

# Employer Perceptions of the Apprenticeship System

A survey of Cabinet Making and Upholstery Employers - 2018



**'Employer Perceptions of the Apprenticeship System'**  
**A survey of cabinet making and upholstery employers – 2018**

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# 1 Introduction

In October 2018 the Food, Fibre and Timber Industries Training Council interviewed 58 employers in the furniture industry<sup>1</sup> to gauge employer perceptions on a range of apprenticeship matters.

As small businesses<sup>2</sup> employ almost all furniture apprentices (see graph below) they are the most critical part of the apprenticeship system. This was a chance to hear their concerns.

We specifically sought their advice on the barriers to increasing apprentice numbers, as well as other issues relating to apprenticeships. They then volunteered other issues and barriers, some of which were unexpected.

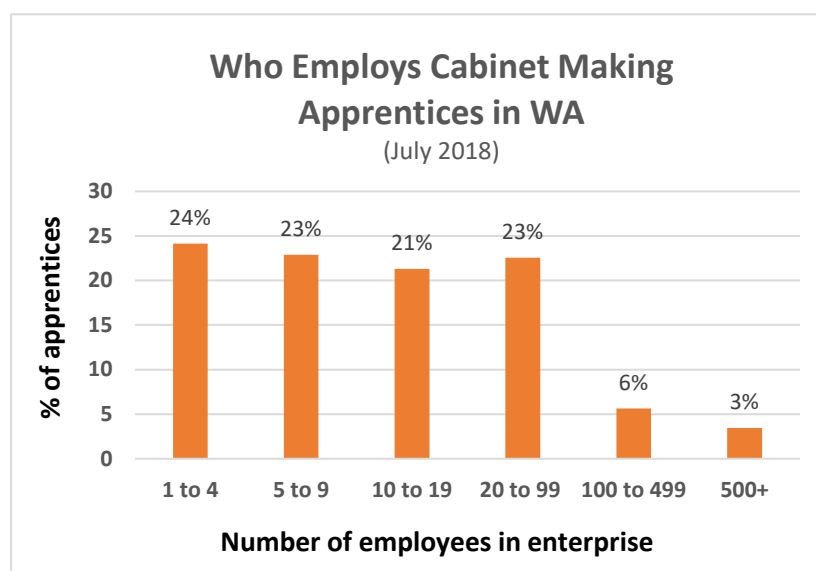
Most of the employer perceptions noted in this paper are supported by other evidence. In the few instances where perceptions cannot be confirmed by other evidence, the perception is still important - as it is perceptions that drive employer behaviour.

Although there were differences of opinion on some matters, the degree of consensus on the major issues that limited growth apprenticeship growth was strong.

The survey revealed that the industry is facing tough economic conditions. The industry, which mainly comprises small businesses, also perceives that the training system has frustrating limitations which compound its problems.

**Small employers create most of our State's trade skill base.**

As small businesses also train most other 'traditional trades' apprentices in other industries in Western Australia, the feedback from the furniture sample may be representative of a large body of apprentice employers.



<sup>1</sup> The sample represents furniture makers; kitchen/bathroom cabinet manufacturers and installers, and upholstery businesses. Some of the sample also engage in re-furnishing or repair.

<sup>2</sup> Group Training Organisations employ most of those shown as being employed by larger employers. However these apprentices are actually hosted, and paid for, by smaller employers.

## 2 Overview

The survey revealed a strong commitment to the concept of apprenticeships. The 35 cabinet making employers who contributed to the survey currently train 22 apprentices. Most of those who had one apprentice would like to employ more if



PHOTO COURTESY OF PARKER INTERIORS

they could afford to do so. Ten of those that did not employ apprentices would like to, if costs could be reduced.

Most of the 13 upholstery employers also expressed a wish to employ apprentices, but as many were quite small enterprises the costs were perceived as completely prohibitive to most of them.

Few saw the apprenticeship system working as it should.

*(Section 5 of this report provides a detailed discussion of the responses to questions which contributed to the overview below).*

### 2.1 Costs, Cancellations and the School Leaving Age

#### 2.1.1 Cancellation rates are the major disincentive to recruitment

Apprentice cancellations were frequently said to be highest within the first 3-6 months of employment<sup>3</sup>. By the 4<sup>th</sup> month employers have invested over \$10,000 in wages and on costs and much of their own time into training the apprentice. While they receive no government support in the first 6 months, they often must pay fees to training providers in this period.<sup>4</sup>

(See 5.1.1 for detailed discussion)

#### 2.1.2 School leaving age increase contributes to cancellations

The most unexpected finding of this survey was how strongly employers felt about changes to the school leaving age, which last increased in 2014.

**'IT JUST  
DOESN'T WORK'**

A TYPICAL COMMENT

*'If I recruit an apprentice after they leave school, they are 18, turning 19. They have a car, social life, maybe a relationship.*

*They are unskilled. They have left school less mature than a typical 18 year old 2<sup>nd</sup> year apprentice.*

*I'm a small business and can only afford to pay them 1<sup>st</sup> year apprentice rates.*

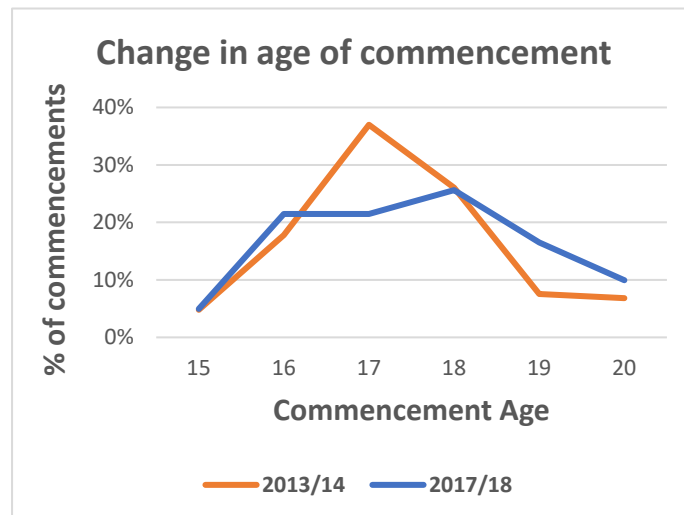
***It just doesn't work for either of us'.***

<sup>3</sup> As indentures do not necessarily commence when a 'potential' apprentice has started work, there is no cancellation data available to verify this.

<sup>4</sup> Total fees for an apprenticeship are in the vicinity of \$2,600 – but the amount paid in the 1<sup>st</sup> 6 months will vary.

The graph<sup>5</sup> below shows that in 2013/14 the most common age for apprenticeship commencement was 17, with only 8% commencing at age 19. In 2017/18 the most common commencement age was 18, with 17% commencing at age 19.

If an employer recruits an apprentice after compulsory schooling, the apprentice will often turn 19 in the 1<sup>st</sup> year of apprenticeship.



Employers understand that a 19 year old apprentice is unlikely to be satisfied with a 1<sup>st</sup> year apprentice wage, yet the industry cannot afford to pay more in the early stages of training. Age related social issues are also perceived as more likely to disrupt the training of older apprentices. Both issues contribute strongly to cancellations.

Employers would prefer to recruit at age 16-17. They believed that this solution would reduce cancellations and enhance outcomes for the student.

They felt that schools, parents and students need to be formally reminded that an apprenticeship is an approved alternative training pathway to the Western Australian Certificate of Education (WACE) and that, for many students, a trades certificate might be more valuable than a WACE.

(See 5.1.1 for detailed discussion).



PHOTO COURTESY OF PROFORM

<sup>5</sup> Source: Department of Training and Workforce Development, Western Australian Apprenticeship Management System. Accessed 18 December 2018



### 2.1.3 Inadequate and badly timed incentives add to the pain of cancellations

Standard Commonwealth apprentice incentives (\$4,000 in total) have not increased since 1998. The timing of them has shifted the risk associated with cancellations from the government to employers.

The total Commonwealth apprentice incentive for a standard apprenticeship (\$4,000) has not changed since 1998

The initial Commonwealth incentive which is paid 6 months after commencing an apprenticeship is \$1,500. It was previously paid at 3

months. There was a wide agreement amongst employers that cancellations peaked between 3 and 6 months after commencement. By the 4<sup>th</sup> month employers have invested around \$10,000 and much time in the apprentice.



Standard incentives are now heavily skewed towards completions, with that incentive being \$2,500. Employers complain that this often goes to 2<sup>nd</sup> employers who poach apprentices after the first employer has done most of the training.

Age issues, combined with cancellations and low productivity in the 1<sup>st</sup> year, prompted a surprising number of employers to suggest that a fair incentive would be 75% of the 1<sup>st</sup> year wage, paid in the 1<sup>st</sup> year. Many employers thought they were largely acting as the 'educator' of an apprentice in the 1<sup>st</sup> year and the incentives and fees should reflect this.

Some employers referred to Job Network incentives, which were sometimes several times higher than apprenticeship incentives and encouraged employers to recruit older semi-skilled unemployed people into semi-skilled jobs. These made apprentice training seem financially uncompetitive.

(See 5.1.1 for detailed discussion).

IT'S UNFAIR

TYPICAL COMMENTS

*'...I pay for training time and fees at TAFE - probably \$10,000. Costs keep increasing.*

*I get a \$1,500 incentive after 6 months. Used to be at 3 months.*

*Next incentive arrives only when and if my apprentice completes'.*

*'...if someone poaches my apprentice after 2<sup>nd</sup> year I pay for all the training but the poacher gets the large final incentive'.*

*'...Incentives should be much higher and start much earlier in the first year. That is when an employer has to gamble on the apprentice staying.'*

#### 2.1.4 School engagement isn't working well

Employers would like to use school based training and school work experience to identify and recruit students who are interested in the industry. They believe that this would reduce cancellations.

Employers were unaware that over 230 school students were undertaking furniture industry training courses.

However the large volume of school based training in the furniture trades (over 230 commencements

in 2018) appears to have little, if any, connection to, or input from, employers.

Pre-apprenticeships appear to be poorly understood and/or not highly valued. There have been no school based apprenticeships <sup>6</sup> in recent years.

School students with no interest in, or suitability for, furniture industry careers were often sent to employers for work experience - wasting valuable opportunities that could lead directly to apprenticeships for industry inclined students.

(See 5.1.5 and 5.6 for detailed discussion)

#### 2.1.5 Government buying practices disadvantage employers of apprentices

Government buying practices were perceived to favour employers who contracted casual, semi-skilled labour to assemble poor quality, imported products.

It was thought that inadequate

The employment of apprentices was not conducive to winning government contracts.

attention was paid

to quality and durability, or to using contracts to create a skilled labour force when letting government contracts. These practices made it difficult to be competitive while employing apprentices.

(See 5.1.2 for detailed discussion)

IT'S TOO HARD TO  
CONNECT WITH  
SCHOOLS

TYPICAL COMMENTS

*'...schools rarely send me suitable kids for work experience. The ones they send have no interest in our trades'.*

*'...I've never had a student referred to me who had any worthwhile school training related to cabinet making'.*

*'...school should place work experience students with employers who might offer them an apprenticeship'.*

*'...I run a business and don't have time to run around trying to convince a school to send me a good work experience student'.*

<sup>6</sup> Eligible school students may commence a school based apprenticeship (SBA). SBAs spend some days at school and some at the employer's premises and are paid for the latter. To be an SBA a student must enter into a training contract with an employer, with their school's agreement and cooperation. While SBAs are an attractive concept, they are complex to implement.



## 2.2 Do we need to rethink off the job training?

The views of employers were mixed and complicated.



PHOTO COURTESY OF PROFORM

A sub group wanted more comprehensive programs which covered a broad industry wide skill base; with more integrated science, technology engineering and mathematics education. Others preferred to see the existing model merely fine-tuned with some fresh thinking about work place delivery (especially training in technology not available at TAFE) and more work-relevant assessment.

The breadth of a cabinet makers skill set, from making/restoring bespoke furniture through to programing/operating high technology machines, remains a problem for training providers and employers<sup>7</sup>.

In the context of technological change some employers were disturbed at apprentices' lack of ability to conduct internet searches despite 14 -16 years of education / training.

(See 5.1.3 for detailed discussion)

## 2.3 Improving the image of the industry; clarifying its future

Employers recognised that much of the industry was seen as unexciting and was unable to offer high wages.

Some employers were uncertain of whether their own future would be positive or negative given technological change, import competition, government purchasing practices and international uncertainty over trade. Others felt that the sector had grown too negative during hard times and was not selling what was good about the industry and occupations to clients and potential employees.

Employers can see what's wrong,  
not so sure what to do about it.

(See 5.1.4 for detailed discussion)

## 2.4 Adapting to Gen Z (born post 1996)

A significant number of employers recognised the need for a different training approach to Gen Z. They also believed that other employers in the industry needed to rethink how they engaged with this cohort to reduce cancellations.

(See 5.5.1 for detailed discussion)

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<sup>7</sup> There is a proposal to review the cabinet making qualification nationally in 2019.

## 2.5 Communicating with small employers about training matters

During the survey it became apparent that the training system wasn't communicating well with smaller employers. Despite a significant promotion effort which included industry associations, TAFE, GTOs, the Australian Apprenticeship Support Network and other stakeholders; few employers of cabinet making employers were aware that relevant apprenticeships had returned to Western Australian delivery from interstate.

The mechanisms for communicating training initiatives to small employers is not working.

One disturbing finding was that many of the employers reported being disengaged from industry

associations. This creates a dilemma for agencies in training advisory roles which rely on industry association advice<sup>8</sup> and for agencies trying to connect with employers to promote training changes and initiatives.

Generally the training system is very poorly designed for the purpose of providing coordination of apprenticeship marketing. There are 3 major categories of agencies in the system – registered training providers (RTOs), The Department of Training and Workforce Development and Australian Apprenticeship Support Network (AASN). Each category has a different and function. The AASN and RTOs compete with each other, rather than cooperate. There are also other agencies or sub agencies on the periphery of the system which may engage with employers, but often without planned coordination.

In contrast to cabinet makers, all upholstery employers were aware of the return of their trade – revealing that focussed, determined, direct personal communication at the micro level by industry associations<sup>9</sup> was very effective.

(See 5.2 for detailed discussion)

COMMUNICATION  
WITH SMALL  
EMPLOYERS IS  
INEFFECTIVE  
FFTITC FINDING

*The 'system' doesn't communicate well with employers.*

*There are various employer databases but they cannot be shared for privacy reasons.*

*Those responsible for marketing or advising employers are set up to compete rather than cooperate.*

*Few employers engage with their industry associations on apprenticeship matters.*

*Neither TAFE nor government accepts responsibility for direct communication with employers.*

<sup>8</sup> The Industry Training Council usually treats industry association advice as a summation of employers' attitudes. The Council then attempts to validate this with individual employers through mail surveys and sampling visits. This then influences the advice given to government. However this broader telephone survey revealed a greater diversity of views and a greater depth of feeling about issues such as the school leaving age. Despite this concern it should be noted that industry association advice has still been broadly consistent with the findings of this survey.

<sup>9</sup> In this case the WA Furniture Makers Association, in cooperation with one TAFE lecturer, who was an office holder in the Association, contacted all known potential employers and passed leads to the AASN.

## 2.6 Upskilling required for new technology, but ‘courses’ aren’t the answer



Fourteen employers acknowledged a need for upskilling managers and tradespeople in new technology. However most believed training needed to be aligned to the timing of workplace implementation - making formal ‘courses’ impractical.

While the apprenticeship provided structured training, some employers said it needed a stronger focus on those skills required to learn new technology - as some final year apprentices were very poor at accessing online task information.

Apart from the apprenticeship, the industry does not have a culture of structured, formal training. Skills and knowledge development mostly comes through using a team to ‘nut out’ problems and share this knowledge. Equipment supplier training and online resources are also relied on to a significant extent.

(See 5.7 for detailed discussion).

‘Nutting it out’ was a term commonly used for skills development. It involves small teams using available resources to develop and apply knowledge.

## 2.7 Could two small employers share an apprentice?

As many employers said they couldn’t afford an apprentice we asked if they would share an apprentice with another employer. The practical way to do this would be through a Group Training Organisation (GTO). While ten employers said a clear ‘yes’ to the principle, this was often qualified by their uncertainty about using a GTO. They perceived that GTO’s increased cost and reduced control. GTO’s would need to address these perceptions if this idea was to succeed on any scale.



ERIN IS EMPLOYED AS AN UPHOLSTERY APPRENTICE SHARED BETWEEN TWO EMPLOYERS - CREATING A JOB WHERE NONE EXISTED.

*Courtesy: Parker Interiors*

## 3 Survey Methodology

See Annex 1

## 4 Economic Context and the Rising Cost of Training

Over 80% of furniture apprentices in Western Australia are employed by small business. Almost all of those employers contacted reported tight trading conditions due to the combination of low construction activity and continuing large scale importation of cabinetry, flat packs and furniture.

Most employers advised that they had downsized total staff levels significantly<sup>10</sup> in the last 5 years.

However, while census data confirmed that tradesperson and apprentice numbers have fallen since 2011, neither had fallen as nearly as much as other occupations in the industry. This is because tradespeople are the most essential and versatile employees in these enterprises.

According to Census, the fall in tradesperson numbers was mainly confined to the sector involved in new construction (kitchen and bathroom cabinets, timber fittings etc.). The furniture making/remaking sector retained its trade workforce, while the numbers in its other occupations also diminished.

The decline in the number of apprentices in training is significant and continuing, as demonstrated in the adjacent graph<sup>11</sup>.

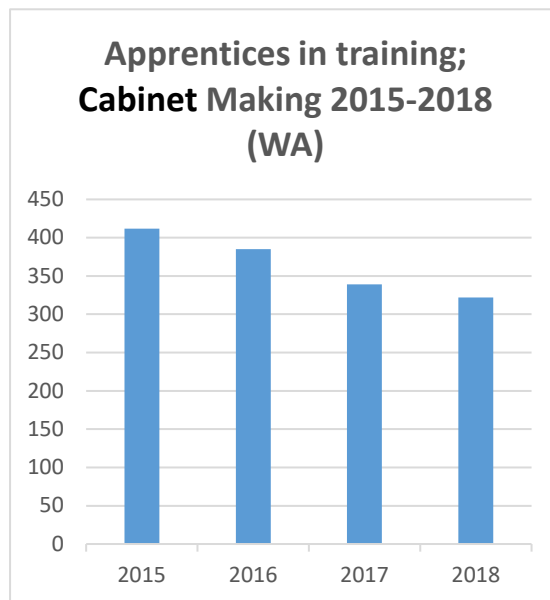
In 2016/2017 apprenticeship commencements dropped 35% compared to previous years. However the rate of commencements increased from February to October 2018 and, if sustained, may slightly alleviate the shortages that would arise from the drop in 2016/17. The reasons for the sharp decline are probably explained by issues raised elsewhere in this paper, but the reasons for the recent recovery are less clear. It may correspond to reports from employers first aired in early 2018 of an inability to recruit

**Incentives have diminished and fees have increased in real terms. The school leaving age has pushed up wages. Employers perceive that a 16 year old will happily train on 1<sup>st</sup> year wages, a 19 year old will not.**

‘versatile, well-rounded’ tradespeople. It was claimed that while advertisements sometimes attracted 3-5 tradespeople, few if any were considered to be adequately skilled.

Employers are frustrated that real Commonwealth incentives represent only a fraction of what was paid in real terms 20 years ago and training fees have also increased, at a time when trading conditions are very tough and apprentice wage costs, due to the school leaving age issue, have increased.

A small proportion of cabinet making employers engage apprentices regularly on construction sites qualify for the very generous Construction Training Fund apprenticeship incentives. Others who may supply the construction industry and infrequently place apprentices on construction sites, do not. Employers saw this as inequitable.



<sup>10</sup> Census data confirms that between 2011 and 2016 the Furniture tradesperson workforce declined 12% while others occupations in the industry sectors declined 23%.

<sup>11</sup> Source: DTWD data for Apprentices in Training at end of August of each year.

## 5 Specific Responses to Survey Questions

### 5.1 How would you improve apprentice intake numbers?

While there was a host of answers to this question, there was also considerable consensus:

#### 5.1.1 Lower the Net Cost of Training

The three issues below are the critical factors most often raised by employers. They all impinge on cost of training and are closely inter-connected.

- Improve incentives/reduce fees
- Lower the commencement age to improve pay for age
- Reduce cancellations

Upholstery employers surveyed said they would take 13 apprentices if costs were more reasonable. Only 3 are actually in training.

The logic was clear:

- Incentives were very low.
- Payment schedules for incentives in recent years effectively transferred more of the cost of early cancellations from government to employers.
- Fees had increased over time and a significant proportion was in the first year, before apprentices were very productive.
- First year apprentice award wages were low and did not appeal to today's school leavers who are often 19 in their first year. The wages might satisfy someone 16 or 17.
- Employers could not afford the level of wage that would retain a first-year apprentice of 19.
- Many employers suggested that a first-year apprentice of 18 or 19 is often less responsive to training than younger apprentices. A younger apprentice's learning was also considered much less likely to be impacted by age-related social complications.
- The logical outcome of combining low wages and older 1<sup>st</sup> year apprentices was a high cancellation rate <sup>12</sup>, commonly in the 4<sup>th</sup> to 6<sup>th</sup> month <sup>13</sup>. This occurred before any compensating incentive kicked in, but after the employer had invested over \$10,000 in wages and a lot their time. This high cancellation rate was usually quoted as the largest disincentive to employing apprentices.

#### Solutions to the Cost Issue

Two of the most commonly mentioned solutions were to increase the subsidies for first year wages and reduce the average commencement age to 16-17. Employers were often of the view that retaining some students in school until they were 18-19 was pointless and costly, unless they were inclined to progress to university. This investment would be better used to enhance apprenticeships.

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<sup>12</sup> As apprentices may cancel before their indenture is formalised there is little data on this issue, but anecdotal feedback was surprisingly consistent. On average there were 86 cancellations/withdrawals of cabinet making apprentices (i.e. not just first years) per year over the last 3 years

<sup>13</sup> This period was quoted by so many employers that it appears a credible source – unfortunately statistics on cancellations within the first 4-6 months have limitations which make them relatively meaningless.

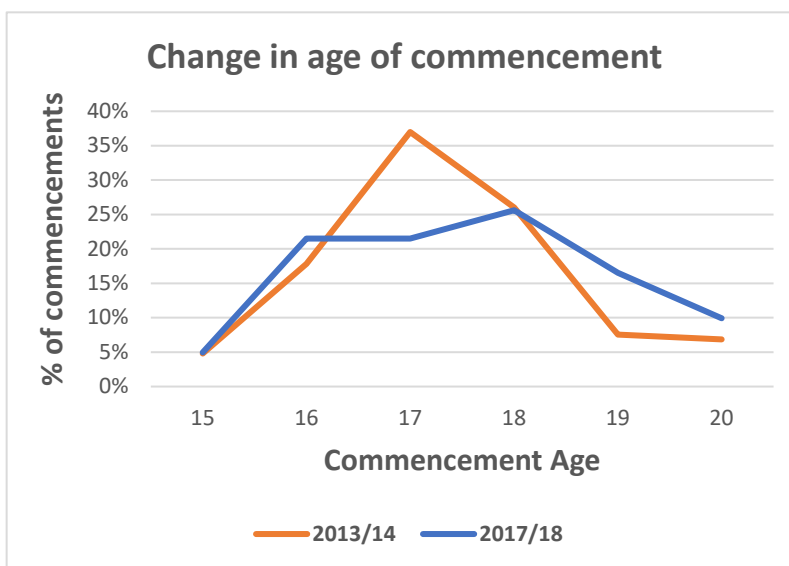
A substantial number of employers believe 1<sup>st</sup> year wages should be heavily subsidised (75% or more). This is because:

- The rate of cancellations early in the apprenticeship represent a high cost to employers; and
- The higher school leaving age, which doesn't appear to be providing better applicants but does increase wage costs, was imposed on them by government.

A smaller proportion of employers proposed making apprenticeships into a more transferrable educational experience. The model might be achieved through something similar to school based apprenticeship, but where 'school'<sup>14</sup> was completely vocationally oriented and connected to industry.

The adjacent graph<sup>15</sup> shows the recruitment pattern by age in 2013/14 compared to 2017/18. This demonstrates the impact of raising the school leaving age in 2014. Previously students could leave school at the end of the year they turned 17. The graph shows that when employers had a choice, they employed younger apprentices.

While it is still possible for a 16 year old to commence an apprenticeship, many parents perceive that their child should remain at school until the school leaving age and/or are unaware of the apprenticeship option.



Although the data demonstrates that 16 year old apprentices are still commencing apprenticeships, a number of employers were under the impression that they had to wait until the end of compulsory schooling before recruiting an apprentice. Others are aware that schools and parents create an expectation that children should remain at school. This means that the range of potential job applicants at younger ages is very limited.

There was a perception that many schools did not encourage younger students to leave school to undertake an apprenticeship unless the student was a problem to the school - this again transferred risk from the 'system' to employers.

Generally speaking, many employers believed a Trade Certificate was of more value than a WA Certificate of Education (WACE) for students who were not destined for a tertiary education pathway<sup>16</sup>.

### 5.1.2 Increase apprentice numbers by improving Government buying practices

The 2<sup>nd</sup> most commonly raised issue was government buying practices. These were perceived to favour those that employed unskilled labour to assemble low quality, imported materials and did no

<sup>14</sup> Both employers and several AASN and GTOs that were consulted remarked that School Based Apprenticeships are too hard for small employers to arrange with schools.

<sup>15</sup> Source: Department of Training and Workforce Development, Western Australian Apprenticeship Management System. Accessed 18 December 2018

<sup>16</sup> The Lack of a WACE does not necessarily preclude University entrance at a later age.



training. This is particularly important at present due to the lack of orders from the private construction sector.

The concern is that Government buying does not discriminate adequately in terms of quality (especially fitness for long term use); local manufacture, qualifications of the workforce engaged on projects or commitment to training by the employer. Numerous employers made nearly identical statements to the effect that too many contracts are let to ‘cowboys’ who employ casual, largely unqualified staff to assemble poor quality, imported materials. These employers do not employ apprentices.

Some employers favoured trade licensing, as applies to cabinet makers in New South Wales, to remove low quality ‘cowboys’ from both government work and commercial construction.

### 5.1.3 Improve Training Delivery at TAFE<sup>17</sup>

Although the need to improve training delivery was the third most common issue raised by employers, it was rarely given as a reason for not employing an apprentice.

Many employers said their minimum expectations were being met, but often acknowledged that their expectations were quite low. The large and complex training system discouraged many from engaging with the off the job training process.

The broad issues identified were inflexibility of delivery, lack of currency of the technology being taught, the irrelevance of projects undertaken during off the job training and poor communication from TAFE or a specific lecturer.

A significant body of the employers felt that more training should be conducted through cooperation between TAFE and industry – using technology available in the workplace that is not available in TAFE. In relation to technology, a sub set of employers also expressed concern that, after 10-12 years of education and many weeks at TAFE, some recently qualified tradespeople were unable to search for work related information online.



Several believed that less-challenging off the job training activities, combined with negative or disinterested lecturers, had also contributed to the cancellation of their apprentices.

The feedback loop between the college and employer was often referred to as being ineffective in both directions. Although this was mentioned by most, it was usually expressed as a nuisance factor, not a critical problem. Some of those who did see it as a critical problem had often had an unfortunate experience with an apprentice, which they thought had been exacerbated by lack of TAFE communication. A number of employers expressed

disappointment that no TAFE personnel had ever visited their workplace.

Those with a more positive satisfaction level were usually strongly influenced by an individual lecturer’s impact on the apprentice and that lecturer’s engagement with the employer – especially where the lecturer had made an effort to know their place of work.

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<sup>17</sup> TAFE is the only provider of these trades in Western Australia

There appears to be an anomaly with the satisfaction or dissatisfaction levels of employers. While there appear to have been relatively low expectations of off the job training, employers are willing to pay around \$10,000 in wages, on costs and training fees for it<sup>18</sup>. Although the anomaly became increasingly apparent as the survey progressed, employers weren't asked specifically about it.

Given the absence of direct answers to this anomaly, some context may help to explain it. In Western Australia those involved in furniture making and cabinet making are both indentured as cabinet makers and usually do the same TAFE training, while their on the job training diverges considerably. In the past some employers have supported this broad training despite not using it on the job, while others challenge the need for off the job training that does not match the apprentice's on the job experience. While no one raised this specific issue during the survey, this long standing debate may have influenced their thinking. However the compromises TAFE makes to deliver this solution would necessarily impact on some employers, especially when technology is increasing/diverging.

Some employers had significantly different views on what an apprenticeship should be. This was usually influenced by their knowledge of one or more European models. Such a model would comprise a more comprehensive educational experience, incorporating transferrable knowledge and skills. The program would still retain a core of industry specific skills but be broad enough to underpin a career in a time of change, not just equip a person for the job in hand.

This would also address the current problem of the narrow band of skills and knowledge that are taught in some workplaces by providing more off the job training, including furniture making and cabinet making. This idea was conditional on the additional cost of this not being born by employers, as it was seen as largely 'educational' rather than workplace specific. As this idea was volunteered by a number of employers, rather than the idea being put to all employers, the level of support for it was not determined.

#### 5.1.4 Improve the image of the industry; clarify the industry's future

The responses on these two issues are strongly interrelated. Unfortunately, although they were mentioned frequently, practical solutions were less easy for employers to define. The issues are clouded by changing technology, government purchasing practices and international trade policy.

Some employers expected an industry 'shakeout' – with fewer small employers and more medium sized, higher technology employers in the future. Certainly a number of small volume employers interviewed were wrestling with the issue of whether to meet the capital cost of upgrading their technology in the next few years or simply closing their operations when they could no longer compete. Others felt that there would always be a place for small, low cost/low tech/low volume businesses. As the industry's future depended on cost competitiveness, a number of employers alluded to the potential for a stronger 'cooperative' arrangement to lower material buying costs, market the Australian made product and share

##### **The problem of cheap, low quality imports**

Suggestions ranged from a degree of trade protection and enforcing higher safety/quality standards, though to ensuring government contracts encouraged training though quality manufacture, rather than unskilled assembly of low quality imported components.

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<sup>18</sup> There are too many variable involved to arrive at an accurate figure, it could be higher.

apprentices, or at least combine on training matters. The industry would need government help to make this happen as individual employers lacked the infrastructure to organise such solutions.

Many employers thought that government buying behaviour (see 5.1.2 above) was a key to clarifying the industry's future, especially when private construction activity was low.

A significant number of employers acknowledged that many other employers' training practices needed to improve, partly to attract the current generation. They pointed to a tendency to use 1<sup>st</sup> year apprentices as assemblers and not invest time in showing them the potential of the industry and of their careers.

A number of employers identified that some cabinet makers and upholsterers will be in the forefront of new and often transferable technologies in the future in both materials and manufacturing. Manufacturing could make a comeback if local products were made more competitive through advanced business and production technologies.



The furniture making section of employers believed that schools and parents needed to be reminded that their sub set of cabinet making and upholstery apprenticeships can provide job satisfaction for young people who are creative and craft oriented, something few other trades provide.

To attract forward thinking and loyal apprentices, employers felt that more effort should go into informing apprentices of the range of career options open to them once they were qualified.

### 5.1.5 Improve the School Connection

Although some employers had intermittent contact with schools regarding work experience, that experience was usually disappointing.

Many employers would like to use school work experience blocks to access and assess school students who are keen on an industry career. This was regarded as a valuable method of selecting people for an apprenticeship. In practice, however, the students being referred to these employers rarely had any interest in the industry.

None of the hundreds of students who commenced the Certificate II in Furniture Making at school had been referred to these employers for work experience. Very few of the employers interviewed were aware of any school preparation for careers in the industry. This suggests a major disconnect.

(Please refer to the detailed responses to question 5.5 below)

## 5.2 Were you aware of the return of delivery to WA of some apprenticeships?

Responses		
Cabinet Makers		
Yes		No
2		33

Responses		
Upholsterers		
Yes		No
13		10

*Background:* In 2018 the Western Australian state government re-introduced apprentice training to WA for timber and composites machinists, upholsterers, furniture finishers and several other trades with some skill overlap with the furniture trades. Until then off the job training was being delivered interstate. The return of timber and composites machining was also promoted by the Food, Fibre and Timber Industries Training Council as a way to enhance cabinet making training, as it enhanced TAFE's capacity in a number of common Units of Competency.

The following strategies were used to maximise awareness of the return of these trades:

- Emails and flyers generated by the Food Fibre & timber Industries Training Council (FFTITC) were distributed by all relevant industry associations and through them to all their members.
- The FFTITC emailed its Furniture industry Advisory Group (over 100 members).
- Commitments were received from AASN to market the new trades.
- A Ministerial launch at North Metropolitan TAFE arranged by FFTITC and attended by a wide cross section of industries affected by the change.
- TAFE provided some marketing materials.
- Some (limited) press coverage

Despite this, only 3 out of 35 cabinet making employers were aware of their return. This raised some key questions:

- How might the training system communicate better with an industry comprised of small business?
- Whose role is it to communicate this to employers, and
- How well equipped are they to do so?

The Training Council found the process of coordinating marketing activity frustrating in the absence of leadership from any other agency, especially as this is not a function the Council is funded to perform.

While the Australian Apprenticeship Support Network have the role of promoting apprenticeships, it comprises competing entities without access to a central database. They are therefore unsuited to coordinating a campaign. TAFE's marketing contribution in this instance was student rather than employer oriented. The Department of Training and Workforce Development was not actively involved.



To compound this, a substantial number of employers volunteered that they were largely disengaged from their industry associations. As the training system often relies on these associations for obtaining and dispersing information, this poses an additional problem<sup>19</sup>.

The response from upholstery employers was different, with 13 out of 23 employers being aware of the return of the trade. This was attributable to a closely defined market, greater relevance of the return of the upholstery trade to the employers and the fact that a TAFE lecturer and an Industry Association had made one to one contacts with employers.

### 5.3 Are you likely to employ an apprentice in any of the returning trades?

Responses		
Cabinet Makers		
Yes		No
2		33

To provide context, the returning trades are peripheral to most cabinet making employers' businesses. They are more likely to be employed by other timber processing businesses.

Responses		
Upholstery Employers		
Yes		No
13*		10

\*The upholstery employers who responded 'Yes' were largely stating *a wish* to employ an apprentice rather than making an undertaking, as cost was still mentioned as a major barrier. Engagement with employers following the survey suggests that 4 of these 13 employers may engage an upholstery apprentice.

<sup>19</sup> It should be noted that the advice of these associations has been fairly consistent with many of the views expressed in the survey, regardless of this finding of the survey.

#### 5.4 Are you likely to employ a cabinet making apprentice in the next 12 months?

Responses		
Cabinet Makers		
Yes	Considering	Unlikely
10	9	16

Eight of those responding 'unlikely' would like to employ an apprentice - but cost was seen as prohibitive. The 'Yes' responses were also conditional on no further deterioration in trading conditions or increases in costs.

Only 6 of the 35 respondents said they had no practical potential to employ an apprentice at this stage.

To provide some context to these numbers, there was a 30% increase in the apprentice cabinet making intake during 2018. The reason for this is uncertain. It may be a result of skill shortages<sup>20</sup> which first started to be reported to FFTITC in early 2018 and/or reaction to the message that there are likely to be future skills shortages of apprentices. Employers made it clear that it was not due to improved trading conditions.

#### 5.5 Some employers say they can't find good apprentices. Would you agree?

Responses		
Cabinet Makers		
Yes		No
12		13

The total *number* of applicants for each vacancy was usually considered sufficient. Most of those that said 'yes' largely referred to the problem of being unable to recruit suitable *younger* apprentices. These employers perceived that:

- School leavers who are 18 years of age were no more mature or work ready than those 17 years of age, but their wage and immediate career expectations were much higher.
- Apprentices who commenced at 16 were much more mature by the time they reached 19 than who remained at school and who turned 19 in their first year of apprenticeship.
- Recruitment is less of an issue than retention for those who leave school after the year they turn 18 (this was reflected by most employers, not just those that said No).
- Schools tended to encourage 'problem' students to undertake apprenticeships at age 15-16, while discouraging those more readily employable from undertaking apprenticeships until they reached age 18.

<sup>20</sup> The 2018 FFTITC State Priority Occupation List Survey revealed some skill shortages for the first time in recent years



## Upholsterers

Most upholstery employers expected difficulty. However few of these employers had actually attempted to recruit apprentices in recent years due to the unavailability of training in WA.

### 5.5.1: Do you have any suggestions regarding the problem of finding good apprentices?

Many respondents cited three points in the following order:

1. Encouraging younger students who are better suited to apprenticeships to take them up
2. Improving preparation for work while at school and encouraging participation in apprenticeships
3. Improving on the job training (largely a retention issue)
4. Reviewing selection processes

The shortage of applicants for apprentice cabinet making positions experienced during the mining construction boom has reversed and cabinet making employers now receive numerous applications. The problem is now their suitability for an apprenticeship.

Conversely the relatively few upholstery employers who have tried to recruit report a poor response, attributed to the narrow understanding of this trade by the public.

In terms of the three specific factors mentioned by employers:

- Encouraging younger students who are best suited to an apprenticeship to take up this option (this is discussed elsewhere in this paper (this is discussed in detail in section 5.1))
- Improving preparation by schools was the most frequently mentioned solution. Small employers want to engage with school students who seek a career in cabinet making or upholstery through work experience. However they have difficulty navigating large, complex school systems to get appropriate students on any consistent basis.

Twenty six cabinet making employers and 12 upholstery employers had some limited engagement with schools in terms of work experience over the years. School cooperation was usually perceived to be inconsistent from year to year, inconsistent from school to school and oriented to meeting school objectives rather than student or industry objectives. For example, students with no interest in the industry were often referred to employers for generic work experience, wasting opportunities that might be used by others keen to firm up career decisions and impress employers enough to be apprenticed.

233 school students commenced the Certificate II in Furniture Making or Certificate II in Furniture Making (Pathways) program in 2017. Only 11 were pre apprentices.<sup>21</sup> or VET in secondary school participants, few of the employers surveyed were aware of these programs or how they operated. In particular, none of the employers surveyed were aware of whether those recently placed with them for work experience had been, or were, participating in these preparatory training programs. Assuming the survey sample is representative this suggests that the students in these courses were not engaged in industry work experience or that communications between the school/training provider and employer had failed.

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<sup>21</sup> See Section 5.6 for detailed discussion of pre apprenticeships

- A significant number of employers recognised that on the job training needed to improve within the industry. The issues raised were inter-related:
  - Employers did not make an effort to understand Gen Z (born post 1996) and their needs and expectations. Employers needed to provide more engaging experiences to challenge the apprentice. They also needed to explain the value of practical on the job training to a generation who were conditioned to gain information, but not necessarily skills development, through digital technology.
  - Some employers only communicate their own short-term business needs to apprentices, whereas Gen Z want to know where their careers might head in a less certain future.
- A number of employers pointed to poor selection procedures within the industry. This was thought to contribute to the common problem of losing apprentices after 3-4 months to well-paid trades such as electro-technology and plumbing. Not only do these occupations offer higher pay on completion of an apprenticeship, but employers of apprentices are also highly subsidised through the Construction Training Fund incentives, giving them more flexibility with apprentice pay and conditions. Only a small proportion of cabinet making employers who work on construction sites are entitled to these incentives.

Employers often perceived that the apprentices who cancel early are likely to have taken the furniture apprenticeship while hoping for another preferred apprenticeship. These instances waste employers' time/money and deny an apprenticeship to someone more suited. Given this, some employers suggested that employers need to focus on selecting a person who is very interested in cabinet making or upholstery rather than the person who is best at selling themselves. This usually means giving communication with the family, school and others who know the applicant more weight than interview impressions. Employers who included the family during the selection process found that it provided an indicator of values, family support and genuine interest in the trade and contributed strongly to a successful apprenticeship.

Following the survey, a suggestion that school-based apprenticeships might be a solution to some of the above points was put to a small group of employers, AASN and GTO personnel. All considered the process 'too hard' to be very viable, and thought the system was tuned to the needs of schools, not employers. While some employers may be responsive to this concept, it would need to be simplified and furniture industry focussed.

## 5.6 What are your views of the Furniture Making pre-apprenticeship?

An unexpected number of employers expressed uncertainty when responding to this question, as they were confused about what constituted a pre apprenticeship. Responses therefore need to be treated with significant caution. It is possible that our sample simply didn't include those who engaged with pre apprenticeships, but this seems unlikely.

While most employers surveyed expressed a desire to engage with school students and other potential apprentices, they had little or no awareness of the pre-apprenticeship program. The pre-apprenticeship provides off the job training in some Units of Competency and a mandatory work experience component – in which employers and potential apprentices can connect. In other sectors pre apprenticeships are often used as a selection tool by employers. The lack of connection between employers in this survey and pre apprentices was unexpected.

Only 8 of the 35 cabinet making employers had a relatively clear awareness of the program and 3 of these made positive comments about it. Though the other 3 endorsed the concept, they had difficulty engaging with it due to location, difficulty providing workplace supervision or difficulty finding appropriate tasks. Two employers had a negative view. The other 27 employers indicated that they little knowledge of it.

The lack of 'connection' raises questions and may need further exploration.

## 5.7 What would you like included if short courses for staff were subsidised?

This question was designed to test the appetite for formal training in a small number of units of competency (a skill set).

Many employers found this question difficult to answer and at first showed disinterest. With prompting, a significant number did nominate that 'technology skill needs' training may be required. It became clear that the culture of the industry is to train itself by 'nutting out' problems (a phrase used frequently) and sharing the answers. Generally employers did not perceive a need to give employees more generic information about technology or prepare them with techniques to more efficiently 'nut it out'.

Those training needs identified represent a challenge for any training provider. The major skill area identified was operation of new technology - mainly advanced CNC. The issue is that it needed to be 'just in time' (i.e. buy the machine then train). Training too far in advance of the purchase was not seen as efficient. Overall, while 14 employers identified technology training needs, preparatory 'short courses' were not seen as the solution.

Most employers saw technology training most effectively delivered 1:1 or in very small groups by consultants, machinery sellers or manufacturers; or through online resources. Few saw traditional TAFE course delivery being appropriate. While training delivery costs were often included in the purchase



price, the larger cost was downtime while learning the technology, and the cost of mistakes made during skills development. If training courses were to be sold to this industry, they would probably need to focus on reducing these two costs.

The notable exception to the above is the training of semi-skilled staff, especially industrial sewing machinists in the upholstery sector. When employers referred to this, they were sometimes referring to upskilling of existing staff and at other times to pre-employment training. The skill shortage in sewing machining of all types has been reported consistently by the Training Council, but no funded solution has been provided by the training system.

## 5.8 Would you consider sharing the time/cost of an apprentice with other employers?

A Group Training Organisation (GTO) employs apprentices and then places them with host employers, at the host employers cost. Two employers can host one apprentice. The advantage to the host employer of a GTO is simplification of human resource administration, provision of GTO field officer support and decreased obligation on the employer to commit to the apprentice for the full apprenticeship. The hourly cost is higher than direct employment.

Employer responses to this question were affected more by perceptions about GTOs than the separate issue of sharing.

While a considerable number of the employers surveyed had used GTOs in the past, as at March 2018 GTOs employed only 10% of the apprentices in the furniture trades<sup>22</sup>. The first attempt to host one upholstery apprentice with two employers started just after the survey.

Responses		
Cabinet Makers		
Yes		No
6		26

Two of those that responded 'yes' were still uncertain. They were discouraged by what they perceived to be the increasing cost of GTOs and the recently reduced levels of feedback on their current apprentice's progress<sup>23</sup>.

Nineteen of the 'no' responses preferred the additional control of the apprentice provided by direct indenture as opposed to being a host employer. Ten 'no' responses were heavily influenced by the extra costs involved in engaging through a GTO.

Responses		
Upholstery Employers		
Yes	No	Impractical (e.g. doesn't fit business model)
4	11	8

(NB the first shared upholstery apprentice commenced soon after the survey)

<sup>22</sup> NCVET October 2018

<sup>23</sup> The GTO concerned maintained that the problem was reduced feedback from TAFE, as the GTO had passed on all feedback it received.

## **Annex 1      The Survey and its Methodology**

The survey was conducted, mostly by telephone, in the form of a conversation. While standard questions were asked, we also conversed about the answers to understand them better. A list of summation answers given by each individual employer to each question is available on request.

These mainly small employers presented as directly connected to the community they live in and sensitive to the need to provide futures for young people. They thought carefully about the issues and presented clear arguments. Most of these employers would prefer to employ more apprentices.

### **The Interview Sample**

The Food, Fibre and Timber Industries Training Council used a data base of employers who were known to have employed cabinet making apprentices 4 years ago. The Cabinet Makers Association of WA provided additional names of current cabinet making employers. Names were also added or deleted during the survey based on suggestions from participants.

The WA Furniture Makers Association contributed a list of upholstery employers. The three major furniture industry employer associations emailed their members encouraging their participation.

The interviewer attempted to contact 55 cabinet making employers who were believed to have employed apprentices in the last 5 years. He was unsuccessful in making any contact with 13 of these, which appear to have ceased trading<sup>24</sup>. Of the remaining 42 employers, 35 participated very willingly.

The list of 27 upholstery employers was supplied after research by the WA Furniture Manufacturer's Association. 23 participated in the survey. Few of these had employed upholstery apprentices in the last 8 years, as the apprenticeship required interstate travel for this period. However most of the employers had undertaken apprenticeships themselves and were aware of the system and/or had employed apprentices in other trades.

The cabinet making sample may have been biased towards the catchment area of North Metropolitan TAFE as only 9 of the 35 employers who engaged were in the South Metropolitan TAFE area. Only two regional employers were surveyed.

The upholstery employers were fairly equally distributed across metropolitan TAFE catchment areas. There were no regional upholstery employers surveyed.

On average, employers gave 16 minutes of their time to the conversation. A substantial number gave 30 minutes or more.

### **An Issue**

Although the survey provided only one open question, with the balance closed, we were pleasantly surprised to find that employers were keen to discuss the closed questions, not just answer them. The closed questions also prompted many more employer thoughts on the open question. The survey therefore became a more comprehensive conversation than expected, with the conversation often proving more informative than the direct answers. This is reflected in the final nature of the report which is more subjective than expected.

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<sup>24</sup> Based on inability to make contact by telephone, email or visit – however it remains possible that they now exist under another identity with different name and contact details



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