

## SUBMISSION TO THE TREASURY EMPLOYMENT WHITE PAPER

### Overview

The economy relies on a strong building and construction sector, one which employs one in ten working Australians, contributes three dollars back into the economy for every one dollar invested and is entrenched across many sectors from manufacturing, professional services and local small businesses.

Building and construction is one of the largest sectors in Australia with the industry packing its biggest punch when it comes to the provision of full-time employment and support for small business.

The sector is comprised of 405,128 small businesses – 98 per cent of the total sector and 17 per cent of total small businesses.

Conditions that support business success, underpinned by productivity, support higher levels of employment and wages. Without a requirement for productivity enhancements, the goals of full employment and wages growth contribute to spiralling inflationary pressures.

Product cost pressures and a shortage of tradespeople continue to impact the industry.

So, adapting to the future of work and structural changes within the economy will require businesses and workers to embrace uncertainty, be flexible and engage in lifelong learning.

### Flexible industrial relations system

A strong and flexible industrial relations system underpins a competitive, modern and productive economy.

The Government's industrial relations reform agenda is sizeable, ambitious and once implemented will represent significant systemic change.

Master Builders holds significant reservations that these reforms will deliver benefit to workplaces and questions if they may be contrary to the aims of the White Paper.

#### **To achieve safer and more productive workplaces, future workplace reform must:**

- Avoid unnecessary restrictions on the way people work, including the right to be an independent contractor and for employer and employees to implement work arrangements that suit their needs – not the needs and unreasonable demands of unions.
- Preserve freedom of association laws and avoids any change that gives unions more say or more rights than ordinary everyday workers, and make sure right of entry rules are strengthened and properly enforced.
- Recognise the needs for small business and encourage them to take on new workers.
- Improve bargaining laws to better help workers and business quickly and effectively put in place arrangements without ineffective red-tape and lengthy delays.
- Reflect that employers and employees are the two most important parts of an employment relationship.
- Be fair and simple so as to reduce disputation and enhance compliance.
- Include appropriate and effective consequences for those who breach laws.
- Promote the effective operation of competitive market forces and fair competition.
- Preserve and strengthen fundamental economic principles that underpin a free, stable and productive economy.

## Reducing regulation and embracing digital opportunities

Employment and tax requirements, business registration, development and building control requirements and standards, as well as licensing and other regulations are complex and use inconsistent language. While large businesses have teams of people to look after this, small business owners do not.

Business productivity, especially small businesses, can be improved by simplifying regulatory requirements.

Repealing unnecessary regulation, removing technical jargon, and ensuring Regulatory Impact Statements assess the cumulative burden of regulation on small business will go a long way to freeing up

some of the limited resources small businesses have.

Workforce mobility improves productivity by enabling the flow of workers to respond to the ups and downs of business and economic demand. Inconsistent state and territory licensing arrangement in the construction industry inhibit workforce mobility and need to be addressed.

Embracing digital opportunities can assist businesses to streamline administrative tasks and reduce operating costs over the medium to longer term. Incentives are needed to assist small businesses, particularly those in less digital savvy sectors like construction, to harness digital opportunities and improve their digital skills.

## Growing and upskilling the workforce

The industry is at a fulcrum of mentoring Australia's next generation of trades workers.

Governments need to flex their policy leavers to enable people out of the workforce and those working part-time to more fully participate.

Attracting enough people to our industry to meet the demands of the coming decades is a major challenge. Policies around training, skilled migration, and industrial relations all offer opportunities for us to build a more productive labour force.

To ensure students gain the skills and knowledge needed for the workforce, qualifications and training products need to be up-to-date and future focussed.

Vocational and higher education are both integral parts of Australia's tertiary education system, but they are not equally valued. To level the playing field, we need to address the bias toward university, overcome misconceptions, and overhaul the quality, funding, and availability of careers education in secondary schools.

Master Builders is a strong advocate of work integrated learning pathways – including

apprenticeships, traineeships and cadetships – and ensuring these pathways are inclusive and fit for purpose now and into the future.

### **To foster a driven, motivated and productive workforce, Master Builders is calling for:**

- Careers education that encourages people to identify their passions, aptitudes and skills and to match these to pathways and occupations.
- End the bias between vocational education and training, and the university system.
- Higher quality vocational and higher education that prepare students with the skills and knowledge they need for current and emerging occupations.
- Supportive workplaces that encourage lifelong learning, inclusivity and innovation.
- Better utilise skill sets to enable the workforce to specialise, upskills and broaden their scope of work.
- A workplace relations system that is simple, flexible, and works for the enterprise and the employee.

## Making Australia an attractive destination

Migration is a key policy lever available to address the widening workforce shortages being experienced in Australia.

Increased migration not only directly supports Australian businesses to meet their workforce needs but maximising their outputs and productivity.

It also creates demand for residential home building and other construction, which in turn contributes further to economic activity and growth.

However, the complexity, expense and delays in our migration system are impeding our international competitiveness and reforms are needed to reset the balance.

### Australia's migration system can be improved by:

- Reducing the proliferation of occupation lists.
- Revisiting the definition of 'skilled' to ensure highly technical and well-paid jobs at skill level 4 and 5 are included.
- Removing labour market testing requirements.
- Improving recognition of comparable international qualifications and pathways.
- An increase to 200,000 skilled visa places in 2023-24 and 2024-25 with preference given to employer sponsored visa places.

## Resilient supply chains

The pandemic has demonstrated limits in Australia's supply chain capability and exacerbated the challenges of managing risk and cost in construction.

With Governments taking steps to support sovereign capability in some markets, there's opportunity to include areas of

construction such as forestry and advanced manufacturing.

Prefabricated and modular construction is one way to ease cost pressures and risks. This method of construction is growing in the international market and is an untapped opportunity in the Australian market.

