

February 2005

SKILL SHORTAGE ASSESSMENT OCCUPATION: PANEL BEATER

Current situation: Skill shortage

Short-term outlook: Skill shortage

Executive summary

1. The survey of employers who have recently advertised (SERA) indicates that there is currently a shortage of panel beaters in New Zealand. Only 52% of vacancies included in the survey were filled within six weeks of advertising. There was on average slightly less than one suitable applicant per vacancy. This report considers these survey results in the context of trends in the demand for and supply of panel beaters.

Table 1: employer survey indicators, 2004

	Fill rate	Average number of suitable applicants per vacancy
Panel beaters	52%	0.9
All trades surveyed	41%	0.7

Source: Department of Labour, SERA

2. Demand for panel beaters declined between 1991 and 2001, due to a drop in the number of motor accidents, a drop in the price of second-hand cars (leading to incentives to write off cars that would be expensive to fix), and the adoption by panel beater firms of labour-saving repair methods. Demand is likely to have risen since 2001 in line with an increase in the number of accidents. It is also likely to continue rising due to strong growth in the number of vehicles on the road and increases in the distances they travel. This may not translate into increased employment because of limits on the availability of qualified panel beaters.
3. The training rate (1.5%) for panel beaters (a crude measure of the rate at which the supply of fully qualified mechanics can grow through training) is lower than the average (1.8%) for all trades surveyed in New Zealand. It is also considerably lower than the equivalent training rate for panel beaters in New South Wales, Australia (3.8%). Achievements for the level 4 national certificate for panel beaters have fluctuated between 2001 and 2003. New enrolments increased over this period but total enrolments declined. It is not clear whether this will lead to an increase in the number achieving this qualification over the next few years.
4. Current trends suggest that demand for panel beaters is likely to increase moderately over the next few years. While training is currently occurring at a level that is sufficient to replace those retiring from the panel beater occupation, it is not sufficient to make up for existing shortfalls and replace those leaving the occupation or moving overseas. Shortages are therefore expected to persist in the short term.

Introduction

The purpose of this report is to investigate shortages of panel beaters in New Zealand. The report aims to provide an assessment of whether or not there is a shortage of panel beaters, the factors contributing to this situation and the outlook for shortages.

Panel beaters, (code 72125 under the NZ Standard Classification of Occupations), are skilled tradespeople who repair vehicles damaged in accidents. Their work consists of straightening bent bodies, removing dents, and replacing crumpled parts that cannot be fixed.¹ Plastic body parts are increasingly being used in new vehicles. These can also be repaired but are often just replaced. The Department of Labour estimates that there were approximately 3,400 panel beaters employed in New Zealand in 2003.

A background and technical note to this report is available from DoL. The note provides an overview of the broader Job Vacancy Monitoring Programme, of which this report is an output. It also provides a brief description of the employer survey conducted for this report and explanations of indicators and definitions used in the report.

Demand for panel beaters

Historical demand

Employment of panel beaters declined by 1.4% per annum between 1991 and 2001². This compares with a decline of 0.2% per annum for all trades and 2.2% growth for all occupations.

Table 2: employment growth of panel beaters, 1991-2001

	Average annual growth in employment		
	1991-1996	1996-2001	1991-2001
Panel beaters	-1.7%	-1.0%	-1.4%
All trades	0.0%	-0.4%	-0.2%
All occupations	3.2%	1.2%	2.2%

Source: Statistics New Zealand, Census of Population and Dwellings 1991, 1996 and 2001

A number of factors could have contributed to the declining demand for panel beaters between 1991 and 2001. These include the following:

- A decline in the number of vehicle accidents. Figure 1 shows a sizeable reduction in the number of accidents reported to police over the ten years to 2001, from a high of 12,163 in 1991 to a low of 8,865 in 2000.
- A reduction in the price of second-hand vehicles (following the removal of import tariffs on second-hand cars in 1998). The lower replacement price encourages individuals and insurance companies to write-off vehicles rather than repair them.

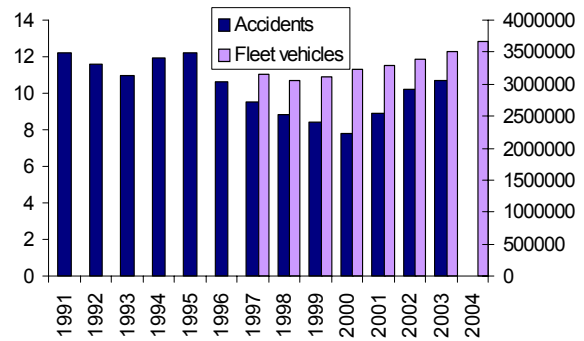
¹ Source: Occupational Outlook Handbook, Bureau of Labour Statistics, US and comments from SERA Intensive survey.

² Trends in employment after 2001 are only available for the broader occupational category of 'metal moulders, sheet metal and related workers' (NZSCO 721), from the Household Labour Force Survey (HLFS). Panel beaters are included in this group alongside coach builders, sheet metal workers, boiler makers, and fitter and welders. There is not a close association between all the constituent occupations in this 3-digit category, therefore this data source is not used in this analysis.

- A rising tendency among panel beater firms to adopt the labour-saving practice of replacing panels rather than repairing them.
- The use of new materials in car manufacture, which enable minor damage to 'pop back into place'. This reduces the need for panel beating after minor accidents.

Since 2000 there has been a steady rise in the number of accidents recorded in New Zealand. This has probably led to a rise in the demand for panel beaters over the last few years.

Figure 1: number of crashes and vehicle fleet size, 1991-2004



Source: Land Transport Safety Authority

Future demand

In future, demand for panel beaters will depend on a number of potentially conflicting factors. Factors which may be expected to increase the demand for panel beaters are:

- An increase in the number of vehicles on the road will increase the likelihood of accidents occurring. New Zealand already has one of the highest rates of car ownership in the world³. The number of car registrations has been growing at 3%, more than double the rate of growth in the driving age population (1%).
- An increase in distances travelled (as a result of a strong economy and higher per capita disposable income) which will increase the likelihood of accidents occurring.

Factors which may be expected to reduce the demand for panel beaters are:

- The Government's Road Safety Strategy 2010 is expected to introduce improved safety engineering of roads, comprehensive road-safety education, and increased enforcement. Such measures will act to reduce the number of accidents, which could dampen demand for panel beaters.
- There is a long-term trend towards less labour-intensive repair work on vehicles involved in crashes.

On balance, the Department of Labour believes that demand for panel beaters will rise. Whether this demand will translate into an increase in the number of panel beaters employed will depend on the availability of skilled panel beaters in the labour market.

Summary

Demand for panel beaters declined between 1991 and 2001, due to a drop in the number of motor accidents, a drop in the price of second-hand cars (leading to incentives to write off cars that would be expensive to fix), and the adoption by panel beater firms of labour-saving repair methods. Demand is likely to have risen since 2001 in line with an increase in the number of accidents. It is also likely to continue rising due to increased distances travelled arising from a strong economy and continued strong growth in the number of vehicles on the road. Availability of skilled labour will determine whether this will translate into increased employment.

³ Transport for New Zealand: overview, Ministry of Transport, April 2002

Supply of panel beaters

Training – National certificate (Level 4) qualifications and equivalent

This section investigates the growth in supply of *fully qualified* panel beaters through training. It considers three sources of supply:

1. The award of the National Certificate in Motor Industry (Panel beating) Level 4 by the Motor Industry Training Organisation (MITO). This is the nationally recognised qualification for panel beaters which is designed by MITO to meet the needs of employers of panel beaters in the motor trade industry. It takes an average of three years to attain this qualification.
2. The award of the National Certificate in Motor Industry (Panel beating) Level 4 by other providers such as polytechnics.
3. The award of qualifications apart from national certificates which are deemed to be equivalent to the national certificate in terms of level and number of credits.

Table 3 shows that the national certificate awarded by MITO represent the vast majority of qualifications at this level. The number of trainees achieving this qualification have fluctuated between 2001 and 2003. Although total enrolments have decreased between 2001 and 2003, new enrolments have increased over this period. It is not clear whether this will result in an increase in the number of qualifications achieved in the future. There were no non-national certificate qualifications at the equivalent level of the national certificate awarded over this time period. A list of national certificate level 4 and equivalent qualifications and the proportion of trainees enrolled for these qualifications is provided in Appendix 1.

Table 3: number of trainees enrolled in the National Certificate in Motor Industry (Panel Beating) Level 4 and other equivalent qualifications

		National Certificate in Motor Industry (Panelbeating) Level 4 (MITO)	National Certificate in Motor Industry (Panelbeating) Level 4 (Other providers)	Other equivalent qualifications	Total
2001	Total enrolled	345	Not available	None	
	New enrolments	117	Not available	None	
2002	Total enrolled	329	Not available	None	
	New enrolments	181	Not available	None	
2003	Total enrolled	287	20	None	307
	New enrolments	160	Not available	None	

Source: MITO, Tertiary Education Commission (TEC)

Table 4: number of trainees achieving the National Certificate in Motor Industry (Panel Beating) Level 4 and other equivalent qualifications

	National Certificate in Motor Industry (Panelbeating) Level 4 (MITO)	National Certificate in Motor Industry (Panelbeating) Level 4 (Other providers)	Other equivalent qualifications	Total
2001	49	Not available	None	
2002	78	Not available	None	
2003	49	2	None	51

Source: MITO, Tertiary Education Commission (TEC)

Training rate indicators are given in table 5. A comparison of the number of trainees achieving the national certificate in panel beating (level 4) and equivalent qualifications with the number of panel beaters employed yields a training rate of 1.5%. This indicator provides a crude measure of the rate at which the supply of fully qualified panel beaters can potentially grow through training⁴. This training rate is slightly lower than the average training rate of 1.8% for all trades surveyed in New Zealand, and well below the 2003 training rate of 3.7% for panel beaters in New South Wales (NSW).

An alternative measure of training levels is the training enrolment rate (NC level 4) which compares the number of trainees enrolled for the national certificate with the number of panel beaters employed. The training enrolment rate for panel beaters was 8.9% in 2003.

Training – Other related qualifications and courses

While the level 4 national certificate and equivalent non-national certificates may be regarded as the qualification required to be a *fully qualified* panel beater, there are other lower level qualifications available in panel beating (such as MIT Certificate in Vehicle Refinishing Technology, Level 3). These qualifications may be regarded as adequate to some employers of panel beaters, especially during times of acute skill shortages. They are also of significance as these qualifications may staircase trainees towards the national certificate level 4 qualifications. Credits obtained in these qualifications may be recognised towards a national certificate level 4, should the trainee later wish to become a fully qualified tradesperson. A list of these qualifications and the number of trainees enrolled in courses leading to these qualifications is provided in Appendix 1.

Training in these courses is reflected in the training enrolment rate (all related training) which compares the number of trainees enrolled in all panel beater-related training with the number of employed panel beaters. The enrolment rate (all related training) is measured at 14.1% for 2003 (table 5).

Table 5: training rates for Panel beaters

Indicator	Explanation	Panel beater (NZ)	All SERA trades surveyed (NZ)	Panel beater (NSW, Australia)	All trades (NSW, Australia)
Training rate (national certificate L4 and equivalent)	Number of trainees achieving relevant national certificates (level 4) and equivalent non-national certificate qualifications expressed as a percentage of employment in that occupation.	1.5%	1.8%	3.7%	2.8%
Training enrolment rate (national certificate L4 and equivalent)	Number of trainees enrolled for relevant national certificates (level 4) and equivalent non-national certificate qualifications expressed as a percentage of employment in that occupation.	8.9%	16.1%		
Training enrolment rate (all related training)	Number of trainees enrolled in all relevant courses expressed as a percentage of employment in that occupation.	14.1%	26.4%		

Source: Department of Labour (New Zealand), Department of Employment and Workplace Relations (Australia)

A number of other government-funded vocational educational and training programmes (including Training Opportunities, Youth Training and Skill Enhancement Training) offer

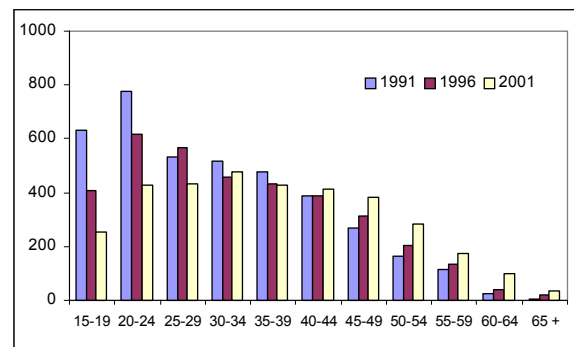
⁴ This assumes that there is full employment of panel beaters. This is a reasonable assumption in the current environment of low unemployment and skill shortages.

trades related training which lead to credit achievement on the National Qualifications Framework⁵. A further 36 people were enrolled for this training in 2003 (see Appendix 1).

Training – employer perceptions

Employers interviewed in the Survey of Employers who have Recently Advertised (SERA) reported that young people were not moving into the trades in sufficient numbers. Figure 2, a census age profile of panel beaters confirms this. The percentage of panel beaters aged 15 to 19 years decreased from 16% to 7% between 1991 and 2001. Those aged 20 to 24 years decreased from 20% to 13%. While employers were generally positive about the apprentice training system, they stressed that panel beating was not a job for someone with no thinking or problem solving skills. Employers were realising that they needed to train the new generation if they were going to stem the shortage.

Figure 2: age profile of panel beaters



Source: Statistics New Zealand

Migration

Employers gave mixed reactions regarding the employment of overseas-trained panel beaters. Some reported positive experiences, while others found migrants to be an unsuitable alternative source of skilled labour, citing poor English language skills and 'not working to New Zealand standards' as reasons for this.

Retirement

It is estimated that approximately 0.8% of the panel beater workforce retires each year. This amounts to an annual loss of between 20 and 30 people.

Occupational wastage

Employers said that as experienced panel beaters got older, they tended to move out of the trade into less physically demanding jobs such as estimation, industry sales and insurance assessment.

Summary

The training rate (1.5%) for panel beaters (a comparison of achievements of the national certificate level 4 and equivalent qualifications with average employment) is lower than the average (1.8%) for all trades surveyed in New Zealand. It is also considerably lower than the equivalent training rate for panel beaters in New South Wales, Australia (3.8%). The number of trainees achieving the nationally recognised qualification for panel beaters has fluctuated between 2001 and 2003. New enrolments increased over this period but total enrolments declined. It is not clear whether this will lead to an increase in achievements over the next few years.

⁵ Enrolments in these programmes are not included in the training enrolment rate (all related training).

Employer recruiting experiences

Is there a shortage of panel beaters?

The SERA results suggest that there is a shortage of panel beaters in New Zealand. Employers in the sample filled only 52% of their positions within six weeks of advertising (see table 5). This is only slightly better than that for all trades surveyed (41%). The average number of suitable applicants (0.9 per position) is slightly higher than the average for all trades surveyed (0.7 per position).

Table 5: employer recruitment experiences in the SERA survey

	Number of employers	Number of Positions	Positions filled	Fill rate	Suitable applicants	Average number of suitable applicants
Panel beater	16	23	12	52%	43	0.9
All trades surveyed	240	453	186	41%	337	0.7

Source: Department of Labour, SERA

Employers reported being dissatisfied with the quality of the persons applying for panel beating jobs (if they had any applicants at all). They said many of the applicants did not have the skills required even though they called themselves panel beaters. Panel beaters with five or more years experience were very hard to find.

What are employers paying?

Table 6 shows that panel beater wage rates offered by employers in the SERA survey were close to the average wage of all trades surveyed, but considerably higher than the average wage for panel beaters measured in the Labour Cost Index (LCI). According to the LCI, wages of panel beaters rose by 8.0% in the twelve months to June 2004, which indicates that employers are responding to the shortage of panel beaters by raising their wages.

Table 6: panel beater average hourly wage rates

	Mean
SERA – panel beaters	\$20.43
SERA – all trades surveyed	\$20.60
LCI – panel beaters	\$16.90
LCI – all trades	\$19.54

Source: Statistics New Zealand (LCI), Department of Labour (SERA)

Changes in market conditions

As part of the SERA, employers were asked whether it was easier or harder to fill a vacancy compared with twelve months earlier. A net 50% of employers felt it was harder. Based in this evidence, the Department of Labour concludes that recruiting conditions have become more difficult for employers of panel beaters over the past year.

Outlook

Current trends suggest that demand for panel beaters is likely to increase moderately over the next few years. While training is currently occurring at a level that is sufficient to replace those retiring from the panel beater occupation, it is not sufficient to make up for

existing shortfalls and replace those leaving the occupation or moving overseas. Shortages are therefore expected to persist in the short term.

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APPENDIX 1. TRAINING ENROLMENTS FOR PANEL BEATING TRADE: 2003

Enrolments in National Certificate Level 4 and equivalent qualifications: 2003

Qualification Title	Qualification Code	Provider Name	Level	Credits	Share of Enrolments (%)
NC in Motor Industry (Panelbeating)	NC5381	MITO	4	198	93.5%
NC in Motor Industry (Panelbeating)	NC5381	Christchurch Polytechnic Inst of Technology	4	198	6.5%
Total					100.0%

Enrolments in other qualifications

Qualification Title	Qualification Code	Provider Name	Level	Credits	Share of Enrolments (%)
Certificate in Panel beating Trade Development	HV4140	Wellington Institute of Technology	2	120	10.1%
NC in Motor Industry (Entry to Motor Body)	NC5232	Christchurch Polytechnic Inst of Tech	2	94	20.1%
NC in Motor Industry - entry to motor body trades	NC5232	Southern Institute of Technology	2	94	19.0%
Automotive Panel beating	PC3410	Fairview Educational Services Limited	3	127	7.3%
MIT Certificate in Motor Body Technology	MN4336	Manukau Institute of Technology	3	120	11.7%
Vintage Car Restoration	MN0054	Manukau Institute of Technology	na	na	17.3%
LCP – Panel beating "A" Grade	na	MITO	4	na	14.5%
Total					100.0%

Enrolments in Training Opportunities Programme, Youth Training and Skill Enhancement Training related to the panel beating trade

Course name	Programme type	Share of Enrolments (%)
Intro to Panel Beating	TOP	91.7%
Intro to Panel Beating	YOUTH	8.3%
Total		100.0%