



Furnishing Industry Reference Committee (IRC)

MSF Furnishing Training Package
IRC Skills Forecast and Proposed Schedule of Work 2017-2021

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Prepared on behalf of the Furnishing IRC for the Australian Industry and Skills Committee (AISC)



IRC Skills Forecast and Proposed Schedule of Work 2017-2021

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Executive Summary

The Furnishing Industry Skills Forecast and Proposed Schedule of Work, links the sector trends, workforce skill priorities and training plan to effectively meet the future skill needs of this sector in transition by:

- providing an understanding of the industry including its primary activities, its size and sub sectors, type and location of employers, and opportunities and challenges (*Sector Overview*);
- outlining the critical workforce challenges and opportunities (*Employment*);
- forecasting future skills priorities by describing trends in workplace and job design (*Skills Outlook*); and
- proposing and prioritising training product development and review activities (*Training Product Review Plan*).

This April 2017 update to the Furnishing Industry Skills Forecast and Proposed Schedule of Work augments the earlier Four Year Work Plan submitted in September 2016 with an executive summary, incorporation of updated priorities for training product development and review following recent consultations with the Furnishing IRC and State Training Authorities.

What is the furnishing industry?

The furnishing industry includes manufacturing and installation of internal décor and structural aspects of residential and commercial buildings, as well as some external structures such as awnings. The industry is concentrated on the eastern seaboard with the majority of businesses operating as non-employers or small businesses.

The impact of new technologies and advanced materials continue to vary across sectors. The close alignment of the furnishing industry with the construction industry drives hotspots of activity in contrast to the impact of the downturn in construction associated with the resources industry. Market differentiation through customisation, green credentials and complete service from design to installation are being used as strategies to compete with challenges resulting from international trade agreements.

Critical workforce challenges and opportunities

Employers raised workforce supply side opportunities to align synergies between the skills of displaced automotive workers including, upholstery and glazing to address sector shortages as well as specialised skills in shop fitting and textiles that complement skills required for commercial furnishings and clothing production respectively.

Stakeholder feedback indicates that workforce supply side challenges exist at two levels:

- Broad challenges include the impact of thin markets in niche skill areas, attracting workers to manufacturing based on the public perception of an industry in decline rather than transition, labour market mobility, the integrity of nationally recognised training in a state of ongoing VET reforms both nationally and at the jurisdictional level, skill levels for students of VET in schools and recruitment of apprentices and trainees.
- Specific sector challenges include the lack of training resources to keep up with new machine technologies and furniture fittings, upskilling an ageing cabinet maker workforce and accessing picture framing training.

Forecasting skills priorities

The skills priorities have been informed by international and national trends and stakeholder feedback.

Workplace and job design are being impacted by new technologies which are revolutionising automation and requiring workers to develop new skills and ways of working including those around 'lean' and energy efficiency.

Evidence of 'green credentials' and provenance of manufacture and sustainability are driving the need for upskilling of existing workers beyond trade skills to include problem solving, installation and digital technologies. Growing demand for bespoke and boutique furniture and customisation is creating demand for tradespeople who can not only make, but also fit to customer expectations.

Embedded technologies such as low voltage lighting and switchable glass require workers to have skills to safely install and commission.

Training Package priorities

The Training Package Review Plan 2017-18 to 2020-21 was developed by the IRC with support from IBSA Manufacturing based on identified industry trends. This plan lists the priorities over the next four years, the rationale for these priorities, and the proposed scope and timeframes for these activities.

The items identified as critical and proposed for inclusion as a priority for the 2017-2018 schedule of work are:

Blinds and Awnings Sector

- Develop a business case with the view to developing training products for roller shutters.
- Investigate the need to include more skill sets to cover low voltage within Certificate III in Blinds, Awnings, Security Screens and Grilles

Glass and Glazing Sector

- Customer service skills to align with more sophisticated business models with strong emphasis on customer service and relationship
- Commence initial investigative work on reviewing and renaming MSF50113 – Diploma of Stained Glass and Leadlighting to Diploma of Glass and Glazing as identified by the industry.

Trade and related skills

- Technical drawing, CAD modelling, construction, contractual obligations have also become an integral part of many businesses of Cabinet-making, Bathroom Cabinetry & Kitchen design, Shop-fitting and Furniture Manufacturers in Australia.

The IRC Skills Forecast and Proposed Schedule of Work 2017-18 to 2020-21 table provided at the end of this document lists the priorities for subsequent years.

Administrative Information

Name of Industry Reference Committee (IRC): Furnishing Industry Reference Committee

Name of Skills Service Organisation (SSO): Innovation & Business Skills Australia (IBSA Manufacturing)

Sector Overview

Furnishing - Snapshot of the industry

The Australian furnishing manufacturing industry covers a diverse array of sectors from furniture and furnishings, to kitchens, cabinets, glass, window and doors and furnishing design, as well as flooring and picture framing. The industry is an important contributor to the Australian economy.

The Australian furnishing industry is made up of four main areas:

- residential furniture/furnishings/glazing
- commercial (office or corporate)
- hospitality (hotels, motels, resorts, etc.)
- design (interior, furnishing and manufacturing)

The majority of activity in the furnishing industry covers both manufacturing and installation internal décor and structural aspects of residential and commercial buildings, as well as some external structures such as awnings.

Specialisations include:

- cabinet making and fitted furniture
- timber and composite machining
- furniture finishing
- upholstery
- beds and mattresses
- glass and glazing
- picture framing
- soft furnishing
- interior decorating
- blinds, awnings, security screens and grills
- flooring technology

The major hubs for the furnishing industry are located in four states: New South Wales, Queensland, Victoria and Western Australia¹.

There are 27 qualifications in the MSF Furnishing Training Package ranging from Certificate I to Advanced Diploma level:

- MSF10113 - Certificate I in Furnishing
- MSF20113 - Certificate II in Furnishing

¹ IBISWorld, 2015, various

- MSF20313 - Certificate II in Furniture Making
- MSF20213 - Certificate II in Furniture Finishing
- MSF20413 - Certificate II in Glass and Glazing
- MSF20516 – Certificate II in Furnishing Pathways
- MSF31213 - Certificate III in Piano Technology
- MSF31013 - Certificate III in Interior Decoration Retail Services
- MSF30613 - Certificate III in Soft Furnishing
- MSF30213 - Certificate III in Furniture Making
- MSF30813 - Certificate III in Flooring Technology
- MSF30313 - Certificate III in Timber and Composites Machining
- MSF30513 - Certificate III in Picture Framing
- MSF30113 - Certificate III in Furniture Finishing
- MSF30713 - Certificate III in Upholstery
- MSF31113 - Certificate III in Cabinet Making
- MSF30413 - Certificate III in Glass and Glazing
- MSF30913 - Certificate III in Blinds, Awnings, Security Screens and Grilles
- MSF31313 - Certificate III in Kitchens and Bathrooms - Retail Services
- MSF40313 - Certificate IV in Design of Kitchens, Bathrooms and Interior Spaces
- MSF40113 - Certificate IV in Interior Decoration
- MSF40213 - Certificate IV in Furniture Design and Technology
- MSF40413 - Certificate IV in Glass and Glazing
- MSF50113 - Diploma of Stained Glass and Leadlighting
- MSF50213 - Diploma of Interior Design and Decoration
- MSF50313 - Diploma of Furniture Design and Technology
- MSF60113 - Advanced Diploma of Interior Design

The furnishing industry in Australia is coded primarily within the Australian and New Zealand Standard Industrial Classification (ANZSIC) in Division C Manufacturing, Subdivision 25 Furniture and Other Manufacturing and is Group 251 Furniture Manufacturing².

It includes:

- 2511 Wooden Furniture and Upholstered Seat Manufacturing
- 2512 Metal Furniture Manufacturing
- 2513 Mattress Manufacturing
- 2519 Other Furniture Manufacturing

It also includes some elements of Class 2592 Toy, Sporting and Recreational Product Manufacturing such as:

- Billiard, snooker or pool table and equipment manufacturing
- Cricket set manufacturing

² Australian Bureau of Statistics Australian and New Zealand Standard Industrial Classification 2006

- Wooden toy manufacturing

It covers the manufacture of domestic household furniture including disassembled (flat pack) furniture, upholstered furniture such as chairs and sofas, the re-upholstering of furniture, outdoor and office furniture (including filing cabinets), beds and mattresses, wooden, metal, bamboo, cane and fibreglass furniture. It also includes the manufacture and repair of musical instruments as well as French polishing and furniture finishing (Class 3692 Manufacturing not elsewhere classified, and Class 9499 Other Repair and Maintenance not elsewhere classified.)

There is considerable crossover into the construction industry with qualifications in areas such as Interior Decoration (Retail Services), Flooring Technology and Glazing. Flooring technology is partly classified under Class 3243 Tiling and Carpeting Services. The employment of floor finishers (carpet layers, timber floor layers, etc.) is also covered under Carpet Retailing as the large carpet retail businesses are the biggest employers of this occupation.³ Interior decoration is classified under Class 6924 Other Specialised Design Services. Glazing is covered under Class 2010 Glass and Glass Product Manufacturing and Class 3245 Glazing Services. Products manufactured with glass components are covered under Class 2223 Architectural Aluminium Product Manufacturing and Class 1492 Wooden Structural Fitting and Component Manufacturing.

The manufacture of screens, curtains, blinds and awnings is classified under Class 3239 Other Building Installation Services in Division E Construction and under Class 1333 Cut and Sewn Textile Product Manufacturing. Wood-framed door and window manufacturing is classified under Class 1492 Wooden Structural Fitting and Component Manufacturing. This class also includes the manufacturing of pre-fabricated, wooden built-in cabinets and cupboards and their installation.

Because of the diversity of the furnishing manufacturing industry, it is difficult to obtain comprehensive and accurate data. The data quoted is for Group 251 Furniture Manufacturing unless otherwise stated.

Note: IBSA uses as its main data sources, the latest statistics available from the Australian Bureau of Statistics (ABS) and the National Centre Vocational Education Research (NCVER). This may result in variations between data collected..

The furnishing manufacturing industry – business size and numbers

The ABS publishes 'Counts of Australian Businesses, including Entries and Exits' annually. Data is sourced from the Australian Bureau of Statistics Business Register (ABSBR). The most recent publication for the Financial Year 2014-15 has been used for this IRC Skills Forecast and Proposed Schedule of Work. Businesses are classified by the number of employees.

At the end of June 2009, there were 12,851 businesses operating in Australia within the furnishing industry⁴. The majority of businesses were either non-employers (that is, they hadn't submitted an Income Tax Withholding (ITW) statement to the Australian Tax Office (ATO) for five consecutive years) or small businesses employing between 1 – 19 people⁵.

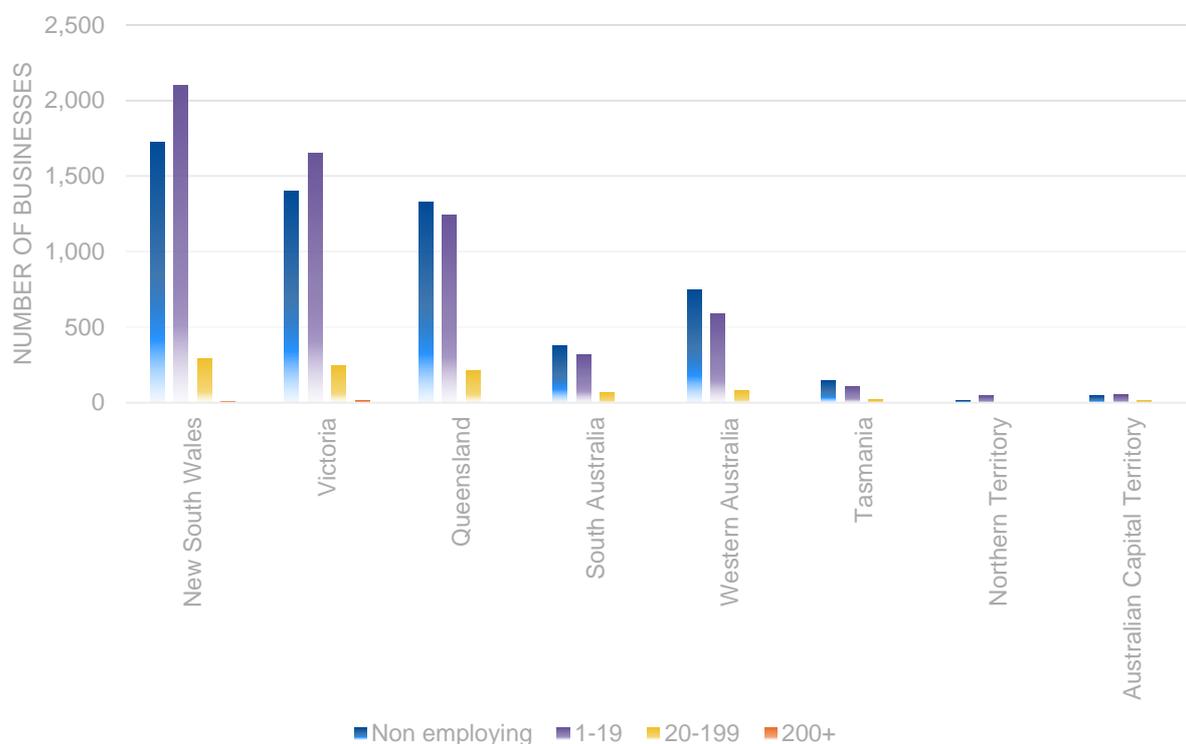
Note: Businesses have been classified according to the number of employees.

³ IBISWorld, 2015, Carpet Retailing in Australia

⁴ Australian Bureau of Statistics Counts of Australian Businesses 2008-09

⁵ Australian Bureau of Statistics Counts of Australian Businesses 2008-09

Furnishing industry, Australia Businesses by size and state June 2009

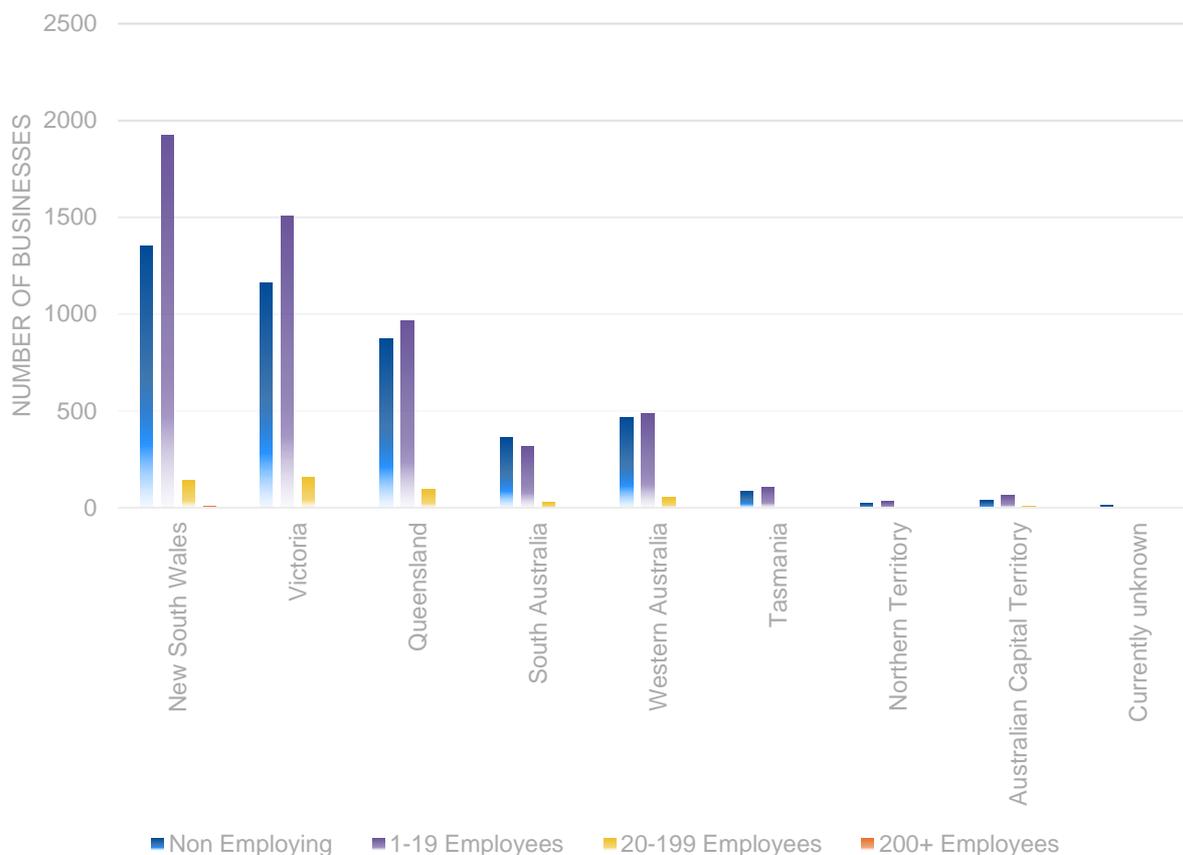


Source: ABS Counts of Australian Businesses 2008-09

At the end of June 2015, there were 34,393 businesses operating in Australia within the furnishing industry⁶. This includes businesses operating in the services area (glazing services and carpet and tiling services) and also carpet retailing businesses which employ the majority of floor finishers. The majority of businesses were either non-employers (54%) or small businesses employing between 1-19 people (43%). The significant growth in business numbers over the past five years is largely due to the increased coverage of the Training Package. Since 2008-09, the MSF Furnishing Training Package has expanded to include coverage of glass and glazing, security screens and grilles, blinds and awnings and shade sails. The coverage of cabinet making has also expanded to include 'fitted furniture'.

⁶ Australian Bureau of Statistics, 2016, Counts of Australian Businesses including entries and exits, 2014-15

Furnishing manufacturing industry, Australia Businesses by size and state June 2015

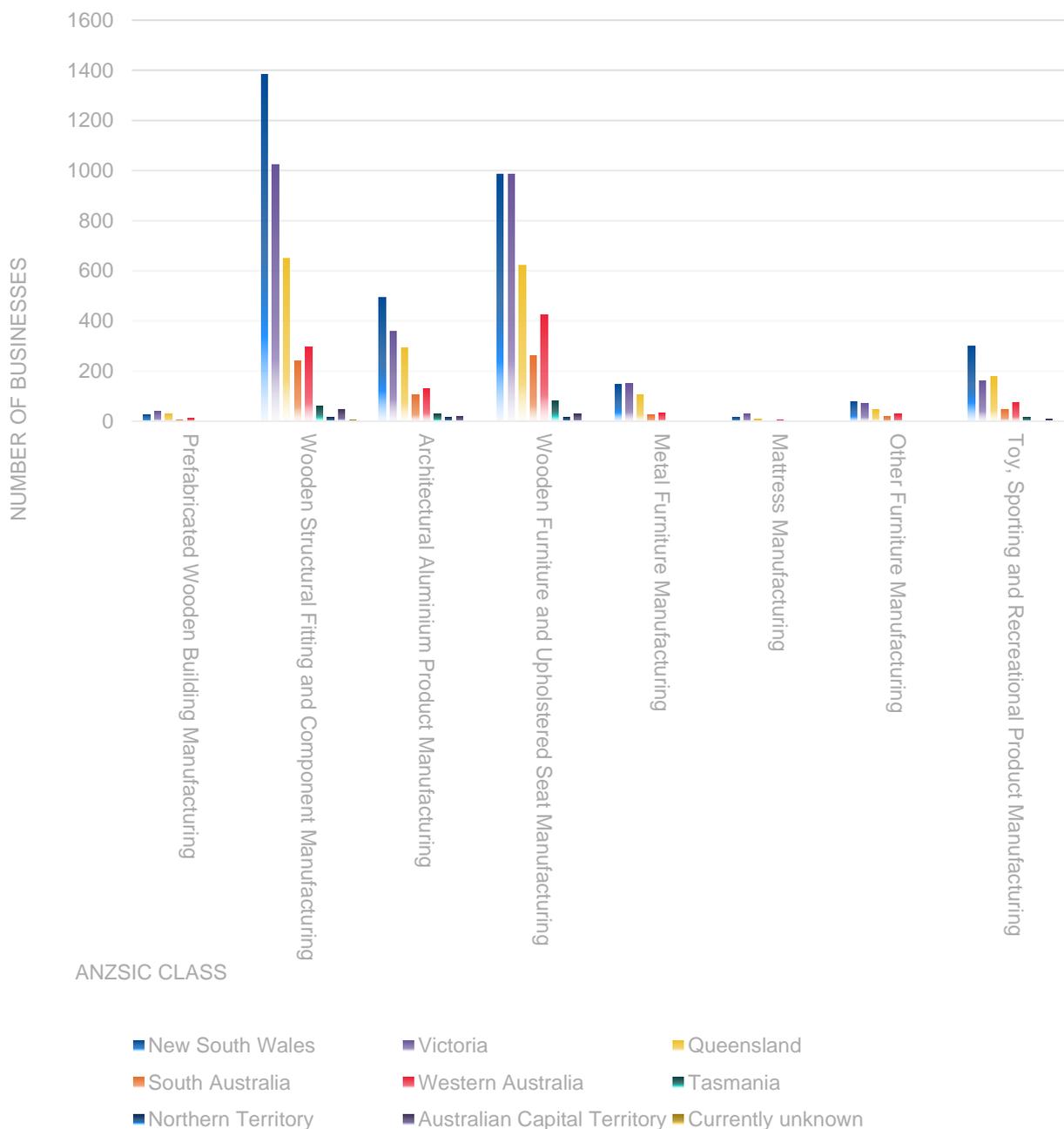


Source: ABS Counts of Australian Businesses 2014-15

The furniture manufacturing industry is predominantly located in the major eastern states (New South Wales, Victoria and Queensland) with New South Wales having the most businesses (3,429) at the end of June 2015. The majority of businesses were small businesses, with 1 – 19 employees. Micro or sole traders were the second largest type of enterprise (42.6%) with 4,372 such businesses operating in June 2015.⁷

⁷ Australian Bureau of Statistics, 2016, Ibid.

Furnishing manufacturing industry, Australia Business numbers by ANZIC class and state June 2015



Source: ABS Counts of Australian Businesses 2014-15

When looking at statistics of business numbers for the sector, it is important to remember that coverage by ANZSIC codes does not exactly align with training package coverage. For example, the Counts of Australian Businesses graph above includes coverage of Wooden Structural Fitting and Component Manufacturing, which includes wooden roof truss manufacturing, not covered by the Furnishing Training Package.

Many of the major companies in the furnishing industry operate across multiple sectors. For example, Jeld-Wen Australia Pty Ltd, a United States based multinational, operates in the aluminium doors and windows manufacturing,

wooden structural components manufacturing and glass and glass products manufacturing sectors. The Australian company, G James Australia, operates similarly.⁸ Some sectors, such as the carpet and textile floor covering manufacturing, are dominated by subsidiaries of international companies. As a result, there is limited manufacturing happening in Australia in these sectors. A success story in this industry is A.H. Beard who are successfully exporting Australian manufactured mattresses to China.⁹

Another major company in the furnishing industry is Schiavello Group Pty Ltd. Schiavello operates in the wooden furniture and upholstered seat manufacturing sector, providing an integrated service from design through manufacture to installation and after sales services. They service international markets in South East Asia and the Middle East as well as the domestic market.¹⁰

The Furnishing Training Package also covers the services side of the industry in providing qualifications and skill sets for glaziers and flooring installers. The services sector of this industry dominates with tiling and carpeting services having the largest number of businesses.¹¹

According to IBISWorld¹², many of the major carpet suppliers also provide maintenance services such as carpet cleaning, colour matching and re-stretching. Flooring installers are often contracted to these suppliers. Several major carpet retailing 'names' operate either as franchises or co-operatives (e.g. Carpet Call and Carpet One).

⁸ IBISWorld, 2015, Aluminium Door and Window Manufacturing in Australia

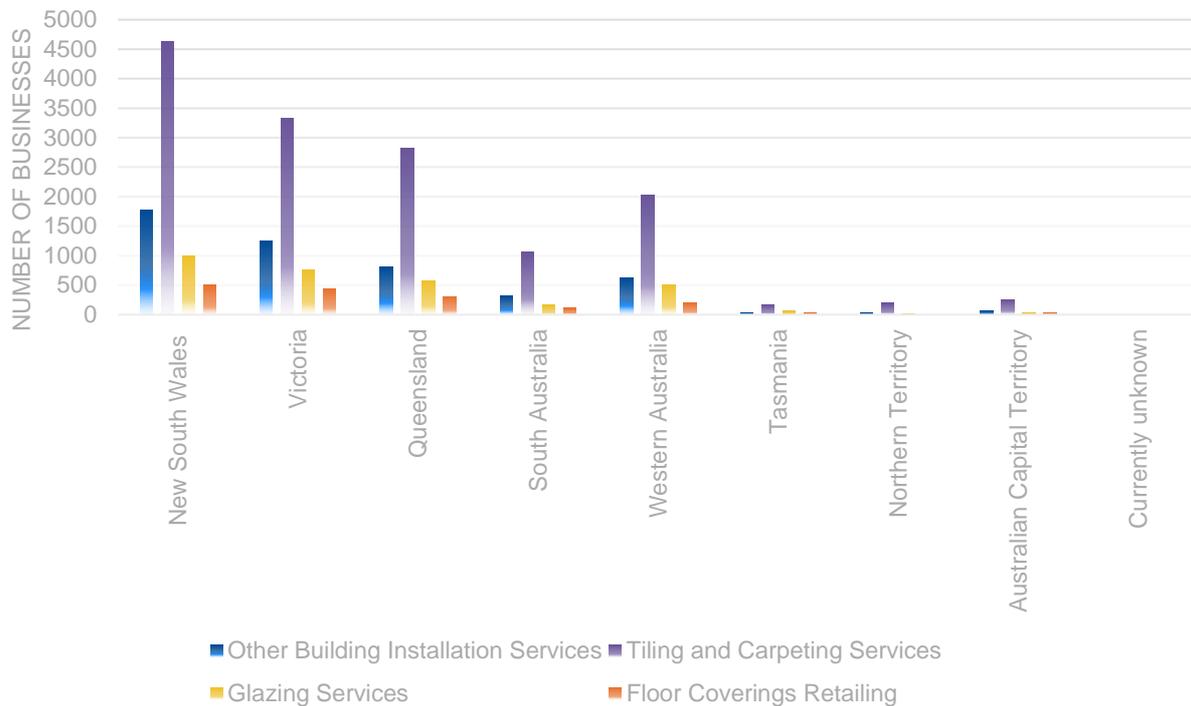
⁹ A.H. Beard, <http://www.ahbeard.com.au/sleepwell/a-h-beard-targets-china-with-australian-made-bedding/>

¹⁰ Schiavello, <http://www.schiavello.com/wp-content/uploads/2013/04/Company-Profile-Sep-2013.pdf>

¹¹ Australian Bureau of Statistics, Counts of Australian Businesses, 2014-15

¹² IBISWorld, 2015, Floor Coverings Retailing in Australia; Tiling and Carpeting Services in Australia

Furnishing services, Australia Businesses by state and class June 2015



Source: ABS Counts of Australian Businesses 2014-15

Licensing, regulatory or industry standards

There are no specific licenced outcomes that relate to qualifications in the MSF Training Package. However, depending on the jurisdiction, licensing requirements may apply to the use of some units or identified skill sets in this training package. Local regulations should be checked for details.

Commercial furniture manufacturing is covered by a large number of regulations. Regulations may vary from jurisdiction to jurisdiction. Old standards are being revised and new standards are in the process of being developed, both of which will have an impact on the furnishing industry in the short term.

Flooring

The Furnishing Training Package has coverage of flooring sales and installation, with manufacturing of the product having shared coverage between the MSF training package and the Textiles, Clothing and Footwear training package. Flooring installation is a highly regulated area in terms of Australian Standards and compliance. In regards to installation, Queensland requires a licence for Floor Finishing and Covering (Hard Sector)¹³ and South Australia

¹³ Queensland Building and Construction Commission, 2014, Floor Finishing and Covering (Hard sector), <http://www.qbcc.qld.gov.au/floor-finishing-covering-hard-sector>

requires a Builders Licence¹⁴. In other states, the industry attempts to self-regulate via industry associations and peak bodies. No state requires a licence to install soft or decorative flooring.

Glass and glazing

Glass and glazing is a highly regulated and licenced area, with glass products and the installation of glass being required to meet any numbers of Australian Standards.¹⁵

A licence is required to install glass in all states except the Northern Territory.

The Certificate IV in Glass and Glazing provides an in-depth coverage of relevant Australian Standards, and the Certificate III in Glass and Glazing aims to bring an understanding of the standards and knowledge sufficient to meet compliance.

Installation, service and maintenance were not traditionally covered under the Furnishing Training Package, but have gradually crept into coverage as the industry aimed to ensure quality outcomes and correct usage and installation of the products they manufactured.

Window furnishings

The blinds and awnings sector covers shade sails, blinds and curtains and security screens and grilles.

Queensland and the Northern Territory have implemented regulations covering the manufacturing of shade sails due to the high risk of cyclones. The installation of shade sails in these states is not licenced.

The manufacturing of blinds and awnings is covered by many regulations and standards that must be complied with, including the process of making the raw material into a product which requires an awareness of the standards. However, the installation of these products is not consistently licensed or regulated. For example, Queensland is the only state requiring a licence to install security screens and grilles. New South Wales is the only state requiring a licence to install shade sails.

While there are Australian Standards that apply to various stages of manufacturing, there is no regulatory body covering the production and installation, except where licensing is in place.

Cabinet making

The term 'cabinet making' covers the manufacturing and installation of cabinetry in both kitchens and bathrooms. Manufacturing of the raw product is covered by the forest products industry.

Regulations for this sector vary from state to state, as do licence requirements. This page has a full listing of licensing by state: <http://www.licensedtrades.com.au/licensed/kitchens>

Australian Standards specify tolerances and regulations governing cabinet making:
<http://infostore.saiglobal.com/store/>

¹⁴ Consumer and Business Services, 2015, Industry information, <http://www.cbs.sa.gov.au/occupational-licensing-and-registration/industry-information/>

¹⁵ Australian Glass and Gazing Association, 2016, <http://www.agga.org.au/members/australian-standards>

Timber and composite machining

Coverage is similar to cabinet making, where the forest products industry covers manufacturing of the raw product, and the process of making the raw material into a finished product is covered by the furnishing industry. Performance requirements set by Standards Australia around the use of the product exist but are not heavily enforced.

Furniture finisher

Again, this is an area which is shared in coverage between different training packages/industry sectors. Paint manufacture and supply is under the coverage of the chemicals, hydrocarbon and refining sector, whereas the use of the paint and other surface coatings by a painter or furniture finisher is covered by the furnishing sector. Again this is an area which is regulated but not licenced.

In conclusion, stakeholders find the inconsistency around licensing and regulations has created a confused and misinformed industry, where many micro and small businesses are confused about compliance. Therefore, there is a need for better targeted training.

Challenges and opportunities in the sector/sub-sector at the international/national/jurisdictional or regional level

Industry stakeholders have identified the following potential challenges and opportunities:

Challenges

Industry wide

- The Australian dollar
- Ageing workforce
- Technology around manufacturing and design
- Trans Pacific Partnership (TPP) and Free Trade Agreements (FTAs)
- Foundation skills
- Recruitment of apprentices and trainees
- Attracting workers into manufacturing – public perception that manufacturing is a declining industry when in reality it is an industry transitioning to niche product development due to range of factors, including new technologies and new work practices.
- Upskilling existing workforce

Delivery issues

- Lack of training resources to keep up with changes in machine technology and furniture fittings
- VET reform/privatisation/changes to TAFE/VET in schools
- Quality of training
- Full qualifications versus skill sets
- Thin markets – falling enrolment numbers in key skill areas where the need is small but critical. In some areas registered training organisations (RTOs) are removing qualifications from scope or not delivering at all.

- Picture framing training is currently difficult to access through RTOs. There is interest and need in every state and territory in Australia. There is a great need for funded recognition of prior learning (RPL) as the industry does not have a culture of training.
- Increased pressure from employers regarding the time spent on off-the-job training. School leavers appearing to be less academically capable affects the gaining and application of knowledge for trades.
- Integrity of VET – constant changes in compliance and funding models threaten to lower the integrity of nationally recognised training. Recent publicity surrounding VET Fee Help has further tainted the reputation of VET.
- Labour mobility as Australian designers will be replaced if they do not have the technical skills and adaptability and flexibility

Opportunities:

Industry wide

- Robotics and automation/technology
- Trans Pacific Partnership (TPP) and Free Trade Agreements (FTAs)
- Technology around manufacturing and design
- Upskilling the existing workforce and using workers from other industries, such as automotive, where there are skills shortages in the Furnishing industry
- Skilled migrants (Class 457 visas)

The take up of new technologies and advanced materials across the industry is inconsistent.¹⁶

For the Interior Design sector, technology is transforming the process of interior design practice with advances in digital software, 3D printing and in particular Building Information Modelling (BIM)¹⁷. BIM is becoming standard for large projects in terms of architecture and engineering and the next step will be interior design, and fit out companies will need to be BIM ready to be included in any tender process. These advances in computer aided design (CAD) encourage innovative work practices and facilitate interior designers operating in integrated project teams, on cloud models and across multiple concurrent projects. The impact of these new technologies is reflected in changes to the profile of Australian interior design businesses. Even though the overall size of the interior design profession grew by 25% between 2003 and 2013, the average number of designers employed by interior design firms, particularly larger firms, declined in this period due in part to productivity gains from new technology¹⁸. The employment outlook for commercial interior designers over the next five years is positive, with demand for interior designers expected to increase by 15.6% to 2019, well above the 10% average across all occupations¹⁹. This is largely due to the increase in commercial building projects in Sydney and Melbourne, as can be seen by redevelopment projects in Darling

¹⁶ IBISWorld, 2015, various reports

¹⁷ McGraw Hill Construction, 2014, The Business Value of BIM in Australia and New Zealand: How Building Information Modelling is Transforming the Design and Construction Industry

¹⁸ Robertson, D 2013, DIA Practice Notes, PN 034 (Issue B): Australian Design 2013: Issues & Concerns in the Design Professions, Design Institute of Australia, Melbourne

¹⁹ Australian Government, Department of Employment 2015, Occupation projections – five years to 2019

Harbour, Green Square, Barrangaroo (NSW) and the Bays Precinct (Victoria) generating a high number of commercial fit out projects and high density residential projects.²⁰

For some sectors such as the specialised textiles sector, advanced materials, e.g. carbon fibre and advanced polymers, are integral. In the cabinet making and furniture making sectors, the impact of flat pack furniture has been enormous. Successful companies, such as Schiavello, are highlighting their ability to be innovative, provide a complete service from design through custom manufacture to installation and ongoing customer support. Smaller manufacturers are using customisation and handcrafting as points of differentiation. “Green” credentials and the environmental skills and knowledge to apply clean, green and sustainable manufacturing processes as well as the use of sustainable products are becoming increasingly important. The skill impact of these trends can be broad, from sourcing carbon neutral products through to the ability to market your business as environmentally conscious.

Other sectors demonstrating a move to new technologies include the glass and glazing sector. Stakeholders report that there is an increasing use of computer numeric controlled (CNC) operations which require operators to have good technology skills. The kitchen and bathroom design and fitout sector reports that concrete bench tops and glass splashbacks are becoming increasingly popular, leading to a need to upskill existing workers in these materials and techniques. Furthermore, the industry is seeing increased demand for motorised furniture and metal furniture. As a result, workers will need to develop a wider range of skills, in particular electrical skills in relation to the installation of glass splashbacks and welding skills for metal furniture making. The industry as a whole is keen to investigate the impact that mobile technologies such as google glass, tablets and smartphones etc. will have on future skill needs.

Many stakeholders view the TPP and FTAs less as an opportunity, more as a challenge. The challenge lies in competing with the cheap imports that flow from the lower cost manufacturing countries. Also they expressed concern regarding the perceived skills of overseas trained workers. However Skilled Migrants coming from countries using advanced manufacturing technologies offer opportunities for cross skilling with the local workforce. In the Interior Design sector, stakeholders see the TPP and FTAs making it more difficult for Australian designers to gain and retain work internationally as they would lack the skills, flexibility and adaptability required.

Stakeholders expressed frustration at the current and ongoing VET reforms that are taking place both at Commonwealth and jurisdictional levels. According to feedback from stakeholders, the uncertainty and lack of clarity about the changes threatens to impact the integrity of nationally recognised training. Funding is a major issue, with many stakeholders reporting that accessing training in many qualifications is difficult if not impossible as registered training organisations (RTOs) either stop offering training or remove qualifications from scope due to financial constraints. A further concern is that with the lack of delivery options, these qualifications will be deemed ‘redundant’ and will be removed from the Training Package. Western Australian stakeholders report that there is no longer any training in some qualifications due to the issue of thin markets. This has resulted in students in areas such as furniture finishing, upholstery and timber and composite machining having to travel to Queensland for training²¹.

Another area that is presenting a challenge is VET in schools delivery. Stakeholders are unhappy that qualifications normally being delivered at work are currently being offered through the school system where the quality of outcomes is questioned. This results in new entrants to the industry lacking the technical skills needed to perform competently in the workplace and, without workplace experience, employers are concerned about the increased risk of injury.

²⁰ Supplied by the Design Institute of Australia, March 2016

²¹ Information provided by the Food, Fibre and Timber Industry Training Council, 2016

Furthermore, under the Timber Industry Award 2010²², competency based progression creates barriers to employment for those students deemed competent by the RTO but who fail to perform to industry expectations.

Stakeholders are concerned that if the appropriate attention and direction is not given to these issues, the industry will face critical skills shortages in the short and long term.

²² Timber Industry Award 2010, Schedule C, Classification Structure and Definitions for the Wood and Timber Furniture Stream, http://awardviewer.fwo.gov.au/award/show/MA000071#P380_36893

Employment

Employment outlook

The employment outlook for the furnishing industry is mixed with some sectors expected to continue to grow and others to stagnate.

The industry is impacted by activity in the Australian construction industry. Stakeholders report that there are 'hot spots' with some jurisdictions seeing a high amount of construction activity (e.g. Victoria with the growth in high-rise apartment construction in Melbourne) which has been reflected in activity in the furnishing industry. However, the downturn in the resources industry and shelving of some major resource construction projects, accompanied by the transition of existing projects from the construction to the production phase in Queensland and Western Australia, has had a negative impact on employment in those jurisdictions. Queensland however is expecting that with the flow of Chinese development into residential high-rise construction in Brisbane over the next four to five years, employment opportunities will increase significantly.²³ Refurbishment activity is also expected to increase in the lead up to the 2018 Commonwealth Games on the Gold Coast.

Many of the occupations in the industry are trade occupations, requiring a three to four year apprenticeship to reach trade status. Skill shortages in such occupations have a large impact on the industry because of the long lead time to obtain appropriately skilled workers. The industry is experiencing skill shortages across nearly all trade occupations and with the ageing workforce, expect these shortages to increase in the next five years.

Employment is expected to grow in the glass and glazing, specialised textiles, flooring and commercial fitout sectors as all are experiencing significant demand. Difficulties attracting new workers will affect the growth opportunities for businesses concerned.

Workforce supply-side challenges and opportunities

Stakeholders identified a number of workforce supply-side issues and opportunities. Among the opportunities they saw was the demise of the automotive industry. Many saw synergies between the skills in the automotive industry and their sectors. For example, at the moment there is a shortage of upholsterers, and stakeholders see synergies between the skills of the automotive upholsterer and the furnishing upholsterer and also within the specialised textiles sector. They also saw synergies between automotive glaziers and general glaziers.

Another area in which stakeholders saw synergies is between shop fitting and cabinet making especially in the commercial furnishings sector. The specialised textiles sector is also seeing opportunities to meet employment challenges for clothing production workers in areas such as canvas and sail making, upholstery, marine trimming, soft furnishing – all thin market areas.

Thin markets are identified as a workforce challenge for the industry. Thin markets make it difficult for businesses to access training opportunities due to small class sizes not being financially viable. As a result, registered training organisations (RTOs) are decreasing their training offerings. Western Australian employers with apprentices in furniture finishing, upholstery and timber and composite machining have to send their apprentices to Queensland for

²³ Williams, S, 2016, The hottest high rise apartments coming to Queensland, Australian Financial Review, <http://www.afr.com/real-estate/residential/qld/the-hottest-highrise-apartments-coming-to-queensland-20160422-god73l>

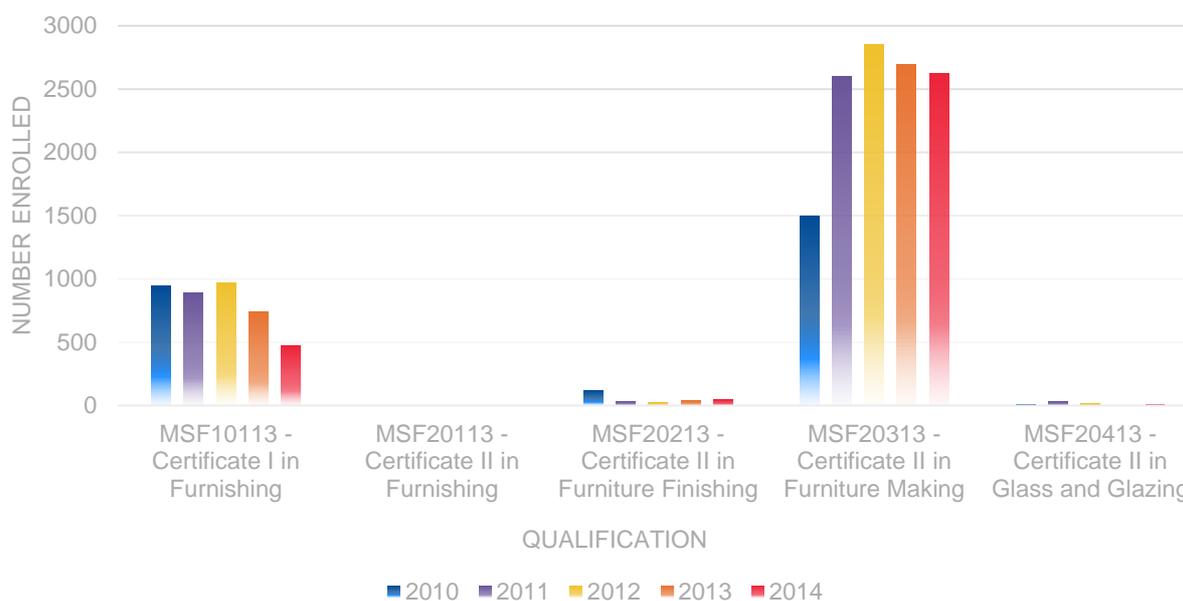
training. This adds considerable cost to the business and acts as a disincentive to employ apprentices. Stakeholders in the picture framing sector say that the sector is “desperately short of skilled framers” and cannot access training for existing workers. Queensland is the only jurisdiction at the moment that is attempting to address this sector’s needs. As of November 2015, Victoria had only one upholstery teacher in the public VET sector. The carpet retailing sector, which is the major employer of carpet layers (covered under MSF flooring technology), is also very concerned and is looking at a variety of initiatives to address this, including setting up their own training facilities.

Industry is concerned that if the challenge of thin markets is not addressed there will be significant loss of skills and resources. Businesses are forced to use alternate qualifications or take on workers with no skills and informally train on the job. This could lead to lower productivity and an inability to innovate new products and processes, essential for companies to remain competitive in global markets. It also creates issues around consumer confidence in Australian manufactured furnishings. There is a critical need to investigate a workable model that can better cater for training in thin market areas, where appropriate funding, and therefore availability of training, is not always accessible.

Uptake and usage of the MSF Training Package varies greatly between the different qualifications. In 2014, 12,155 students commenced in publicly funded placements and 19,851 enrolments were recorded when including fee-for-service commencements.

At the Certificates I and II level, the greatest uptake is in MSF10113 Certificate I in Furnishing and MSF20313 Certificate II in Furniture Making.

Enrolments in Certificate I and II level qualifications - MSF Training Package



Source: VOCSTATS <<http://www.ncver.edu.au/resources/vocstats.html>>, extracted on 11/05/16

The Certificate I in Furnishing is on scope at 115 RTOs, of which 101 are schools. There were 472 enrolments at publicly funded institutions, and an extra 4,426 fee-for-service enrolments. The Certificate II in Furniture Making is on scope at 83 RTOs, 36 of these are schools. This qualification recorded a massive 2,610 enrolments at publicly funded institutions, and a further 2,186 fee-for-service enrolments. Industry notes that school based enrolments do

not necessarily lead to completions, and where they do complete the completer often lacks the practical experience and skills to transition to the workplace. Their 'competence' is questioned by many in the industry.

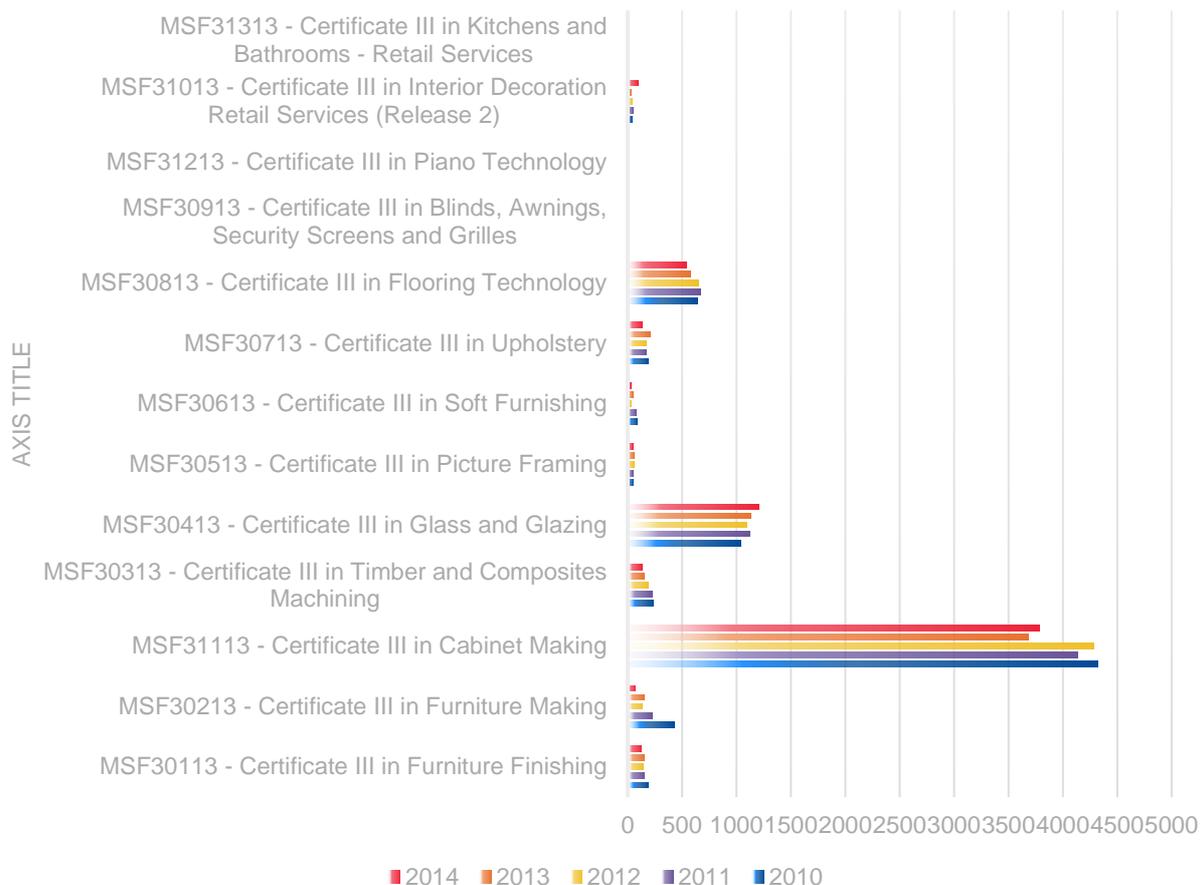
Certificate III is recognised by the industry as the qualification level for trade occupations. In the first quarter of 2016, there were 1,115 new contracts of training commenced at this level. 758 contracts were for the Certificate III in Cabinetmaking. There were 5,798 apprentices in training at the time.²⁴

When looking at enrolments in Certificate III level qualifications, the Certificate III in Cabinet Making has the greatest number of enrolments, although training has decreased over the past five years. Industry is training less, and the traditional job role of a cabinet maker has changed, with more employment opportunities in the fitted furniture sector than in cabinet making.

There is some alignment of skills between carpentry and joinery and fitted furniture manufacture and installation, resulting in cabinet makers competing with carpenters for employment in the same sectors, often unsuccessfully as employers perceive carpenters as having a broader skills base. In addition to this, school leavers are more attracted to carpentry and joinery than cabinet making as the perception of job opportunities is often greater. In fact, the sought-after machining and manufacturing skills of the joinery trades are now better catered for within the Timber and Composites Machining (woodmachining) as well as Cabinet Making qualifications.

²⁴ Source: VOCSTATS, Apprentices and trainees, March 2016, <<http://www.ncver.edu.au/resources/vocstats.html>>, extracted on 21/09/16

Enrolments in Certificate III level qualifications MSF Training Package



Source: VOCSTATS <<http://www.ncver.edu.au/resources/vocstats.html>>, extracted on 11/05/16

Glass and glazing is another sector seeing strong enrolments at the Certificate III level, indeed growing in numbers over the past five years. Since MSF30413 Certificate III in Glass and Glazing was restructured to include more pathways within the qualification, industry have embraced training and promoted it, implementing strategies to increase enrolments and retention. Industry notes a need to continue to keep this qualification up to date as the profile of the glass industry changes and new technologies are taken up.

Other qualifications restructured in 2013 that have not seen the same increase in enrolments as glass and glazing are the Certificate III in Timber and Composites Machining and the Certificate III in Blinds, Awnings and Security Grilles. Both need further promotion, industry support and awareness in order to grow.

One factor behind low enrolments can be a lack of RTOs with the qualifications on scope. Other Certificate III level qualifications with poor enrolments and lack of scope are as follows:

Qualification	Enrolments in 2014 (TVA)	Number of RTOs on scope
Certificate III in Kitchens and Bathrooms - Retail Services	Five	One (public)
Certificate III in Piano Technology	12	Nil
Certificate III in Blinds, Awnings and Security Grilles	Nil	One (public)
Certificate III in Timber and Composites Machining	132	Nine (all public)
Certificate III in Soft Furnishing	27	Four (three public, one industry association)
Certificate III in Picture Framing	50	Two (one public and one industry association)

Source: VOCSTATS <<http://www.ncver.edu.au/resources/vocstats.html>>, extracted on 11/05/16. Number of RTOs on scope accessed from training.gov.au April 2016

This lack of scope is in stark contrast to the opportunity to study interior design and decoration qualifications, as evidenced in the table below:

Qualification	Enrolments in 2014 (TVA)	Number of RTOs on scope
Certificate IV in Interior Decoration	881	27 (includes nine private RTOs)
Diploma of Interior Design and Decoration	1,849	33 (includes 13 private RTOs)
Advanced Diploma of Interior Design	419	18 (includes eight private RTOs)

Source: VOCSTATS <<http://www.ncver.edu.au/resources/vocstats.html>>, extracted on 11/05/16. Number of RTOs on scope accessed from training.gov.au April 2016

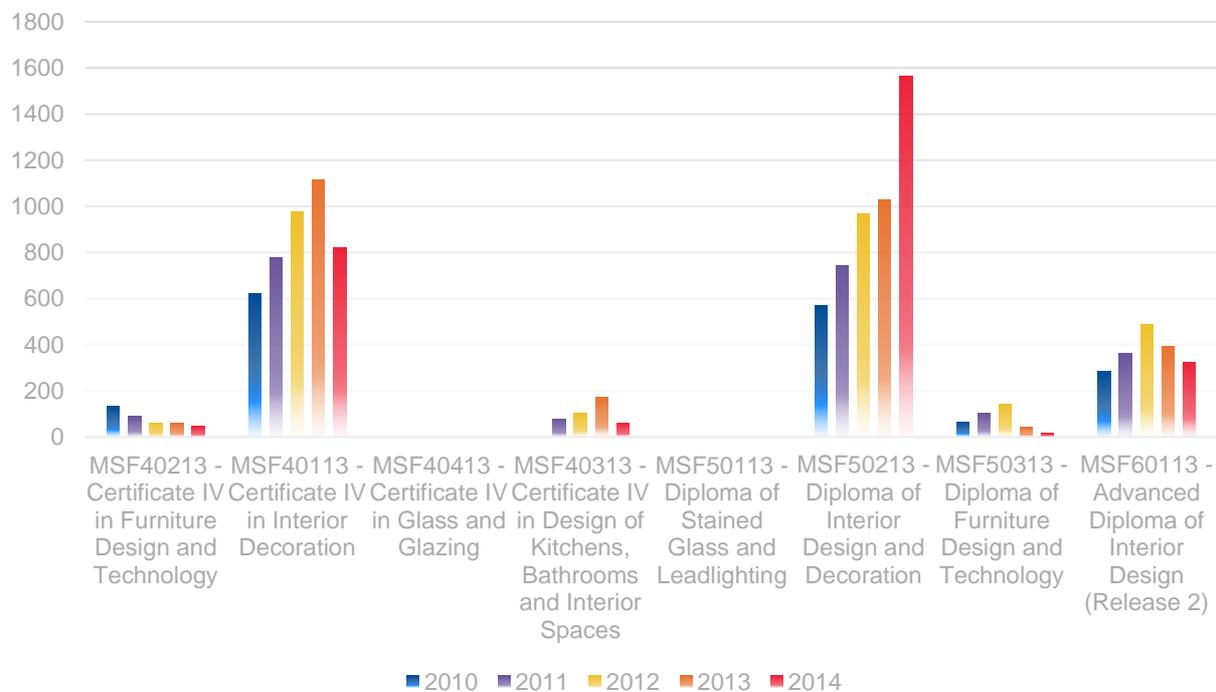
The Certificate IV in Interior Decoration has seen enrolment figures fluctuate over the past five years as a result of funding models changing. The Certificate IV in Design of Kitchens, Bathrooms and Interior Spaces and the Certificate IV in Glass and Glazing do not attract public funding, have four and one RTO respectively with the qualification on scope, therefore poor uptake. Funding and the availability of it or lack thereof greatly influence in the industry's decision to train.

Stakeholders also report that despite high numbers enrolling in the Diploma of Interior Design and Decoration, the majority choose to drop out prior to completion and RTOs typically award them on completing the Certificate IV in Interior Decoration which is embedded in the Diploma but does not attract the funding.

In an attempt to deal with poor offering of many of the qualifications in the Furnishing Training Package, and stakeholders' reports of apprentices travelling often hundreds of kilometres for training, Industry Associations have

responded by establishing themselves as training providers. Industry supports these models, which often include online and flexible delivery. These factors are reflecting the needs of small enterprises to more readily access training.

Enrolments in Certificate IV and higher level qualifications MSF Training Package

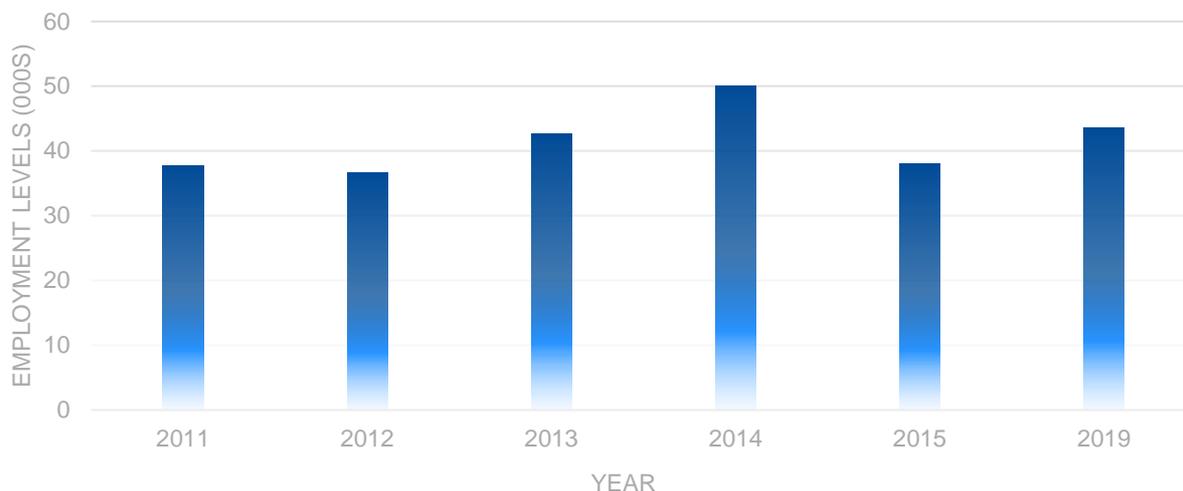


Source: VOCSTATS <<http://www.ncver.edu.au/resources/vocstats.html>>, extracted on 11/05/16

Additional information

The following graphs have been supplied by the Department of Education and Training. The Department has sourced national occupation-related data from the Department of Employment and the Australian Bureau of Statistics to inform the work of the IRCs.

Furniture Manufacturing – Employment Levels (000s)



Source: Department of Employment Labour Market Information Portal.²⁵

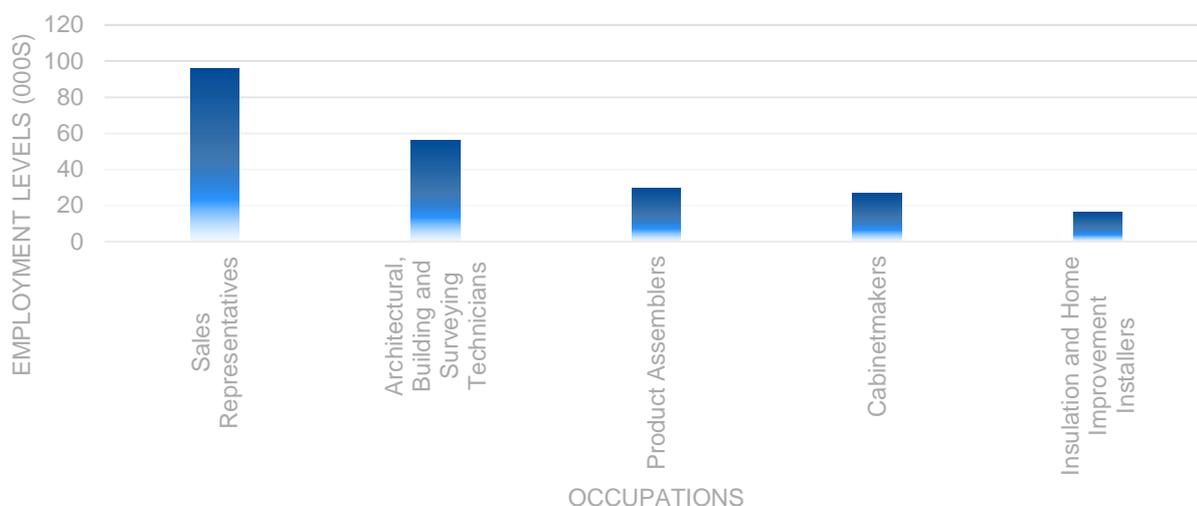
IRC analysis

The graph above represents a small portion of the industry employing the workforce who have qualifications from the MSF Furnishing Training Package. The difficulty with analysing employment projections is that the Department of Employment data available is displayed at the three digit level, therefore including activities outside the coverage of this Training Package. For example, 'Group 323 Building Installation Services' covers four divisions irrelevant to this Training Package, and one which is, 'Group 3239 Other building installation services' (Installation of blinds, awning and shutters). Other industry divisions who are major employers are:

- Group 1492 Wooden Structural Fitting and Component Manufacturing (covers Wooden kitchen cabinet manufacturing, a major employer)
- Group 3242 Carpentry Services (covers the broad range of carpentry work on construction sites, with the relevant activities being 'Wooden kitchen cabinet installation' and 'Wooden flooring installation')
- Group 3245 Glazing Services
- Group 6924 Other Specialised Design Services (Interior design services)

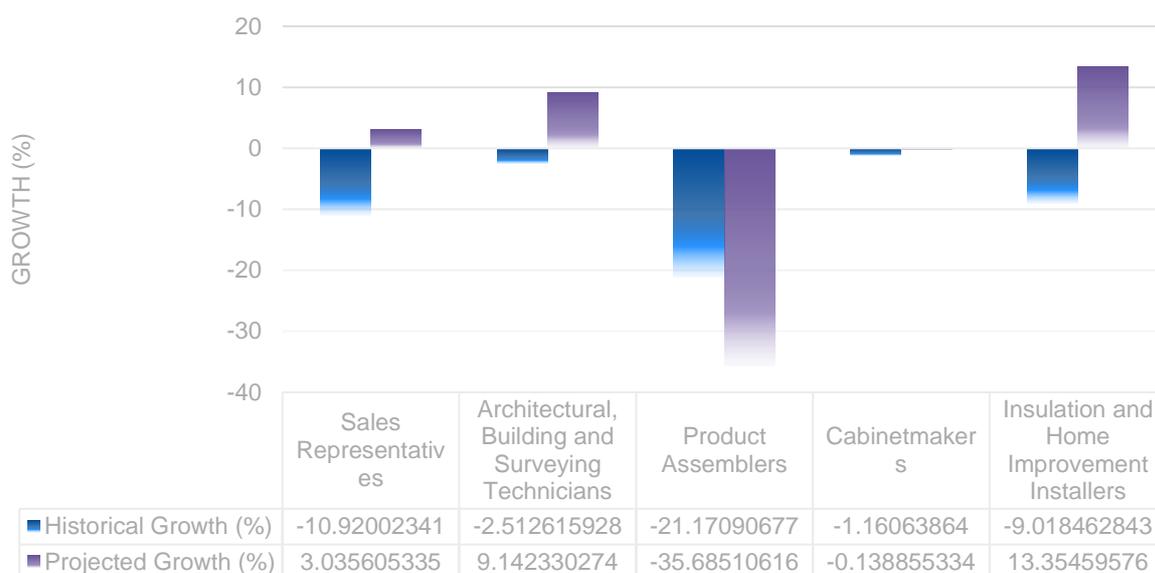
²⁵ Note: Figures are displayed at the ANZSIC Division level 251. The graph includes current and historical employment levels, as well as a projected employment level to 2019

Key Occupations – Employment Levels (000s)



Source: Australian Bureau of Statistics (ABS)²⁶

Key Occupations – Historical and Projected Employment Growth (%)



Source: Historical employment growth from the Australian Bureau of Statistics (ABS) and projected employment growth from the Department of Employment.²⁷

²⁶ Note: Occupations are at the four digit ANZSCO code. Employment levels are the five year annual average to 2015. Figures include all employed in the occupation across the economy, not just the relevant industry.

²⁷ Note: Occupations are at the four digit ANZSCO code. The historical employment is the five year growth rate to 2015 and the projected employment growth rate is the expected growth rate to 2019. Rates are based on figures that include all employed in the occupation across the economy, not just the relevant industry.

IRC analysis

The Department have chosen five key occupations for analysing employment levels, as displayed in the two graphs on page 24, presumably under the assumption that these occupations employ the greatest number of workers with qualifications from the MSF Furnishing Training Package. While Cabinetmakers and Insulation and Home Improvement Installers are representative of occupations covered by the Training Package, the remaining occupations chosen are not an accurate reflection of employment outcomes from this Training Package. A more comprehensive list can be found in the table below, which MSA provided to the IRC in 2016 utilising data from the Department of Employment²⁸.

The IRC has expressed concern that the data supplied by the Department does not accurately reflect the current and projected skill needs of the industry. Cabinetmakers remain a skill shortage occupation and with the ageing of the workforce, there is a need for an increase in training effort to ensure the ongoing viability and sustainability of the industry. Projections provided by the Department are largely based on historical data and the industry has been through a downturn, largely driven by the growth of the resources industry as a more attractive employer. The recent downturn in the resources industry is seeing a growth in other areas of the economy, including the furnishing industry. This will drive increased demand for cabinetmakers and other skilled workers in the industry at a time when it is already experiencing skill shortages.

Occupation Code	Occupation	Employment level - November 2015 ('000)	Department of Employment Projections		
			Projected employment level - November 2020 ('000)	Projected employment growth - five years to November 2020	
				('000)	(%)
2325	Interior Designers	11.5	13.8	2.3	19.9
3321	Floor Finishers	12.7	12.7	0.0	0.1
3331	Glaziers	8.3	8.7	0.4	4.6
3941	Cabinetmakers	26.1	24.1	-2.0	-7.8
3942	Wood Machinists and Other Wood Trades Workers	5.6	6.0	0.4	7.1
7111	Clay, Concrete, Glass and Stone Processing Machine Operators	2.8	2.6	-0.3	-9.7
8214	Insulation and Home Improvement Installers	19.6	20.7	1.1	5.4

²⁸ Department of Employment, 2016 Employment Projections. Occupation projections <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections> Accessed July 2016.

Skills outlook

International and national trends

Both internationally and nationally, the impact of automation on job design continues. Across all sectors, technologies such as robotics, CNC machining, CAD and computer aided manufacturing (CAM) continue to require workers to develop new skills and ways of working. Also, businesses in this industry are increasingly looking to develop their 'green credentials' as a means of competitive advantage both within the domestic and global markets. The introduction of 'lean' and energy efficiency processes is also having an impact on workplace design.

International trends around provenance of manufacture and sustainability are impacting the industry, especially those businesses participating in global markets. As a result, these businesses are looking to upskill their employees in these areas. Businesses are also looking at cross-skilling employees to increase their capabilities, especially as larger companies downsize to meet market conditions. Increasingly, employers are looking for employees with not just trade skills but also problem solving, use of mobile technologies, social media, installation skills and e-marketing skills.

The industry is also being impacted by changing consumer behaviour, driven by exposure to 'lifestyle' programs, both Australian and international. Consumer demand is driving a market for more personalised and customised products and services with digital technologies, via the Internet, making personalisation and customisation much more accessible. This has raised customer expectations of being able to get exactly what they want rather than settling for mass-produced items. For some sectors, this is leading to demands for products and features currently not available in Australia, providing an opportunity for Australian manufacturers if they have workers with the necessary skills. For other sectors, it is a challenge as consumers 'do-it-themselves', resulting in a loss of business and the need to diversify.

The impact of flat pack furniture and 'do-it-yourself' furniture has had a significant impact on the industry. However, stakeholders are reporting a swing back to bespoke and boutique furniture, especially by established homeowners wanting to upgrade their homes. This is driving demand for skilled trades people who can make and fit furniture to customer expectations.

The five most important skills for the sector's workforce within the next three to five years.

Rank	Skill	How identified
1	Technology	Industry consultations
2	Green skills / sustainability	Industry consultations
3	Lean and other business process skills	Industry consultations
4	Installation skills	Industry consultations
5	Personalisation and customisation	Research validated through industry consultations

Generic workforce skills²⁹

Ranked from 1 being the most important to 12 being the least important.

1	Technology
2	Environmental and Sustainability
3	Customer service / Marketing
4	Design mindset / Thinking critically / System thinking / Solving problems
5	Managerial / Leadership
6	STEM
7	Entrepreneurial
8	Communication / Virtual collaboration / Social intelligence
9	LLN
10	Learning agility / Information literacy / Intellectual autonomy and self-management
11	Financial
12	Data analysis

²⁹ Pre-populated table supplied by the Department of Education and Training

Other relevant skills-related insights for this sector

The industry also identified a growing trend for the inclusion of extra low-voltage, embedded electronic equipment in the fitted furniture sector.

Products are getting 'smarter' – more connected, intelligent and responsive. As cabinets become automatic, and lighting 'smart lighting', the challenge for manufacturing is being able to embrace and integrate technologically enabled elements into product designs. Huge shifts in technology have further removed what was once restrictive barriers to resources, products and information. This has opened up access to new machinery and new business models helping to generate significant improvements in productivity and capability.

Embedded technologies include extra low-voltage lighting within kitchen cabinetry, USB ports for charging electrical items, as well electric switchable glass which has applications in residential, medical and commercial buildings. Being extra low-voltage, these technologies do not require a licensed electrician for installation, however industry state that installers need to have the required skills and knowledge to safely and effectively install them, and have called for the development of new Units of Competency and/or a Skill Set as a priority to meet this need. There are similar skill requirements being noted by the metal manufacturing and recreational vehicle manufacturing sectors.

Training Product Review Plan – 2017-2021

In September 2016, the IRC identified a range of training product items that need to be considered in the Training Product Review Plan.

The IRC Skills Forecast and Proposed Schedule of Work 2017-18 to 2020-2021 table provided at the end of this document lists the priorities for the next four years. This table also provides the rationale for these priorities, the proposed scope and timeframes for these activities.

Items identified as time critical and to be included in the priorities for 2017-18

The items identified as critical and proposed for inclusion as a priority for the 2017-2018 schedule of work are:

Blinds and Awnings Sector

- Develop a business case with the view to developing training products for roller shutters.
- Investigate the need to include more skill sets to cover low voltage within Certificate III in Blinds, Awnings, Security Screens and Grilles

Glass and Glazing Sector

- Customer service skills to align with more sophisticated business models with strong emphasis on customer service and relationship
- Commence initial investigative work on reviewing and renaming MSF50113 – Diploma of Stained Glass and Leadlighting to Diploma of Glass and Glazing as identified by the industry.

Trade and related skills

- Technical drawing, CAD modelling, construction, contractual obligations have also become an integral part of many businesses of Cabinet-making, Bathroom Cabinetry & Kitchen design, Shop-fitting and Furniture Manufacturers in Australia.

IRC Signoff

This IRC Skills Forecast and Proposed Schedule of Work was agreed as the result of a properly constituted IRC decision and was approved by the Chair, Patrizia Torelli in April 2017.