



Australian Furniture Association Limited

Submission to The Food, Fibre and Timber Industry Training Council in Response to Polytechnic West's Intention to Exit Thin Market Qualifications

Background

The Australian Furniture Association (AFA) is a peak Australian industry association which represents the interests of the furniture sector from raw material supply through to the end user. Collectively the industry supply chain employs more than 200,000 people nationally¹.

The AFA has approximately 250 members Australia wide, over 40 of which are located in Western Australia, including most of the larger producers and employers in the sector.

Issue

It has been brought to the AFA's attention, by the Food, Fibre and Timber Industry Training Council, that Polytechnic West intends to cease accepting new apprenticeship commencements in several trades relevant to the furniture industry. Those of particular concern to the AFA are listed below.

Qualification	Exit Plan
Certificate III Furniture Finishing (polishing)	Teach out semester 1 2014
Certificate III Upholstery	Teach out semester 1 2014
Certificate III Furniture Making (wood machining)	Teach out semester 2 2014

The AFA understands that:

1. The Department of Training and Workforce Development is likely to let Polytechnic West cease offering these courses; and
2. There are no other providers of these courses in Western Australia.

The AFA appreciates that the current level of enrolment in these courses is low by historical standards and consequently, under the new financial arrangements, they are no longer viable from a financial point of view. Nevertheless, it is undeniable that the Department's agreement to allow Polytechnic West to cease offering these courses without putting alternative arrangements in place will have significant long term detrimental impacts on the furniture industry in Western Australia.

Context

Furniture manufacturing in Western Australia is typically undertaken by small to medium sized family businesses. With a few exceptions, all steps in the manufacturing process are undertaken locally by highly skilled trades people or artisans relying on traditional labour intensive techniques. In addition, the Australian furniture industry is "old" in a workforce demographic sense.

Like most of the manufacturing sector in Australia, the furniture industry is facing significant challenges, some of which are structural (e.g. use of traditional labour intensive production techniques, cheap imports from developing economies and the high Australian dollar) and others are cyclical (global financial crisis, mining boom in Western Australia).

These factors, taken together, have ultimately contributed significantly to the decline in enrolments in the furniture trades, particularly since 2010, when the global financial crisis massively impacted the value of the Australian dollar (Trade Weighted Index = <53.0 at the beginning of 2009 and >69.0 by end 2009 and >79.0 by mid-2011²) and subsequently, turnover in the Furniture, Floor Covering, Housewares and Textile Goods retailing (falling from \$12,020.0 million in the year ended October 2011 to \$11,486.4million in the year ended October 2012³).

The AFA is working with government and the industry to assist manufacturers address the structural challenges they confront and to become more competitive nationally and internationally. To do this we are, among other things, assisting manufacturers to:

1. Reduce costs.
2. Compete with imports on factors other than price. In particular,
 - superiority in design and quality of manufacture,
 - the use of environmentally friendly and sustainable materials and manufacturing techniques, and
 - adherence to Australian standards.
3. Promote the benefits of Australian made furniture (as outlined above) to local and overseas consumers.

The success of these strategies requires a skilled work force capable of producing well designed, high quality furniture using modern techniques and materials, which

in turn, requires the investment in training existing as well as new entrants to the industry.

As we move into the growth phase of the business cycle, it is reasonable to expect a resurgence in residential construction and demand for consumer durables such as furniture. Given the demographic of the furniture industry, the resulting demand for labour will have to be met largely from new entrants to the industry who will require training.

The vocational education sector needs to be able to respond to the changing nature and levels of demand for trade training.

Having been alerted to Polytechnic West's intention to cease accepting new apprenticeship placements in the above courses, AFA and other industry members have commented to the AFA that:

1. They were not aware Polytechnic West offered these courses, nor had Polytechnic West engaged with their business. This suggests Polytechnic West has not been effective in marketing its apprenticeship courses to the industry. As a consequence businesses are undertaking their own in-house training of staff.
2. The quality of training falls short of expectations in some areas, suggesting there is scope to better align training with industry needs.

Recommendations

While it is understandable Polytechnic West would want to reduce its exposure to courses where enrolments are at a level that is not financially viable for them, to cease offering them altogether is a simplistic and potentially reckless response. Given the fact there are no alternative providers of these courses, that demand for labour in the furniture manufacturing industry is likely to rebound as the economy recovers, and the need for a skilled work force capable of producing well designed, high quality furniture using modern techniques and materials requires the Department of Training and Workforce Development to seek a more strategically sensible and sustainable solution to the "thin market" issue.

Accepting that there are "thin markets", the AFA recommends the Department of Training and Workforce Development and/or Polytechnic West:

1. Review the knowledge and skills required across trades with a view to rationalising trade training courses. That is, develop fewer, more generalised courses/modules that meet the needs of a variety of trades (e.g. upholstery and motor trimming; computer machinery operations and wood machining; furniture finishing -polishing and panel beating). In effect, this means designing courses around knowledge and skills sets rather than the trade they will be applied in.
2. Ensure course offerings are relevant to industry needs and consistent with contemporary technologies and production techniques, including lean production, 3D copying etc.
3. Develop and implement more effective marketing and industry engagement strategies to ensure employers are aware of courses on offer. Industry Associations such as the AFA could play a significant and supportive role in this regard.

4. Ensure there is sufficient flexibility to scale-up training if and when demand increases.
5. Investigate opportunities for more on-site and less in-college delivery and assessment. This might be used to compliment a more generalised but broadly applicable program of in-college courses.
6. Investigate and fund alternative providers of trade training where Polytechnic West's withdrawal leaves gaps in trade training courses available in Western Australia.
7. Licensing of trades qualified people should be introduced. This would encourage workers in the industry to seek trade qualifications, increase industry standards and benefit consumers.

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December 2013

¹ Source: ABS, Labour Force, Australia, Detailed, Quarterly, Original (Cat No. 6291.0.55.003)

² Source: Reserve Bank of Australia

³ Source: ABS, Retail Trade, Australia (8501.0 -A3349785A)