159	79.50

Automotive Trades Total (QLD)

Date	Number	Monthly Average
Oct 81 – Dec 85	1,720.5	33.74
Jan 86 – Dec 87	995	41.46
Jan 88 – Dec 89	1800	75.00
Jan 90 – Dec 90	501	41.75
Jan 91 – Dec 91	185.5	15.46
Jan 92 – Dec 92	198.5	16.54
Jan 93 – Dec 93	264	22.00
Jan 94 – Dec 94	564	47.00
Jan 95 – Dec 95	569.5	47.46
Jan 96 – Dec 96	505	42.08
Jan 97 – Dec 97	377.5	31.46
Jan 98 – Dec 98	576.5	48.04

Jan 99 – Dec 99	822	68.50
Jan 00 – Feb 00	158	79.00

Automotive Trades Total (SA)

Date	Number	Monthly Average
Oct 81 – Dec 85	1,015.5	19.91
Jan 86 – Dec 87	483	20.13
Jan 88 – Dec 89	790.5	32.94
Jan 90 – Dec 90	325.5	27.13
Jan 91 – Dec 91	72.5	6.04
Jan 92 – Dec 92	60	5.00
Jan 93 – Dec 93	96.5	8.04
Jan 94 – Dec 94	200.5	16.71
Jan 95 – Dec 95	311	25.92
Jan 96 – Dec 96	251	20.92
Jan 97 – Dec 97	288.5	24.04
Jan 98 – Dec 98	354	29.50
Jan 99 – Dec 99	348.5	29.04
Jan 00 – Feb 00	100	50.00

Automotive Trades Total (WA)

Date	Number	Monthly Average
Oct 81 – Dec 85	939	18.41
Jan 86 – Dec 87	969.5	40.40
Jan 88 – Dec 89	1610	67.08
Jan 90 – Dec 90	388	32.33
Jan 91 – Dec 91	168.5	14.04
Jan 92 – Dec 92	252	21.00
Jan 93 – Dec 93	497	41.42
Jan 94 – Dec 94	663.5	55.29
Jan 95 – Dec 95	661.5	55.13
Jan 96 – Dec 96	587.5	48.96
Jan 97 – Dec 97	483	40.25
Jan 98 – Dec 98	602.5	50.21
Jan 99 – Dec 99	482	40.17
Jan 00 – Feb 00	98	49.00

Automotive Trades Total (TAS)

Date	Number	Monthly Average
Oct 81 – Dec 85	59.5	1.17
Jan 86 – Dec 87	65	2.71
Jan 88 – Dec 89	91.5	3.81
Jan 90 – Dec 90	39	3.25
Jan 91 – Dec 91	2	0.17
Jan 92 – Dec 92	7	0.58
Jan 93 – Dec 93	4	0.33
Jan 94 – Dec 94	30	2.50
Jan 95 – Dec 95	39	3.25
Jan 96 – Dec 96	30	2.50
Jan 97 – Dec 97	9	0.75
Jan 98 – Dec 98	15	1.25
Jan 99 – Dec 99	29.5	2.46

Jan 00 – Feb 00	7	3.50
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Automotive Trades Total (NT) Date	Number	Monthly Average
Oct 81 – Dec 85	125.5	2.46
Jan 86 – Dec 87	66	2.75
Jan 88 – Dec 89	154	6.42
Jan 90 – Dec 90	41	3.42
Jan 91 – Dec 91	27	2.25
Jan 92 – Dec 92	24	2.00
Jan 93 – Dec 93	24	2.00
Jan 94 – Dec 94	48	4.00
Jan 95 – Dec 95	66.5	5.54
Jan 96 – Dec 96	63.5	5.29
Jan 97 – Dec 97	63.5	5.29
Jan 98 – Dec 98	79	6.58
Jan 99 – Dec 99	88	7.33
Jan 00 – Feb 00	19	9.50

Attachment B

Attachment A: Focus Group Attendants

Metropolitan Focus Groups

DATE	No. of Attendees
Monday 17 January	15
Tuesday 18 January	21
Wednesday 19 January	12

Country Focus Groups

Thursday 20 January	10
Monday 24 January	4
Tuesday 25 January	7
Thursday 27 January	5

Tasmania

Monday 24 January Launceston	7
Tuesday 25 January Hobart	16

NSW

Monday 31 January	10
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South Australia

Monday 31 January	15
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Western Australia

Thursday 3 February 12

TAFE Teachers

Melbourne

Friday 18 February 15

Launceston

Thursday 24 February 25

Apprentices and Pre-Vocational Students

Melbourne

Thursday 17, February
Pre-Vocational Students 26

Friday 18, February
Apprentices 23

Launceston

Thursday 24 February
Pre-vocational Students 31

TOTAL INVOLVED IN FOCUS GROUP DISCUSSIONS 254