



# **Business Skills Training for Apprentices in their Final Year**

Summary Report

October 2017  
Construction Training Fund



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Attachment: Flowchart of progressive Business Training Model

# 1. Executive Summary

During 2016-17, key industry stakeholders raised concerns that apprentices in their final year of apprenticeship and those who had recently completed training, were not sufficiently aware of the business implications of entering the industry as sub-contractors.

The residential sector employs a large percentage of the total number of apprentices within Construction, and they are the most likely to become sub-contractors. The lack of 'business awareness' has been identified by the Small Business Development Corporation (SBDC) as one of the major causes of business failures, especially in the early years of operation.

It is also recognised that both the residential and commercial sectors of the industry rely heavily on sub-contractors as the main mode of employment.

This project was part of a joint research undertaking with the Financial, Administrative and Professional Services Training Council (FAPSTC). The FAPSTC had identified similar feedback from relevant stakeholders in sectors of their industry coverage.

## 1.1 Primary Goal

The primary goal of the project was to determine whether there was sufficient advice and information available to those wanting to start a sub-contract business. Based on the findings, recommendations for improving information availability and relevant training would then be made.

## 1.2 Principal Finding

The principal finding indicated that there was strong support for the development and delivery of a generic information session for final year apprentices in non-licensed trades as part of their studies at Registered Training Organisations (RTO). It should be noted that apprentices in licensed trades must complete mandatory business skills training before becoming licensed contractors.

## 1.3 Primary Recommendations

The primary recommendations from the research are that there should be:

- Development of a presentation that targets construction apprentices in their final year of training. The presentation should be limited to two hours duration. The content must focus on development of the apprentice's understanding of business and administrative requirements, establishment costs, points of contact for information and the sources of information required to commence working as a successful construction sub-contractor.
- Incorporation of the presentation into RTO's trade qualification delivery schedules, dependent on the success of the pilot program.
- Propose to the State Training Board (STB) and the DTWD that the FAPSTC develop and maintain an online website that supports apprentices and young tradespeople in establishing, managing and growing a trade-based business. The website to initially focus on unlicensed construction trades, but could then extend to other industries.

Depending on the success of the pilot program and survey responses to the presentations, it is further recommended that:

- Development of Phase Two of the project be undertaken. This would expand to specialist training to cover; recordkeeping (administrative and financial), tax and BAS requirements, business marketing, digital literacy etc. The course development and costings to be undertaken by the FAPSTC. This would target tradespeople who have completed their apprenticeship and have already commenced a sub-contract employment arrangement.

## **1.4 Methodology**

The research was based on face-to-face discussions and telephone surveys involving a range of respondents including:

- Industry Stakeholders
- Department of Commerce
- Small Business Development Corporation
- Sub-Contractors from a variety of trades, who have been in business from between 6 months to several years.
- Registered Training Organisations both public and private
- Artibus Innovation (Skills Service Organisation)
- ABN Group
- Building Commission
- An independent accountant
- Master Builders Association
- State Training Board
- Department of Training and Workforce Development
- Housing Industry Association

Following the above consultations, the results were collated by both the Fund and the FAPSTC. There was also a desktop search of any available training that would suit the needs of apprentices preparing to enter a business role on completion of their apprenticeship.

## **2. Findings**

It was identified that there are numerous resources available to assist people in the establishment of a business. However, there is no clear 'starting point' for construction apprentices as they complete their training and move to sub-contract employment.

Extensive business training for the licensed trades is compulsory prior to attaining a Contractor's Licence and includes all supporting material to enable establishment of a business. There is no such requirement for non-licensed trades.

## 2.1 Existing Training in WA

A host of websites were identified that provide general information on how to start a business. However, not all the information is easily accessible and unless the user is computer literate, and are willing to spend the time searching the internet, they may have difficulty in finding relevant material.

- One such site is 'Subbie.com.au', *The Resource for Australian Subcontractors*, provides a resource for Construction trade workers wanting to begin their own business. The site provides the user with a range of basic information about business structures, insurance, taxation and other relevant information.
- The Small Business Development Corporation provides a workshop for people considering starting their own business, entitled, *Business Basics – starting your business*. The course is at a basic level and does not provide specific information relating to the Construction industry.
- The CPC08 Training Package contains two business elective units of competence that are available to be delivered to apprentices and trainees. The units are:
  - Investigate micro business opportunities (*BSBSMB301*) and;
  - Manage small business finances (*BSBSMB406*).

However, neither unit is selected, delivered or offered to support off-the-job training for apprentices as they are too large and not specific to the Construction industry.

- One regional RTO offers the Certificate IV in New Small Business. However, the uptake is very limited and indications are that a full qualification is not desired by individuals who have just completed their apprenticeship.
- The Alcock Brown-Neaves (ABN) Group provides a practical two hour information session for their final year apprentices and is based on what needs to be considered before commencing as a sub-contractor. The free information session is run by *Evolve Accountants and Business Advisors*. However, this is not standard practice amongst host employers and most apprentices do not receive such employer-funded support.
- Discussions held with North Metropolitan TAFE established that they would be interested in piloting face-to-face presentations of approximately two hours, to final year apprentices. This could occur during their final year of off-the-job training.
- In the case of the licensed trade (electrical), a company that delivers training in the competence *EA02 Establishing a Contracting Business*, provides a handbook to all course participants. The cost of membership and on-going access to resources is \$100 per annum.

## 2.2 Survey of sub-contractors

In addition to face-to-face interviews, a short telephone survey was undertaken involving a small group of sub-contractors from a variety of trades including Painting and Decorating, Wall and Ceiling Fixing, Bricklaying and Plumbing. The sub-contractors interviewed had been in business for between six months and four years.

The survey asked a range of questions with the main emphasis being on what advice and/or information was provided during training, as it related to starting a business. They were also asked to describe the value of any such training.

Apart from the sub-contractors from the Plumbing trade, all had been trained with the ABN Group and had been through a two hour 'business preparation' presentation. Each respondent, without exception, believed that the course was a useful 'stepping stone' that provided all the information needed to begin their own business.

The plumbing sub-contractors were all trained by a private training provider. In the case of both the plumbing and electrical apprentices who were surveyed, a business component is available and is delivered post apprenticeship, prior to obtaining a contractor's licence.

### **2.3 Small Business Development Corporation and the DTWD**

A meeting was hosted with the DTWD, FAPSTC and the SBDC to outline the research project's aims and possible recommendations. The meeting was very productive with the SBDC providing positive feedback and support on the research being undertaken and the draft recommendations.

The SBDC were also keen to assist and provide feedback to the draft report when it became available.

## **3. Conclusions**

It appears that the lack of advice and information that needs to be both specific to the industry but basic in content, is not readily available or easily accessible for all apprentices about to complete their training.

Some apprentices, especially those employed by the ABN Group, do receive targeted training prior to becoming sub-contractors. The ABN Group's training may be suitable for all apprentices but this is a system that is funded by the ABN Group.

There is a wide range of resource material available for those wishing to start their own business but it needs to be examined and collated into a dedicated resource for the construction apprentices.

Once developed, the training should be the basis of a face-to-face presentation on establishing a sub-contract business in the Construction industry and provided to final year apprentices at the end of their off-the-job training.

The presentation should include an overview of knowledge, processes and resources required for establishing and managing a business. This would include all necessary links to relevant websites and advise apprentices on how to interrogate such websites.

All information should be in the form of a paper based information package OR in electronic form on either a dedicated website or USB device. The preferred method would be via a website that could be kept updated.

It was also suggested during consultations that any presentation should have a suitable nomenclature, for example, '*Eyes Wide Open*' or '*How to Succeed in Business Without Failing*'. The use of such nomenclature would avoid the presentations appearing to apprentices as simply another Training Package competency.

A post-presentation survey will need to be performed in order to inform and prioritise both online tools and propose Phase Two specialist training. The FAPSTC has indicated that they have the capability to develop online content/resources, depending on financial support.

The survey responses would be used to determine demand for specialist training in the longer term.

Any development of more specialised training will be part of a project to be costed by the FAPSTC, who, with funding would progress this development. (Suggested flowchart of further development is attached).

## **4. Key Recommendations**

It is recommended that the Construction Training Fund:

- **Propose to the State Training Board and Department of Training and Workforce Development, that a two hour presentation be developed for all final year apprentices in non-licensed trades.**
- **Request that the Financial and Property Services Training Council, in conjunction with the Fund, develop a survey for completion by presentation participants.**
- **Propose to the State Training Board and Department of Training and Workforce Development that the Financial and Property Services Training Council creates a website to house support resources for students interested in becoming sub-contractors.**
- **Recommend that the Financial and Property Services Training Council collate survey results from the pilot presentations to validate how much value there is in moving onto a second phase of the project.**
- **Engage with the Financial and Property Services Training Council to ascertain costings from the above recommendations in order to determine if, and from where, funding may be sourced to enable Phase Two of the project to be undertaken, based on identified demand.**
- **Make representation at National level (SSO/IRC) to have the basic presentation embedded within the CPC Training Package for all unlicensed trades and presented as an end of training competency.**