

25 July, 2008



VET SYSTEM FAILING RESIDENTIAL CONSTRUCTION INDUSTRY

The latest HIA-Austral Bricks Trades Report confirms that labour shortages persist despite failing activity, suggesting that urgent reform is needed to the vocational education and training (VET) system to avoid a future skills crunch.

Although trades availability improved marginally over the quarter as high interest rates strangled building activity, all thirteen trades surveyed remain in short supply in all regions.

HIA's Chief Executive – Policy, Chris Lamont said skills shortages in residential construction should ring alarm bells for all levels of government. When combined with research on underlying demand, they show that supply constraints are masking dire skills shortages.

HIA research confirms that Australia needs 1 million new homes in five years to meet demand. One of the real concerns is the availability of skilled labour to meet this demand in the areas where new construction is desperately needed.

“Unless the industry attracts an enormous number of new skilled workers, the cost of construction will rise substantially as supply constraints bite”, said Chris Lamont.

To prevent a future skills crunch urgent, practical reform is needed to fix the VET system which is failing to deliver the skilled workers the industry needs.

Despite booming demand, apprenticeship commencement rates are stagnating and completion rates are declining with almost 60 percent of apprentices in key trades cancelling within the first two years. 40 percent of tradespeople have no formal qualifications and acquire their skills on the job because the formal training system doesn't meet industry needs.

“We don't need more reviews that become captive to vested interests. We need reforms and programs that allow employers and employees to make the training system work and meet Australia's future skilled labour requirements,” said Chris Lamont.

“Unless the VET system starts delivering the type of skills industry wants in the manner in which industry wants them acquired we will not only rob future generations of the dream of home ownership but force them to live in caravans.”

Further Information:

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Trade Availability - by Individual Trade

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Quarterly Movement in Availability
Bricklaying	-0.50	-0.24	-0.35	-0.26	-0.25	-0.36	-0.46	0.00	-0.48	-0.49	-0.63	-0.27	-0.17	↑
Carpentry	-0.41	-0.42	-0.48	-0.49	-0.34	-0.30	-0.29	-0.30	-0.35	-0.50	-0.55	-0.46	-0.37	↑
Ceramic Tiling	-0.50	-0.73	-0.57	-0.29	-0.48	-0.78	-0.80	-0.36	-0.32	-0.37	-0.61	-0.43	-0.40	↑
Electrical	-0.80	-0.36	-0.91	-0.50	0.46	-0.75	-0.68	-0.70	-0.56	-0.57	-1.07	-0.25	-0.17	↑
General Building	-0.51	-0.54	-0.42	-0.37	-0.50	-0.58	-0.52	-0.54	-0.44	-0.49	-0.60	-0.44	-0.45	↓
Joinery	-0.06	-0.31	-0.47	-0.63	-0.53	-0.43	-0.35	-0.32	-0.34	-0.40	-0.68	-0.44	-0.27	↑
Landscaping	-0.08	0.17	0.30	-0.31	-0.33	-0.50	-0.45	0.00	-0.47	-0.49	-0.33	-0.50	-0.25	↑
Other Trades	-0.43	-0.43	-0.50	-0.42	-0.44	-0.38	-0.16	-0.20	-0.32	-0.41	-0.34	-0.44	-0.24	↑
Painting	-0.33	-0.12	-0.77	-0.24	-0.22	-0.35	-0.41	-0.47	-0.66	-0.40	-0.67	-0.62	-0.50	↑
Plastering	-0.79	-0.27	-0.22	-0.24	-0.22	-0.55	-0.53	-0.29	-0.28	-0.50	-0.77	-0.56	-0.44	↑
Plumbing	-0.45	-0.37	-0.64	-0.42	-0.57	-0.78	-0.76	-0.80	-0.85	-0.80	-0.76	-0.50	-0.26	↑
Roofing	-0.79	-0.67	-0.38	-0.10	-0.40	-0.92	-0.92	-0.33	-0.76	-0.79	-0.96	-1.00	-0.40	↑
Site Preparation	-0.75	0.14	-0.33	-0.38	-0.67	-0.75	-0.73	-0.75	-0.84	-0.80	-0.50	-0.57	-0.57	=
All trades	-0.34	-0.35	-0.35	-0.43	-0.41	-0.42	-0.37	-0.41	-0.43	-0.46	-0.51	-0.46	-0.40	↑

**Note: Critical Short Supply is between -2 and -1, Moderate Short Supply is between -1 and 0, In balance = 0
Moderate oversupply is between 0 and 1, and massive oversupply is between 1 and 2.*

Note to Editors

1. The HIA-Austral Bricks Trades Report is a quarterly measure of trade prices and availability on a capital city and rest of state basis for 13 different trade categories in the 5 largest states.
2. The data is sourced each quarter from a sample of HIA builder and contractor members. The price series is the current charge out rate minus GST and materials. The data is weighted and expressed in terms of an index (with base of 100 being the weighted average price for all trades in all regions in September 2002).
3. The trade availability measure is derived from a question asking members about the availability of their particular trade in their particular region. There are five possible responses ranging from critical short supply to massive oversupply. A net balance method is used to derive the single measure.
4. For a full copy of the HIA-Austral Bricks Trades Report (media only), please contact Kirsten Lewis on (02) 6245 1393

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