



MASTER BUILDERS
A U S T R A L I A

13 December 2023

Submission to Planning Australia's 2024-2025 permanent migration program consultation

Master Builders Australia (Master Builders) welcomes the opportunity to provide a response to the *Planning Australia's 2024-2025 permanent migration program consultation paper* (the consultation paper).

Master Builders is the nation's peak building and construction industry association. Its members are the Master Builders state and territory associations, which represent over 32,000 businesses nationwide, including the 100 largest construction companies.

Master Builders is the only industry association that represents all three sectors of construction – residential, commercial, and civil.

As noted in the consultation paper, the building and construction industry in Australia is facing significant shortages across almost all parts of the workforce. At a time when more houses than ever must be built – with the National Housing Accord requiring 1.2 million new dwellings over the five years from July 2024 – skilled migrants are the most important piece in solving the workforce puzzle that lies ahead.

According to the most recent Skills Priority List prepared by the National Skills Commission, 47 percent of jobs within the Technicians and Trade Workers ANZSCO group were in shortage in 2022. Builders, building inspectors, electricians, estimators, tilers, cabinetmakers, scaffolders, riggers, steel workers, crane chasers and excavator operators, among others, are all on the National Skills Shortage List and have a strong or moderate future demand.

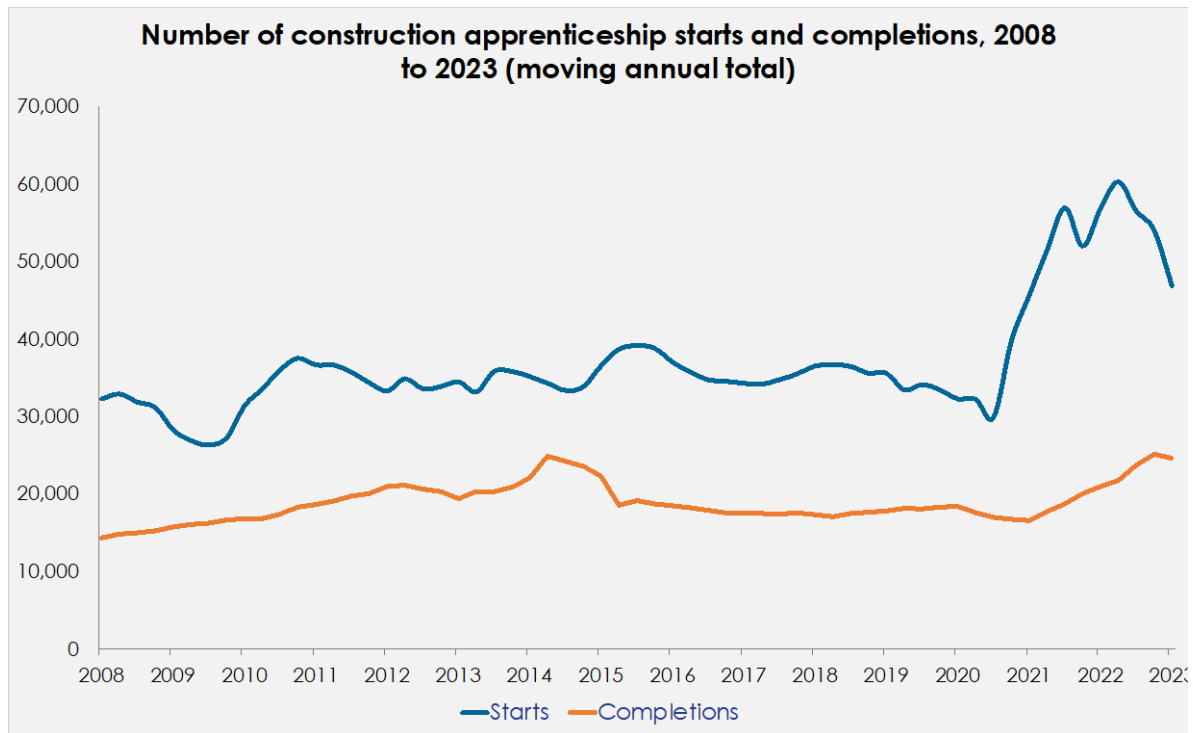
At a time when Australia is trying to meet ambitious housing and energy efficiency targets, the building and construction workforce needs more support than ever before. More workers, particularly with new and emerging specialisations are needed.

By the end of 2026, the Australian building and construction workforce must attract more than 480,000 new workers. This does not include the huge number who will be required to meet National Housing Accord, net zero and other sustainability targets. In a workforce built on long-term learning and professional development, the idea that existing tradespeople will simply retrain or upskill to new trades to fill shortages is fraught. Learning and perfecting a trade is a long-term commitment that is not easily replaced or transferred.

Apprenticeship commencement numbers are decreasing, meaning fewer domestic workers are seeking to become skilled in trades. In the year to June 2023, a total of 23,297 new building and construction apprenticeships were completed with a further 41,552 apprentices and trainees commencing. At the end of June 2023, 122,677 building and construction industry apprentices were in training.

The apprentice completion rate for building and construction related trades at TAFE is around 50 percent. At non-profit Registered Training Organisations (RTOs) it is slightly higher. At Master Builders Associations RTOs around the country, it is slightly higher again.

Looking at completion percentages might imply a heartening story, but when the number of people commencing apprenticeships is declining, the story changes. Although the percentage of completions may stay the same, the actual number of people qualifying and working on the tools is declining significantly.



While women, people over 45, Aboriginal or Torres Strait Islander people, people with a disability and other cohorts not traditionally drawn to building and construction can fill important workforce gaps and bring new skills to the industry, skilled migration is the most immediate way to meet housing and construction workforce needs.

This is not a time to limit skilled migration numbers, nor to attempt to return them to pre-COVID-19 levels. Rather, this is a time to incentivise, insofar as possible, as many skilled migrants that Australia can reasonably accommodate. Master Builders recognises the additional resources required to house and support migrants, but the value they bring in terms of workforce numbers, productivity and skills is vital.

Skilled migrants represent a source of new members of the labour force. However, their entry is impeded by issues including long visa processing times, restrictive regulation, lack of recognition of overseas qualifications and difficulties securing housing upon arrival.

It is estimated that for every \$1 million of residential building activity the entire economy is better off to the tune of \$3 million. Similarly, \$1 million of building and construction activity is estimated to support a total of nine full-time jobs – including three jobs in sectors other than building and construction.

Slowing skilled migration will mean the domestic building and construction workforce will not keep up with demand. Productivity will continue to decrease. The price of building a home and the

time it takes to do so will both increase. Supply chain blockages will appear. The housing crisis will get worse.

Master Builders notes the focus in the Government's *Migration Strategy* on recruiting skilled migrants to the Australian workforce. Developing and delivering an enhanced assurance framework to improve accountability, transparency and integrity in the skills assessment sector is vital.

The lack of mutual recognition of qualifications that are in some cases more robust than their Australian counterparts means highly skilled workers are disincentivised from coming to Australia because they must endure a drawn out and expensive trade and skills assessment process. Government must seek to implement trade and mutual recognition agreements that acknowledge international qualifications and incentivise skilled migrants to the workforce.

Further subsidies are also required. By way of example, the Government of Western Australia recently launched the Construction Visa Subsidy Program to support businesses to fill the demand for a skilled workforce by providing grant payments of up to \$10,000 to eligible Western Australian employers and independent skilled migrants. Programs like these incentivise employers to look to skilled migration to boost their workforce, as well as encourage skilled migrants to the region.

Skilled migration is also key to solving skills shortages in regional Australia. Highly skilled trades including but not limited to automotive, engineering and construction are in demand. Incentivising skilled migrants to Australia should be strategically designed to ensure that both the labour and community needs of the area are met – both metropolitan and regional – at the same time as the career, family and lifestyle needs of the migrant.

Consideration must be given to whether a system similar to that in the UK may be appropriate in the short term to fill much-needed skills gaps, particularly those on the National Skills Shortage list.

Rather than focussing on numbers of skilled workers and their associated family members, Government should seek to recognise countries with similar apprenticeship, training and licensing frameworks. Government must incentivise these appropriately skilled workers and their families to migrate to Australia, with an international qualification recognition system underpinning their arrival.

If the cap on the number of migrants needs to be reduced to manage inflationary and housing pressures, this should not be at the expense of boosting workforce capacity and productivity in the building and construction sector.

Master Builders recognises the difficulties that arise in attracting skilled migrants to the Australian building and construction industry. Diverse licensing and qualification frameworks, salary caps, limited migrant housing, long visa wait times, exorbitant relocation costs and other hurdles mean other countries tend to become easier options for migrants. Furthermore, Master Builders recognises the pressure a growing population puts on the economy, housing and infrastructure.

There are more than 700,000 international students enrolled in university degrees in 2023. More than 111,000 Working Holiday Maker visas were granted between July and December 2022. Temporary skilled visa holders at the last census made up 5.8 percent of all temporary visa holders, sitting at 95,600 in 2021. If migrant numbers must decrease, Government must look to Student and Working Holiday visas as areas to reduce in the first instance, not skilled migrants who are filling workforce shortages.

Master Builders recommends the following:

- Government should not place a number on how many skilled migrants should be accepted in 2024-2025, rather it should adopt a that incentivises and subsidises migrants with skills that are on the National Skills Shortage list.
- If a reduction in the number of migrants on shore must be achieved, this should not be at the expense of skilled migrants, rather Student and Working Holiday visas should be reduced.
- Migration program planning must be undertaken in reference to the National Skills Shortage list, taking into account shortages in both regional and metropolitan areas.
- Trade and mutual recognition agreements must become more prolific with a focus on countries with comparable or better qualification and licensing frameworks.

Contact

Master Builders welcomed the opportunity to provide input to this discussion.

For further information, please contact:

Liz O'Grady
Master Builders Australia
Phone: 0427 404 313
Email: liz.ogrady@masterbuilders.com.au