



SouthAustraliaWorks

Mid North Employment Skills Formation Network
Building & Construction Business Owners' Survey
Findings Report

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MID NORTH
REGIONAL DEVELOPMENT
BOARD INC

KPPM Organisational Strategists

MNESFN Building and Construction Business Owners' Survey ~ Findings Report

Introduction

The Mid North Employment and Skills Formation Network (MNESFN) through the Mid North Regional Development Board asked KPPM Organisational Strategists to undertake a survey of Mid North employers and business owners in the Building & Construction sector about their skill and labour needs for future workforce planning, and to report the findings.

The methodology for the project was as follows:

1. MNESFN provided a database of 72 building and construction companies
2. KPPM compiled a letter to accompany the survey and provided this to MNESFN for comment
3. Based on questions provided by MNESFN, KPPM compiled a self-administered mail-out survey which was reviewed by MNESFN and comments incorporated into the final survey
4. KPPM sent the survey, with accompanying letter to all 72 businesses, together with a reply-paid envelope (addressed to KPPM)
5. At the end of the two week survey period, KPPM notified MNESFN of the surveys that had been returned, and MNESFN provided a prioritised listing of other businesses to contact, and KPPM secured a further 20 interviews by telephone.
6. A total of 40 responses were received (56%), which is a very good rate for a mail-out survey.

The findings of the survey are presented in this report. Because of confidentiality requirements, identifying information has not been included. Also, KPPM has used percentages to aid in interpretation of the findings, but because of the small sample size, we recommend caution in extrapolating these percentages to larger populations.

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Findings

Type of business

Table 1 shows the type of businesses that responded to the survey. The largest group of respondents were general builders (25%), followed by Carpenters/Cabinet makers and Electrical Services (each 10%).

Location of business

Most respondents (63%) had businesses in the Clare area, with 10 other towns represented (Table 2).

Number of employees

The average number of employees working in respondent businesses was 3.4, with one respondent having 10 employees, and nearly half (19) having only 1 or 2 (Table 3).

We also asked how many Full Time Equivalent employees each business had, and the average number of FTEs was 3.2 – indicating that most employees were full time.

Nº Employees	Nº Businesses
10	1
9	1
8	4
6	2
5	3
4	7
3	4
2	9
1	10

Town	Nº Responses
Auburn	2
Clare	25
Booborowie	2
Burra	3
Eudunda	1
Manoora	1
Mid North	1
Mintaro	1
Penwortham	1
Saddleworth	2
Waterloo	1

Business Type	Nº Responses
Bitumen	
Builders	10
Building Supplies	
Cabinets/Carpentry	4
Ceilings	
Communications	
Earthworks	
Electrical Services	4
Engineering Services	
Excavations	
Fencing	
Flooring	
Handyman	
Landscaping	
Masonry	
Metal work	
Painter and Decorator	
Plasterer	2
Plumber	3
Refrigeration	
Renovators	
Tiling	

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Apprentices

Ten businesses (25%) have apprentices, of these:

- Two businesses have three apprentices (an electrician and joinery)
- Three businesses have two apprentices (two plumbers and an electrician)
- Five businesses have one apprentice (refrigeration, communications, and three builders)

Those businesses that don't have apprentices gave their reasons as:

Don't need anyone

- Don't need anyone
- Easier to work by myself
- Happy to work alone and use sub contractors if necessary
- I am a one man show
- No need
- No particular need and have found in the past it has been time consuming, and have no wish to expand business
- No tradesmen to supervise
- Not enough benefits, we employ subcontractors instead
- Not really that type of business (we are non-trades) (2)
- We are scaling down and we don't have the workload
- We have downscaled, we moved here from Adelaide

Can't find anyone

- Haven't found one
- Still looking for a person who is keen

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- There are no apprenticeships in our line of work
- Would consider it if there was someone suitable

Not enough work

- Business is not viable enough (2)
- Not enough work at present
- Our work is too basic for an apprentice
- The business isn't big enough there is just enough part-time work just for me
- We currently couldn't employ someone fulltime (2)

Can't afford it

- Can't afford them to be at school and they can't afford to work for low wages
- I can't afford them; I work in my own time frame. I have tried three times in the past and they never got past three days. They did not want to work. "Too much trouble" for them. I would sooner do it by myself to my own high standard, it is quicker.
- It is too expensive and there is no incentive, only one person has completed an apprenticeship with us

Other

- No proximal training available, building work has become too specialised, as has training in building. A small business has to be competent at more than one trade in the Mid-North.
- They have found them in the past to be a waste of time and money
- We are too busy, we need to have trained staff to manage them
- We have a company funded trainee

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Age of business owner and exit plans

As can be seen in Table 4, more than half of the business owners were aged 50 or over. Only three were under 30 years.

We asked about exit strategies and found that a third of business owners plan to wind up their business and a third to pass onto their families. Only 10% plan to sell the business, and 7.5% to pass it onto their employees. Ten percent are also undecided and a further 7.5% have no plans to stop working in their business. There were no correlations between type of business or age of owner and exit intent, although smaller businesses (those with one or two employees) were more likely to intend to wind up their business or to be undecided.

Main skill needs in the business

Owners identified the skills that they need right now in their business. The most frequently-mentioned skills were plumbers (by three). Seven businesses also said that they need business or admin skills, two need labourers, 15 mentioned skilled trades people. Ten said they don't need any staff.

Administration/business skills

- Administration (computer skills (should be part of all basic trade curriculum, as well as small business training))
- I am apparently supposed to have a builders licence in some areas of what I do, but haven't got one
- I need a website but I don't have the time to set it up. I am too tired at night as I often work 10-12 hours a day. Also how to use a mobile phone!
- I need to know building regulations to make sure I am doing the work properly. I may also need a restricted builders license.
- More time, business management skills
- Our trainee to gain supervisor accreditation
- Someone with skills to collect money, accountancy/bookkeeping skills

<i>Table 4</i>		<i>Table 5</i>	
Age of owner	N° Businesses	Exit plan	N° Businesses
60-69	3	Wind up	13
50-59	18	Pass it to family	13
40-49	9	Sell the business	4
30-39	7	Undecided	4
20-29	2	Employees	3
Under 20	1	No plan to stop	3

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Labourer

- A labourer for general duties and light carpentry
- Reliable young workers

Tradesmen

- Additional engineers
- Apprentice and another qualified worker
- Could possibly put both tradesmen and apprentices on
- Date cabling, electrical tradesmen, A/C technician, appliance repair
- Fully qualified cabinet makers
- Good truss detailers
- Landscapers
- Loader and excavator operators
- Metal construction staff
- Plumbers (3)
- Qualified carpenter & joiner
- Tradesmen - we are desperately short of experienced tradesmen (2)

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Skill needs in future

Only nine businesses said they would need different skills in 2009-2011 (six didn't know – refer Table 6). Seventy percent (28 businesses) said they would need more staff (Table 7), with most of these needing one or two additional staff. Of those who will need new skills (Table 6), the most frequent comment was that technological change is a driver for skill development, and the staff they need are shown in Table 8. Two businesses commented that they are asked to do many more times the work that they are currently able to do, but do not intend to expand.

New technology

- I have the skills but my machinery and equipment is wearing out - as I am
- I need to know new skills for different tools that I have been buying
- Keeping up to date with new technology
- Keeping up with new technology, hot water services, sewerage etc
- Machinery, materials and design is changing so new skills will always be needed
- New technology
- All the materials in the plumbing industry are changing ie from copper to plastic piping. We have to keep abreast of these changes or we would lose work at the quoting stage.

Specialised skills

- Tiler - floor and wall, painting - roof and interiors
- Advanced skills
- More cabinet makers

Table 8

Future jobs
 Apprentices (5)
 Apprentice carpenter
 Cabinet maker and carpenter
 Cabinet makers
 Carpenter and joiner
 Casual labourers (4)
 Construction worker
 Earthmoving skills
 Engineers/technical officers
 Painters
 Quarry workers
 Skilled workers
 Supervisor/Administration
 Tradesmen (2)

Table 6

Need different skills?	Nº Businesses
Yes	9
No	25
Don't know	6

Table 7

Additional staff	Nº Businesses
1	8
2	14
3	4
5	2

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Methods of attracting staff

The most frequently-used method of attracting staff was to recruit through friends (55%), followed by training their own apprentices (30%) and advertising in the paper (28%). A small number of businesses use other 'formalised' processes like skilled migration, referrals from industry groups and high school work experience placements.

The following methods were seen to work best for individual businesses:

- Advertising in the paper
- Apprentices - can train the way you like them (3)
- Employment agency
- Friends and family 'they know what type of person will suit the business' (7)
- Keeping staff by looking after them (2)
- Poaching staff
- Referral from industry group
- Skilled migration - employee didn't stay but system worked well
- Walk ins
- Word of mouth (2)
- Work experience

The reasons why these methods were preferred were:

- Advertising in the paper allows me to judge how the potential employees come across 'face to face'
- Get a chance to get to know them beforehand (work experience/friends and family – 8 mentions)
- I can employ someone for a short or long term contract (referral from industry group)
- It's easy, we just ask around (friends and family)

Table 9

Method	Nº Businesses
Advertise in the paper	11
Advertise on-line	5
Drop-ins	2
Employment agency	7
Friends	22
High school work experience	1
Look after staff so they don't leave	7
Poach from competitors	2
Referrals from industry groups	3
Skilled migration	2
Train own apprentices	12
Use Group Training Company	5
Word of mouth	2

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- The people we have now are our best asset (3)
- They do all the running around (employment agency)
- We are able to train them in our own company's ways (apprentices)
- You get what you want (poaching)

On the other hand...

- Over the past three years we have placed ads and had no response, and employment agencies have been no good either.

Understanding of employment development methods

Only two employers said they understood the skilled migration scheme 'very well'. Five (13%) said they knew a bit about it, but over 80% had either 'just heard about it' or had no idea (Table 10).

On the other hand, 30% were very experienced in taking on apprentices, 38% knew how it works, and only a third only 'knew a bit about it' or had no idea (Table 11).

Two businesses were very experienced with school based apprenticeships, 28% knew how it works, but two thirds (68%) either only knew a 'bit about it' or had no idea (Table 12).

Similarly, only two were very experienced with group training, 28% knew how it works, but 68% only knew 'a bit' or had no idea (Table 13).

Eleven businesses (28%) said they would consider sharing an apprentice with another company.

Table 10

Understanding of skilled migration	Nº Businesses
Very well	2
Know a bit about it	5
Have heard of it	11
No idea	22

Table 11

Understanding of apprenticeships	Nº Businesses
Very experienced	12
I know how it works	15
I know a bit about it	9
No idea	4

Table 12

Understanding of school based apprenticeships	Nº Businesses
Very experienced	2
I know how it works	11
I know a bit about it	16
No idea	11

Table 13

Understanding of group training	Nº Businesses
Very experienced	2
I know how it works	11
I know a bit about it	20
No idea	7

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Skills to be included in pre-employment course

We asked: *The Mid North Employment & Skills Formation Network is planning to do a pre-employment course for young people to get them ready for work in the building and construction industry. What skills need to be included in this course?*

The following skill sets were mentioned, with the most commonly-mentioned topic being 'work ethic' (by half the respondents), followed by 'practical skills' by a third (35%), numeracy and literacy by 20% and OH&S by 15%:

Work ethics

- Attitude - what you can give as service, not what you can take. Money this is the first question asked by many. This isn't good, learn to give not take.
- Attitude, work ethics
- Discipline, work ethics, initiative
- General overview of everything, so they know what they're in for and what's expected of them
- Get them prepared for work, young people are lazy
- Good work ethics, turning up on time etc
- Honesty, Appearance
- Honour contracts (turn up on time)
- How to work - actually DO work and how to switch off mobile phones
- Initiative
- Initiative, most needed, few have it (not having to be told what to do all the time)
- Motivation/work ethics (inherent or learnt not sure),
- PR Skills, how to present themselves, customer service
- Provide a clear understanding of the work involved including the physical demands of working in heat, rain and cold.
- Punctuality skills would be good
- Show up for work

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- Simple work ethics would be very advantageous
- Social and communications skills, presentation
- They need to be taught life skills, such as actually coming to work and bringing their own lunches and a drink
- Work ethic
- Work ethics, attitude

Practical Skills

- Basic practical skills on general tool handling
- Bricklaying, plumbing, those are areas where shortages
- Carpentry
- Carpentry, concrete, roofing
- Hands on skills. Basic building skills. Make sure that they enjoy what they do
- How to drive a truck and operate various machinery
- Introduction to building
- Know the subjects you need - electrical apprentices need maths! So far we have had to train/upskill them in maths
- Laser levelling skills. Apprentices need a light truck licence.
- Multi skills required to work in country regions
- Need business background as well as onsite training
- Our work is diagnostic; we need communication skills to make sure that we don't have to dig up a whole driveway if we don't need to
- Overall general building skills not just pertaining to one area
- The ability to measure accurately in metric. Hand tool skills and safe work practices.

Basic Literacy and Numeracy

- Check that they have the necessary maths capability and that they will be able to read plans/drawings
- Computer literacy, basic admin, small business basics

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- Literacy and good hand and eye co-ordination
- Maths, reading, drawings
- Read and write, spelling, communication with people, staying with one task
- Spelling
- They are not taught measurements, we work in millimetres in this trade and they don't know how to do it
- Trigonometry - vital skill that very few have these days, all rely on calculator without having background knowledge

OH&S

- First aid, OH&S, green card
- OH&S (4)
- Tool and workplace safety

Other

- I don't agree with pre-voc courses, we like to get apprentices straight from school, people from pre-voc courses don't know what they want to do sometimes and have just been pushed into the industry.

Concerns about the future of their sector

We asked: *What are your greatest concerns for the future of your business?* The most frequently-mentioned concern was getting and retaining staff (43%), followed by economic/cash flow concerns (28%). Only seven (18%) said they had no concerns.

Employees

- Attracting and retaining good staff - so much is invested into training then they leave for the mines fully trained
- Enough work for 4 employees and managing the system I have in place
- Expanding too rapidly - there is lots of work but not the trained, skilled and experienced workers
- Finding good staff (2)

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- Getting enough staff
- Lack of skilled workers
- Lack of tradesmen to carry on
- Maybe the skills shortage, if the building industry declined I would worry
- No workers are coming through to do the work; no one wants to be a brickie or a concreter or plasterer
- Not being able to find staff
- Qualified staff
- Retaining sufficient professional skills
- Skilled labour, staying ahead of their competitors
- Someone hurting themselves
- That there are enough tradespeople
- There is so much work available and no one willing to do it

Economic

- Being financially able to employ apprentices and tradesmen
- Decline in commercial projects in recent times which is an area I specialise in
- Downturn in residential building
- Economy and downturn in work
- The fuel cost - it affects us when we have to get building materials from Adelaide and because we live in a small town a lot of our work is out of town - so travelling costs.
- Money/cash flow is a huge problem at the moment
- The rising costs of running a business and the lack of staff and the rising wages
- The cost of materials is rising, and the cost of petrol is increasing
- The cost of everything - my fuel costs are \$200 p/w. Extra delivery costs on building materials because of fuel prices.
- Price of fuel, rising costs
- The building sector's spending ability

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Other

- Ever increasing paperwork required by government agencies. Lack of recognition for RPL, resulting in a ridiculous amount of courses and certificates being required before you can own a business
- There are too many bureaucratic restrictions and costs to start up your own business
- My husband is ill and there will be a time when he is unable to work
- Getting older, less physical work, rising interest rates and slowdown in 3-5 years
- Indemnity insurance
- The lack of rain
- Running out of work
- Whether the business will still be running in 20 years when we are no longer involved in it

No Concerns

- Has been established 23 years, no real concerns
- I have no concerns because we are in good demand
- Quite positive, feels there are more opportunities in downturn, industry long overdue a good clearout, have to work harder and pickings leaner but thins down industry
- Staying competitive, keep work coming in, keep up with rising costs
- None (3)

We also asked about people's concerns for the *future of the building and construction industry*, this time lack of skilled labour was the most frequently-mentioned issue, followed by the economic situation, and legislation:

Lack of skilled labour

- DIY backyard or contractors who undercut and do poor work
- I think there is going to be plenty of work, there is old work (repairs) to do and new work. One of the problems is that people will not pay to have a proper tradesman come in and do the work and they get a handyman who ends up stuffing up the job, so they have to get us in anyway.

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- It is too hard for a young person to gain skills, on how to run a business, and how to afford the cost of buying equipment, licenses, and license fees. There is no help locally. The list goes on and when I stop there is no one to take over.
- Lack of people prepared to do the hard work associated with wet trades
- Lack of qualified staff
- Lack of skilled workers (2)
- Lack of tradesmen
- Less work, shortage of skilled tradies such as bricklayers and other skills
- No great concerns only the quality of tradesmen and their abilities and short cuts they may make in a tightening market
- No one is coming up through the ranks to take over. The apprentices are not being paid properly. There is no opportunity for our young worker to do a correspondence course with TAFE. I don't have an apprentice I have a young worker who is learning on the job, as I did.
- No workers are coming through to do the work, no one wants to be a brickie or a concreter or plasterer
- Not enough builders, quality will drop to get it done quickly
- Not enough skilled people. There should be legislation to stop 'cowboys' and justice for people to whom it happens.
- Not having enough skilled tradesmen which will affect the price and quality of work
- Takes a long time to train and when so busy, no time to train new employees.
- That there are too many so called builders getting a licence without ever doing any training or having any certificates
- Training people to work properly and to keep at things to get them done, people skills
- We always have had enough work so I don't have any concerns with that but probably not enough tradesmen. When there are not enough tradesmen the quality of them can be poor and the tradesmen themselves can be expensive.

Economic

- A drop off in the building trade
- Ability to run a small business in competition with big businesses
- Climate change, migration of youngsters going to the mines, has to be made more financial viable to employ apprentices
- Cost of fuel, materials, inflation, especially over last 6 months

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- Economic downturn
- Interest rates and higher costs
- Interest rates will put off growth, plus overseas competition
- Material costs, rising costs of living
- People will stop building houses because they have no money as heading for recession
- Rising costs of everything
- Rising wages and the recession
- The bubble will burst and work will become short
- Worried about economic climate, not optimistic about future, heading for recession

Legislation

- All the new laws, rules and regulations that are coming in. I think it is just giving the law makers something to do and making it hard for everyone.
- Government Red tape which has increased twofold over the last 30 years
- Increasing complexity of tax laws/requirements, lack of competition among suppliers, petrol prices, small business can't compete without admin assistance and incentives
- Too much red tape

Follow-up regarding pre-employment course

Half of the respondents said they would like to be contacted about a work experience position for a student doing the construction industry pre-employment course, and 30% (12) said they would like to be contacted about employing a graduate of the pre-employment course (their contact details will be provided separately).