



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

30 January 2020

National Skills Needs List Review

Skills branch

Department of Employment, Skills Small and Family Business

CANBERRA ACT 2600

via email: nsnlreview@employment.gov.au

Dear members of the NSNL Review

Review of the National Skills Needs List

Thank you for the opportunity to contribute to the review of the National Skills Needs List (NSNL). The present mechanisms for recognising skills demand and forecasting future demand do not effectively address the breadth of skills needed by small businesses now or into the future.

The number of apprentices in training has almost halved since 2012, falling from 514,000 in Q2 2012 to 272,900 in Q2 2019.¹ Small business owners are finding it increasingly difficult to recruit skilled workers, with almost half of small businesses in 2018 noting difficulty in recruiting.² Skills shortages tend to have a greater impact on regional employers and small businesses who may not have the capacity to attract new employees by competing with higher wages' employers.

Recognising that a numerical or statistical measure of skills shortage may not build an accurate picture of the actual experience of small businesses trying to recruit skilled staff, we recommend that the review of the NSNL methodology considers:

1. Ensuring the "traffic light" system has allowances for niche occupations, regional variations and labour access competitive pressures faced by many small businesses;
2. Regularly conducting targeted consultations directly with small businesses to identify occupations or regions that may face across the board shortages in many occupational areas; and
3. Ensuring that any assessment of the economic and social benefit of incentivising apprenticeships in an occupation also takes into account the impact on small businesses' through actually consulting with small businesses.

Whilst long term planning is useful in meeting replacement for demand in a business as usual scenario, there is a need to allow for a more fluid model of responding to emerging skills needs or excess. The problem with five-year forecasts is that it does not deal with rapidly emerging technology or unexpected industry growth or decline and how these impact on skilled labour availability.

If you would like to discuss this matter further, please contact Stephen Bolton on 02 6121 3639 or at stephen.bolton@asbfeo.gov.au.

Yours sincerely

Kate Carnell AO

Australian Small Business and Family Enterprise Ombudsman

¹ NCVER, 2020, *Apprentice and Trainee Collection*, NCVER, Adelaide

² Department of Employment, Skills, Small and Family Business 2018, *Industry Employment Projections 2018 Report*, DESSFB. Canberra