

Employer Training Expenditure and Practices, Australia, 2001-02

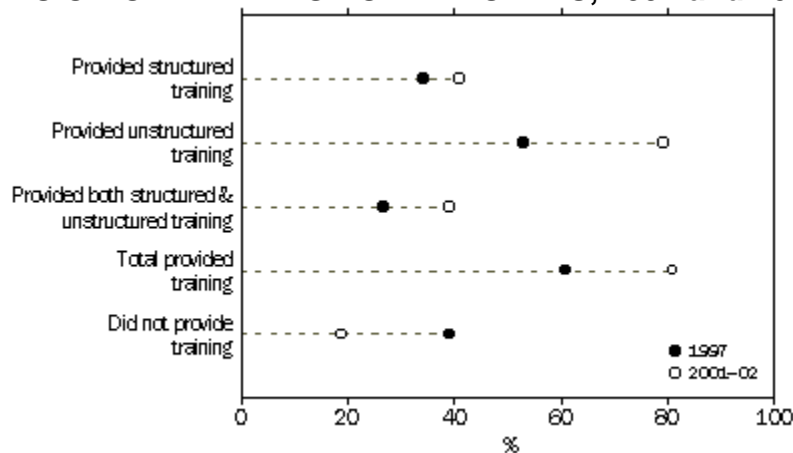
Source: ABS April 2003

INTRODUCTION

Training is both an investment in personal and professional development, and a contributor towards stronger business performance and productivity. Training needs within the workplace may be met through the provision of structured training (where training activities have a specified content or predetermined plan); or unstructured training (which does not have a specified content or predetermined plan). Included in the provision of training is employer support of employees' training participation through a variety of means such as payment of course fees.

During the year ended June 2002, 81% of all Australian employers provided some training for their employees. Of all employers, 41% provided structured training and 79% provided unstructured training.

PROVISION OF TRAINING TO EMPLOYEES, 1997 and 2001-02



Between 1997 and 2002 the proportion of businesses providing training increased by 20 percentage points, up from 61% in 1997. Increases of a similar magnitude occurred in nearly all states and territories. Training levels were highest in South Australia and the ACT (91% and 92% of employers), with the proportion of businesses providing training in each increasing by 26 percentage points since 1997.

While growth occurred Australia-wide in both the proportion of employers that provided structured training and those that provided unstructured training, growth was particularly strong among those that provided unstructured training (up 26 percentage points, from 53% in 1997).

Net direct expenditure on structured training during the 2001-02 financial year totalled \$3,652.8 million. This reflected gross expenditure of \$1,036.7 million on trainers' wages and salaries and \$2,981.5 million on other direct structured training costs ([See Footnote 1](#)), offset by the receipt of \$365.5 million in training-related subsidies and payments. Net direct training expenditure averaged \$458 per employee and 1.3% of total gross wages and salaries.

Net direct expenditure on structured training has increased substantially (up 52%) since 1996, reflecting both the large increase in the proportion of businesses providing training, and high employment growth over this period ([See Footnote 2](#)). Growth in expenditure has been partly offset by high growth in government subsidies for training (up 201%), following the federal government's expansion of the New Apprenticeship Scheme.

EMPLOYERS THAT PROVIDED STRUCTURED TRAINING TO EMPLOYEES

Sector

More public sector employers (84%) provided structured training than those in the private sector (41%). Additionally, more public sector employers reported an increase in their provision of structured training from the previous financial year (32% compared with 14%).

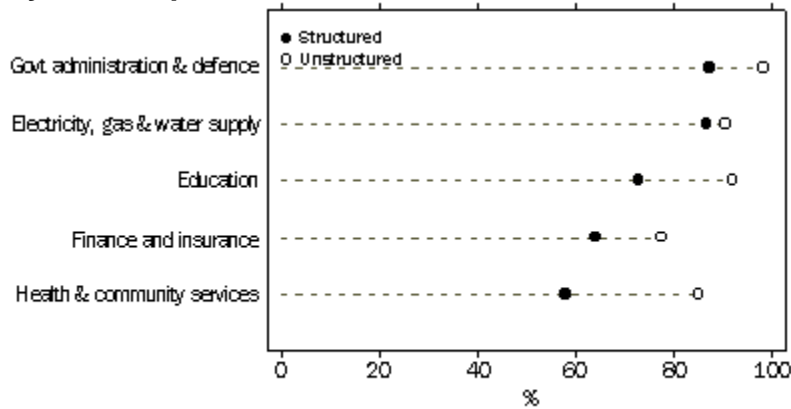
Employer size

Larger employers were more likely than smaller employers to provide structured training to their employees. During 2001-02, 98% of employers with 100 or more employees provided structured training, compared with 70% of medium sized employers (those with 20-99 employees) and 39% of small employers (those with less than 20 employees). A higher proportion of large employers also reported an increase in structured training compared to the previous financial year (54%) than medium or small employers (34% and 13% respectively).

Industry

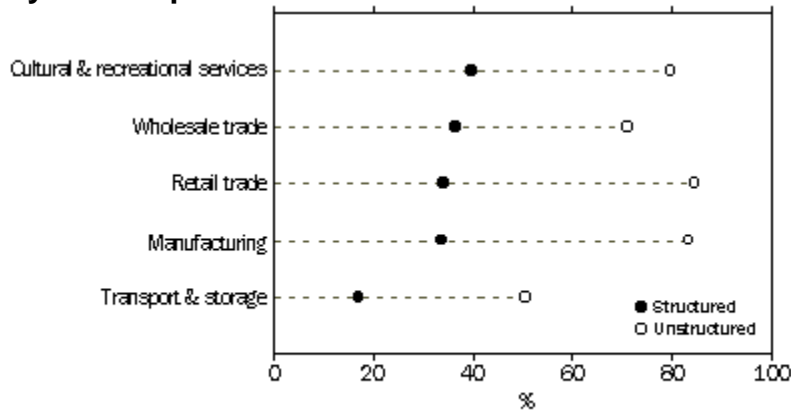
Structured training provision varied substantially across industries, as might be expected due to differences in the need for specialised skills and qualifications. Employers classified to Government administration and defence had the highest levels of structured training provision (88%), followed by those in Electricity, gas and water supply (87%) and Education (73%). Structured training provision was lowest in Transport and storage (17%), Manufacturing (34%) and Retail trade (34%).

**INDUSTRIES WITH HIGHEST PROPORTION OF STRUCTURED TRAINING PROVISION(a),
Employers that provided structured and unstructured training**



(a) Ranked by proportion that provided structured training.

**INDUSTRIES WITH LOWEST PROPORTION OF STRUCTURED TRAINING PROVISION(a),
Employers that provided structured and unstructured training**



(a) Ranked by proportion that provided structured training.

Industries where a relatively high proportion of employers reported an increase in structured training (compared to the previous financial year) included Government administration and defence (49%), Finance and insurance (44%) and Electricity, gas and water supply (31%).

State/territory

Levels of structured training provision varied from 37% in Victoria and the Northern Territory, to 53% in Tasmania. Structured training provision is influenced by the employer composition within each state and territory, including ratios of large to small employers and public to private sector employers, and award and enterprise bargaining requirements.

Support for structured training

The most common form of support provided by employers during 2001-02 was payment of employees' wages and salaries while they attended training (89% of all employers that provided structured training). More than three-quarters of employers (77%) paid their employees' structured training fees, and half paid for employees' training materials. Large employers were more likely to provide each form of support than were smaller employers.

SUPPORT FOR STRUCTURED TRAINING, Employers that Provided Structured Training

Type of support provided	EMPLOYER SIZE			Employers that provided structured training
	Less than 20 employees	20-99 employees	100 or more employees	
	%	%	%	%
Paid employees' wages and salaries while attending training	88.2	97.3	99.7	89.4
Paid employees' structured training fees	75.3	88.7	96.9	77.2
Paid for employees training materials	48.4	60.7	79.8	50.5
Paid employees' travel/accommodation expenses associated with structured training	37.4	58.7	83.5	40.7
Other	4.8	3.8	6.8	4.8
Total(a)	100.0	100.0	100.0	100.0

(a) Employers could provide more than one type of support for structured training and therefore components do not sum to total.

Structured training arrangements

The training arrangement used most commonly to deliver structured training was external workshops, lectures, etc. (76% of employers that provided structured training), followed by structured on-the-job training (55%), attendance at internal workshops, lectures, etc. (42%) and computer-assisted structured training (33%).

STRUCTURED TRAINING ARRANGEMENTS, Employers that Provided Structured Training

	EMPLOYER SIZE			Employers that provided structured training
	Less than 20 employees	20-99 employees	100 or more employees	
Structured training arrangements	%	%	%	%
Structured on-the-job training	50.8	80.2	92.8	54.8
Internal workshops, lectures, etc.	36.8	72.6	88.2	41.7
External workshops, lectures, etc.	74.6	85.4	94.5	76.2
Computer-assisted structured training	31.2	42.4	61.3	33.1
Audiovisual	9.9	19.3	28.3	11.3
Correspondence	11.3	16.8	33.2	12.4
Other	1.9	0.7	1.6	1.8
Total(a)	100.0	100.0	100.0	100.0

(a) Employers could use more than one type of structured training arrangement and therefore components do not sum to total.

Use of external training providers

During 2001-02, the majority (92%) of employers that provided structured training used external training providers for some, or all, of that training, with little variation by the size of the employer. Private training providers were used by more employers than any other type of external training provider (40% of employers that provided structured training), followed by public institutes of technical and further education (TAFE) (36%). The external training provider most commonly reported by employers as being the provider used 'most often' was TAFE (25% of employers that provided structured training), closely followed by private training providers (24%).

Factors impacting on the provision of structured training

The predominant reason for providing structured training was maintaining professional status and/or meeting industry standards (55% of all employers that provided structured training). Other common reasons included staff development/advancement (54% of employers that provided structured training) and improving the quality of goods/services provided (53%). The reasons given for providing structured training varied substantially across industries.

Most employers that provided structured training (72%) still identified factors which constrained their provision of structured training. The most commonly reported constraint was that current employees were adequately trained, with 37% of employers that provided structured training identifying that this factor had influenced their training provision.

EXPENDITURE ON STRUCTURED TRAINING

Gross direct expenditure on structured training during the 2001-02 financial year was \$4,018.2 million, an increase of \$1,500.1 million compared with 1996 (\$2,518.1 million). While this reflects, in part, the increase in both the number and proportion of employers that provided structured training, it does not necessarily indicate a large increase in training expenditure on a per capita basis. Much of the increase in gross expenditure can be attributed to the level of employment growth that has occurred over this period.

The costs of providing training were offset to some extent by the receipt of subsidies or grants to be utilised for training purposes, and by payments received from external attendees of internal training courses. These receipts totalled \$365.5 million for the 2001-02 financial year, resulting in net direct training expenditure of \$3,652.8 million. Compared to 1996, net direct training expenditure increased by \$1,256.1 million, or 52%. However, net expenditure per employee increased 22% (from \$377 to \$458). For employers that provided structured training during the reference period, net expenditure per employee increased from \$545 in 1996 to \$579 in 2001-02, an increase of 6%.

Sector

During 2001-02, public sector employers reported 30% of total net direct training expenditure. Public sector employers comprised less than 1% of all employers, and their relatively high total expenditure reflects the relatively large proportion of small employers in the private sector, the high proportion of public sector employers that provided structured training (84%) and the high employee participation rates in the public sector. On a per capita basis, public sector employers that provided structured training spent the equivalent of \$735 per employee (1.7% of total gross wages and salaries) on net direct training costs, compared with \$530 per employee (1.5% of gross wages and salaries) for private sector employers.

Employer size

Employers with 100 or more employees contributed 71% of total net direct training expenditure. The majority (74%) of these large employers spent in excess of \$20,000 (net) on structured training, compared with 20% of medium employers (20-99 employees) and less than 1% of small employers (those with less than 20 employees). Of the employers that provided structured training, large employers averaged expenditure of \$336,100 on net direct training costs, equivalent to \$661 per employee. In comparison, medium employers that provided structured training spent an average of \$19,300 (or \$472 per employee) and small employers averaged \$2,300 (\$422 per employee).

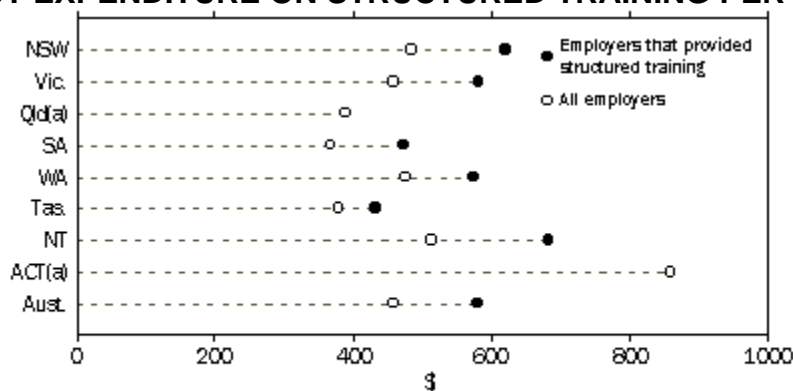
Industry

Employers classified to Property and business services contributed the highest net direct training expenditure on structured training (\$614.1 million), followed by Finance and insurance (\$401.3 million) and Manufacturing (\$394.9 million). Net expenditure per employee exceeded \$1,000 for the financial year in four industries: Mining (\$1,643), Finance and insurance (\$1,323), Electricity, gas and water Supply (\$1,279) and Communication services (\$1,279). The lowest levels of net expenditure per employee were in Retail trade (\$127), Accommodation, cafes and restaurants (\$147), Construction (\$208), and Cultural and recreational services (\$225).

State/territory

Total gross direct training expenditure was highest in the larger states (\$1,437.1 million in New South Wales, \$1,033.3 million in Victoria and \$629.6 million in Queensland), indicative of the larger number of employers in these states. Net expenditure per employee ranged from a high of \$859 in the ACT to a low of \$367 in South Australia. Similarly, expenditure as a proportion of gross wages and salaries was relatively high in the Australian Capital Territory (2.1%) and the Northern Territory (1.5%), and low in South Australia, Queensland and Tasmania (1.2% in each).

NET DIRECT EXPENDITURE ON STRUCTURED TRAINING PER EMPLOYEE



(a) Data for employers that provided structured training is not available for publication, but has been included in Australian total.

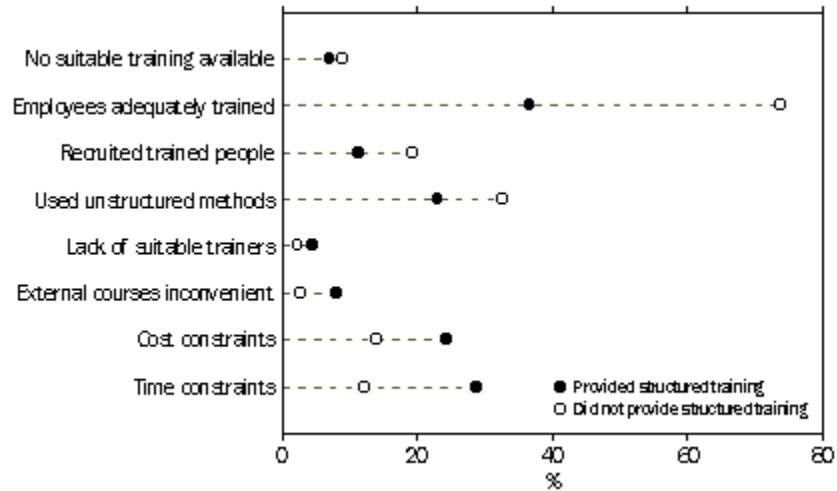
EMPLOYERS THAT DID NOT PROVIDE STRUCTURED TRAINING

Factors which constrained the provision of structured training

Over half (59%) of all employers did not provide structured training to their employees. Of these employers, around two-thirds provided unstructured training, while the remainder provided no training at all. The most commonly reported constraints were that current employees were already adequately trained (74%), or that training needs were being met through unstructured methods (33%). This reflects that, for many employers, the lack of structured training was not indicative of an unmet training need.

Employers that did not provide structured training were less likely to nominate cost as a relevant constraint than those that had provided structured training (14% and 24%, respectively). Only 5% of employers that did not provide structured training nominated this as the 'greatest constraint' on training provision, compared with 14% of those that did provide structured training.

CONSTRAINTS ON STRUCTURED TRAINING, By Whether Training Provided



Employers that provided neither structured nor unstructured training

Around one-in-five employers (19%) did not provide any training to their employees. The industries with the highest proportion of employers that did not provide training were Transport and storage and Communication services (each 48%).

While employers identified a range of reasons why training was not provided to their employees, the majority nominated reasons which indicated that training was not required. The main reason for not providing training was that current employees were already adequately trained (80% of employers that did not provide any training).

REASONS NO TRAINING PROVIDED

	%
Work is unskilled/does not require training	11.1
No suitable training available	*4.6
Current employees adequately trained	79.9
Recruited trained people	11.0
Employees undertake training at own expense/in own time	*2.5
Cost constraints	*5.6
Time constraints	*5.9
Business in the process of closing down	*9.3
Total(a)	100.0

* Estimate has a relative standard error of between 25% and 50% and should be used with caution.

(a) Includes a small number of 'Other' responses. Employers could provide more than one reason and therefore components do not sum to total.

EMPLOYERS WITH APPRENTICES, TRAINEES AND/OR OTHER WORKERS

Provision of training to apprentices/trainees

Employers with apprentices or entry level trainees are required to provide a structured work and training program for those employees, and usually attract Commonwealth or state/territory government incentive payments to help offset their training costs. In 2001-02, 13% of employers (86,900) employed apprentices and/or trainees, compared with 11% in 1997. Apprentices and trainees were most commonly reported by employers in Government administration and defence (44%), followed by Personal and other services (24%), Construction (22%) and Electricity, gas and water supply (21%).

Expenditure

Gross direct training expenditure for employers with apprentices or trainees totalled \$1,845.7 million for the 2001-02 financial year, equivalent to 46% of total gross direct training expenditure across all employers. However, because apprentices and trainees generally attract a high level of training subsidisation relative to other employees, employers with apprentices or trainees received a disproportionate amount of all subsidies, grants and payments received for training purposes. Employers with apprentices or trainees received \$289.9 million in subsidies, grants and payments for the financial year, equivalent to 16% of their gross direct training expenditure. In contrast, employers with no apprentices or trainees received \$75.6 million, equivalent to just 3% of their gross training expenditure. This resulted in net direct training expenditure of \$1,555.8 million for employers with apprentices or trainees, and \$2,097.0 million for those without.

Of those employers that provided structured training, employers with apprentices or trainees averaged net expenditure of \$492 per employee (equivalent to 1.4% of gross wages and salaries). This was considerably lower than net expenditure of other employers that provided structured training, which averaged \$667 per employee, or 1.7% of gross wages and salaries.

Provision of training to other workers

Around 44% of all employers had workers other than employees ('other workers') at some time during the twelve months to June 2002. Overall, employers were less likely to provide training to other workers than to employees. Less than one-quarter (22%) of employers with other workers provided structured training to these workers and less than half (45%) provided unstructured training.

Across industries, the provision of structured training to other workers was most common among employers in Electricity, gas and water supply (67% of employers in this industry with other workers), followed by Health and community services (56%) and Government administration and defence (41%). Provision of unstructured training to other workers was most common among employers in Education (74%), Government administration and defence (72%) and Electricity, gas and water supply (69%).

Footnotes:

1. Excludes wages and salaries of employees for the time spent attending training.
2. Changes in methodology between the 1996 Training Expenditure Survey and 2001-02 Training Expenditure and Practices Survey have also impacted on the comparability of the data. For more information on data comparability between the two surveys, refer to paragraphs 11-12 of the Explanatory Notes.