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## **Skills and training in the construction industry** <sup>[1]</sup>

### **Purpose**

This guideline sets out a skills development framework for NSW government agencies when procuring construction services or undertaking construction projects. The objective is to ensure that NSW Government expenditure:

- encourages industry investment in skills development
- increases the completion rate for apprenticeships and traineeships
- supports the work done by the NSW Skills Board and Training Services NSW
- develops industry capability for the future
- provides value for money.

### **Application**

This guideline applies to all government agencies as defined in the [Public Works and Procurement Act 1912](#) <sup>[2]</sup>. This includes NSW Government departments, the Teaching Service, the NSW Police Force, the NSW Health Service, the Transport Service of NSW, public bodies established by legislation and executive agencies related to departments, statutory authorities and trusts.

It is relevant to any construction project undertaken by or procured by a government agency. It is also relevant when a government agency provides a significant financial or other contribution to a construction project undertaken by another party, such as a non-government organisation. Some aspects of the guideline only apply to projects where the estimated cost of construction exceeds \$10 million.

The guideline does not apply to corporations established under the State Owned Corporations Act 1989. However, these corporations are encouraged to adopt the guideline where it is consistent with their corporate intent.

### **Roles**

#### **NSW Procurement Board**

The NSW Procurement Board oversees the Government's procurement system and sets policy. The Board has the statutory power to issue directions to agencies and monitor the progress of agency compliance. It accredits agencies to undertake their own procurement of goods and services including construction.

The Board has a strong interest in ensuring that the NSW construction industry has access to a skilled workforce and that planning and policy settings identify and address potential skills shortages. This is achieved by:

- dialogue with the NSW Skills Board and Training Services NSW on skills needs and training priorities
- identifying workforce skills needs arising from the construction forward work program
- encouraging government agencies to work with construction suppliers and the training sector to proactively manage skills development needs
- monitoring training outcomes and the employment market for skilled workers
- publishing an annual statement on training and skills development priorities for Government construction work
- ensuring agencies comply with Government requirements for skills development and training, including the employment of apprentices and trainees by contractors.

#### **NSW Skills Board and Training Services NSW**

The NSW Skills Board sets vocational training priorities for NSW. The Board advises the NSW Government on how to best meet the skills and training needs of individuals, industries, regions and the economy. The Board's functions include:

- collecting and analysing labour market intelligence, in particular intelligence on skills shortages and workforce development needs
- coordinating the development of strategic skills plans
- advising on the allocation of State and Commonwealth government funding for vocational education and training.

The Skills Board prepares an annual NSW Skills List which sets the qualifications that attract government funding under Smart and Skilled. The Skills List also defines priority areas for funding including target population groups and target industries.

Training Services NSW regulates the apprenticeship and training system. This includes registering and monitoring training contracts, advice and dispute resolution and issuing qualifications. Training Services NSW also subsidises apprenticeship training under Smart and Skilled.

Training Services NSW has six regional and four Sydney metropolitan centres. These centres play a key role in monitoring the quality of training services provided by registered training organisations and giving assistance to employers and training participants. NSW Government agencies can work with Training Services NSW when considering specific training needs that arise from their construction program.

#### **Government agencies**

Government agencies are responsible for achieving value for money in construction procurement. This responsibility extends more broadly than on a project by project basis and includes taking action to facilitate necessary skills development in the construction industry. The actions that agencies take depend on the size of their construction program and are explained below.

#### **Construction contractors**

Contractors have the primary role in ensuring that their workforce has the skills necessary to complete contracted work. This is commonly achieved through a combination of sub-contracting, recruiting appropriated skilled personnel, employing apprentices and providing training and other skills development for existing employees. The mix of strategies varies across contractors according to their size, their business model and the current state of the labour market in the areas where construction is planned or taking place.

All contractors have a responsibility to meet contractual obligations for skills development and to co-operate with government agencies in achieving skills development goals.

## Agency responsibilities

### Agencies with extensive construction programs

Agencies with planned construction expenditure exceeding \$500 million over the current budget four year forward estimates period must publish and periodically update a Construction Skills Development Plan which identifies:

- anticipated demand for skilled labour arising from the agency forward construction plan including to the extent possible, numbers of trades and occupations, timing of labour demand and regional location
- expected skills shortages that are likely to impact on delivery of the forward construction plan
- any strategy or programs the agency has to support skills development in the construction industry, including associated performance measures
- training and skills development related factors that will be included in tender evaluation and contractor selection processes
- training and skills performance requirements that will be included in construction contracts, including any requirements for the employment of apprentices or trainees
- outcomes that have been achieved under the plan.

Agencies with a lower level of planned expenditure should consider preparing and publishing a Construction Skills Development Plan, particularly if the agency has a continuing program of work.

### Construction projects more than \$10 million

All agencies must identify a target for the engagement of apprentices and trainees for each construction project valued over \$10 million. The target can vary depending on the type of construction work and the skills required to complete the work. A default target of one apprentice for every four tradespersons should be used if they agency does not have sufficient information to set a target. Agencies must include the target in relevant tender requirements for the project. Agencies must also ensure that a contractor demonstrates that they:

- have the capacity to achieve any specified targets for the engagement of apprentices or trainees
- have processes which actively support employees in the construction industry completing apprenticeships and traineeships, and which should achieve completion rates of at least 65 per cent by December 2019.

Apprentices and trainees may be engaged directly by the contractor or subcontractors, or by using other arrangements such as group training companies.

Agencies may choose to specify additional evaluation criteria if this is consistent with clearly identified skills development needs for the construction industry and the agency construction program. When developing evaluation criteria, government agencies should consider potential impacts on the continuing employment of apprentices. Criteria based solely on employment targets per contract can potentially encourage short term compliance which may result in apprentices simply being terminated when a job ends, prior to completing their apprenticeship.

Contracts for projects over \$10 million must include provisions enabling the agency to monitor and report contractor performance in achieving any specified target. Agencies must report outcomes in accordance with any NSW Procurement Board Direction on the employment of apprentices and trainees as in force from time to time.

### Construction projects up to \$10 million

Agencies should:

- include evaluation criteria in contractor selection processes which recognise contractor commitment to supporting skills development
- monitor contractor performance in meeting skills development commitments
- include reporting and compliance assurance provisions in project contracts where necessary.

## Information and resources

Organisation	Information available
<p><a href="#">National Centre for Vocational Education Research</a> <sup>[3]</sup></p>	<p><b><a href="#">Apprentices and trainees data</a></b> <sup>[4]</sup></p> <p>A summary of training activity in apprenticeships and traineeships in Australia, including information on training rates and duration of training. State/territory cuts of data are also available. Includes data on completion and attrition rates.</p> <p><b><a href="#">Understanding non-completion rates of apprentices</a></b> <sup>[5]</sup></p> <p>Research and data on why apprentices do not complete their training.</p>
<p><a href="#">Department of Employment (Commonwealth)</a> <sup>[6]</sup></p>	<p><b><a href="#">Employment projections</a></b> <sup>[7]</sup></p> <p>Employment projections by industry, occupation, skill level and region for the following five-year period. Updated annually.</p> <p><b><a href="#">Internet vacancy index</a></b> <sup>[8]</sup></p> <p>Detailed data on online vacancies, including for around 350 occupations (at all skill levels), as well as for all states/territories and 38 regions. Includes historical time series data.</p> <p><b><a href="#">Skills shortages</a></b> <sup>[9]</sup></p> <p>Information about skill shortages at the state, territory and/or national level – includes information by occupation.</p> <p><b><a href="#">Labour market for construction trades – NSW</a></b> <sup>[10]</sup></p>

Organisation	Information available
	Labour market research including skills shortage research.  <b>Other data and research</b> <sup>[6]</sup>  The department publishes a wide range of data and research on the employment market.
<a href="#">NSW Skills Board</a> <sup>[11]</sup>	The NSW Skills Board advises the NSW Government on how best to meet the skills and training needs of NSW individuals, industry, regions and the economy. This includes preparing the annual NSW Skills List which identifies the qualifications that attract government funding.
<a href="#">Training Services NSW</a> <sup>[12]</sup>	<b>Apprenticeship and Traineeship Guide NSW</b> <sup>[13]</sup>  Information on the apprentice and trainee system in NSW.  <b>Smart and Skilled</b> <sup>[14]</sup>  Information on Smart and Skilled including training providers, NSW Skills List, course prices, fees and subsidies.  <b>Skills shortages</b> <sup>[15]</sup>  Information on skills shortages in NSW and targeted industries and occupations
<a href="#">Australian Apprenticeships (Commonwealth)</a> <sup>[16]</sup>	Australian Apprenticeships provides information on the apprenticeship system in Australia. This includes information on the Australian Apprenticeship Support Network and authorised service providers.

## Related requirements and policies

Procurement Board Direction: [2016-02 Construction apprenticeships](#) <sup>[17]</sup>

Procurement Board Statement: [Construction Skills and Training Priorities](#) <sup>[18]</sup>

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