



MASTER BUILDERS
AUSTRALIA

THE FUTURE OF THE WORKFORCE: THE BUILDING AND CONSTRUCTION INDUSTRY

SEPTEMBER 2024

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Australia needs more building and construction workers.

The number of people joining the industry each year is not enough to keep up with demand.

Productivity has decreased, and so has capacity. This is putting significant pressure on the workforce and it is happening at a time when Australia's housing and infrastructure needs are increasing exponentially and concurrently.

Building and construction is at a critical juncture of pressure points and the current workforce environment cannot be sustained much longer.

Something needs to change.

MASTER BUILDERS AUSTRALIA

Master Builders Australia (Master Builders) is the nation's peak building and construction industry association which was federated in 1890. Master Builders' members are the Master Builder State and Territory Associations.

Over 130 years, the Master Builders network has grown to more than 32,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association that represents all three sectors: residential, commercial and civil construction.

THE BUILDING AND CONSTRUCTION INDUSTRY



1.37 million workers
(May 2024)



452,626 businesses,
of which **98.7 per cent**
are small in size
(30 June 2024)



Women make up 13.6 per cent
of our workforce - but account
for only **3.7 per cent** of
those 'on the tools'
(May 2024)



One in 11 Australians are
employed in building
and construction
(May 2024)



Construction businesses
paid **\$86.6 billion** in wages
during **2022-23**



Second largest industry
employer in Australia
(May 2024)



Activity across civil, commercial
and residential construction
was almost **\$294 billion**
(year to March 2024)



More than 319,200
independent contractors
(August 2022)



116,560 apprentices
in training
(end of December 2023)



55 per cent of businesses
turn over less than
\$200,000 per year
(30 June 2023)

EXECUTIVE SUMMARY

The building and construction industry is plagued by chronic and critical workforce shortages. Demand is far outpacing capacity to build, and the industry stands at the precipice of crisis.

Workforce shortages need to be fixed.

If they are not, then the strain on the industry, the economy and people all around the country will tighten.

The building and construction industry is comprised of just under 1.37 million people. Around half of these are skilled trades workers, and the rest are labourers and operators or professional staff.

The number of people in the industry is the largest it has ever been. But it is still not big enough.

In 2022 and 2023 there was a boost of growth that has not been seen across the industry since the early 2000s. This was likely because of the impact of COVID-19, including government incentives for apprentices which boosted commencement numbers to a peak of 54,035 in 2022. The overall workforce grew by nearly 10 per cent between 2022 and 2023.

While overall workforce growth is back to status quo, this only represented an increase of less than four per cent (net growth of just over 51,000 people).

The building and construction industry loses about 110,000 people, or eight per cent, every year to natural attrition. In some years workforce growth recovers those losses and adds to the overall number of people as well. Those are good years. In other years, the industry loses out and cannot even recover those who left, let alone grow. That happened in 2019, 2020 and 2021.

To be able to keep up with current and future demand, the industry needs net growth of around 10 per cent.

About 130,000 people need to join the workforce, on top of those needed to replace those who leave.

If the workforce can rapidly increase from 1.37 million to 1.5 million, then the industry may be able to meet the targets of the National Housing Accord for 1.2 million new homes by the end of 2029 by the skin of its teeth.

This paper details the current state of the industry, the impact of chronic workforce shortages, and ways that pressure could be relieved.

Some of the answers to fixing the workforce shortages in the industry over the last decade include bringing more people into trade apprenticeships, tapping into skilled migrants from comparable jurisdictions, and creating a more diverse and inclusive culture that will draw professionals from other sectors into this industry.

To do this, there must be effective industry collaboration with Government and other bodies such as BuildSkills Australia on workforce planning and skills development.

SUMMARY OF RECOMMENDATIONS

WOMEN IN BUILDING AND CONSTRUCTION

- › To bring more women into building and construction, change must continue. Master Builders recommends action is taken to:
 - › Enhance existing programs to provide networking and mentoring opportunities for young women.
 - › Promote good culture and safety practices – there is no room in the building and construction industry for bullying, harassment, assault, suicide, misogyny, racism, discrimination or gender-based violence.
 - › Give young women access to unbiased careers education and information, including the opportunity to try different trades and get time on the tools.
 - › Remove the bias towards higher education and give young women the same opportunities as their male counterparts to pursue trade apprenticeships if they choose to do so.
 - › Make the balance between motherhood and a trade career easier to strike.
 - › Direct more funding towards programs, education, facilities, information, and forums that promote building and construction careers to women, and support them on the journey, and strive for equality.
 - › Provide parents with information to help them understand and support their children in pursuing construction careers.

APPRENTICES IN BUILDING AND CONSTRUCTION

- › Governments, with input from industry and employers, research, develop and fund the implementation of a rolling apprentice commencement and retention strategy.
- › To promote the value of Australian apprenticeship pathways to young people, their parents and careers advisors, Master Builders advocates for a coordinated national apprenticeship campaign that focuses on bringing more people into building and construction training.
- › Government should invest heavily in programs that give potential apprentices a clear and practical understanding of what their apprenticeship, and future career pathways could be like.
- › Government should address the bias toward university, and invest in campaigns that overcome misconceptions, and also overhaul the quality, funding and availability of careers education in schools.
- › The apprenticeship incentive system should award commencement and completion bonuses to apprentices and their employers, as well as a wage subsidy throughout the apprenticeship.
- › All incentive payments should be tax-free, and a continuous employment bonus post-qualification might apply for apprentices and employers who continue their journey together.
- › Government should fund the cost differential so that hosting an apprentice through an industry-run Group Training Organisation like those in the Master Builders network costs the same as employing directly.
- › Government should fund the difference between employing a junior and an adult in an effort to incentivise more businesses to take on adult apprentices in building and construction.
- › Government should provide incentives to apprentices to encourage them to complete their Certificate IV. This should be in the form of an incentive payment upon completion of a Certificate IV in a building and construction trade, and/or a complete fee subsidy for the final year of study.
- › Government should fund a pilot program to support work experience placements in building and construction.
- › Government must ensure that, although TAFE is important, it is not the only beneficiary of funding or flexibility and, for example, should afford industry-run Registered Training Organisations (RTO) like those in the Master Builders network the benefit of self-accreditation.
- › Microcredentials should be properly funded and recognised by governments.
- › All Modern Awards enable flexible work arrangements and practices that are otherwise a barrier to, or disincentive for entry for apprentices.
- › Government should invest in maintaining the Jobseeker Handbook but also developing an online, interactive resource that helps students, parents and careers advisors alike get an in-depth, realistic and relevant understanding of what a career in building and construction looks like.

SKILLED MIGRANTS IN BUILDING AND CONSTRUCTION

- › The Australian immigration system must better prioritise the skilled workers who are needed to support the economy and meet construction and infrastructure goals.
- › Appropriately skilled migrants must be better targeted and the process through which people can apply for particular visa streams should be made clearer.
- › Government must invest in creating a simpler visa system with lower costs, quicker processing times, better employment outcomes, and clearer pathways to permanency.
- › Government should remove or reduce the Skilling Australians Fund levy, especially in regional areas and for small businesses.
- › Migrants skilled in building and construction must be included in the scope of the Core Skills Occupation List.
- › Government must prioritise the processing of construction occupation visas, especially if any of those are included in the future Skills in Demand visa Core Skills stream.
- › All levels of government should invest in pilot programs that make it easier for skilled migrants to come to Australia and also for businesses to employ them.
- › All levels of government must ensure that migration pilots can be successful.
- › The Job Ready Program is better utilised by Government to support international students in trades to become skilled and able to join the building and construction workforce.
- › Government must develop a Construction Skills Pathway visa, similar to those in Canada, New Zealand and the UK that will ensure skilled migrants can apply for cost effective, fast visas that will provide options for permanency and embrace mutual recognition of comparable, or better, trade qualifications from other jurisdictions.
- › Existing employer sponsored visa pathways must become more affordable and have faster processing times.
- › Comparable, or better international qualifications must be identified and exempt from hefty skills assessment processes. Mutual recognition agreements (MRA) could be used to exempt migrants with comparable qualifications from needing a detailed skills assessment.
- › BuildSkills Australia should work with industry and Government to develop a pilot for a gap training course for plumbers, carpenters and bricklayers who have qualifications from comparable jurisdictions and are seeking to work in Australia.
- › English language standards for skills assessments should be reduced to 4.5 or 5.0 for migrant workers in non-licensed trades.
- › Migrants with qualifications and work experience from a comparable jurisdiction should be exempt from skills assessment requirements and processes via MRAs.
- › Government and industry should provide simpler and more accessible coaching for migrants on how to find a job in the industry – the higher education space is an example of success in providing support to international students.
- › All levels of government must work together to streamline occupational licensing requirements and ensure internationally comparable qualifications or requirements are quickly recognised without the need for long skills recognition processes.
- › Government should ensure pathways to permanent residency are clear and enticing for skilled migrants already in the country who have building and construction qualifications and experience. Fast-track these people to permanent residency if they are working in building and construction.
- › Government should expand eligibility for the graduate visa and graduate visa extension to all Australian Qualifications Framework Certificate III and above qualifications.
- › Provide free or low-cost skills assessments to people in the country on humanitarian or partner visas and who have building and construction qualifications and experience.
- › Government should reinvigorate the national registration framework for building practitioners and incentivise state and territory governments to implement automatic mutual recognition reforms across all licensed occupations.

LIFELONG LEARNING IN BUILDING AND CONSTRUCTION

- > Government should provide financial incentives to apprentices to encourage them to complete their Certificate IV.
- > Industry participants must engage in continuous training and learning to maintain occupational currency.

BUSINESS ACUMEN IN BUILDING AND CONSTRUCTION

- > BuildSkills Australia must ensure that building and construction training packages are fit for purpose and not only teaching people how to be skilled in their trade, but also how to run a business.

INDUSTRIAL RELATIONS IN BUILDING AND CONSTRUCTION

- > Government should ensure that the Fair Work system operates to support and enhance the goals of community, industry and government, and not act contrary to them or make them difficult to achieve.
- > In recognition of the unique structure and culture within the building and construction industry and its workforce, the Federal Government should move swiftly to establish a dedicated specific building and construction industry regulator with sole responsibility for enforcement of those industry specific laws, underpinned by strong investigation, compliance and enforcement powers. To achieve this, Governments must adopt the recommendations of Master Builders blueprint for positive industry change detailed in Breaking 'Building Bad'.
- > Workplace laws should 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.
- > Government should commit to genuinely preserving freedom of association laws, reconsider laws that give unions more say or more rights than ordinary everyday workers, and make sure right of entry rules are strengthened and properly enforced.
- > The Fair Work system should better recognise the needs of small business and encourage them to take on new workers, and actively support business and job growth instead of inhibiting it.
- > Bargaining laws require significant improvement to better help workers and business quickly and effectively put in place arrangements without ineffective red-tape and lengthy delays.
- > Abandon all changes negatively impacting the building and construction industry in the Fair Work Amendment Closing Loopholes Bill and Secure Jobs Better Pay Bill.

REGULATORY BURDEN IN BUILDING AND CONSTRUCTION

- > To alleviate regulatory change pressures, the Government needs to make regulatory frameworks that are mandatory and freely available to access. In particular, all Australian and international standards that are legislated or mandated for use must be available for free to anyone required to implement them. Placing this important content behind paywalls makes complying with mandatory regulation expensive and in some cases impossible. It sets people in the building and construction industry up to fail in their regulatory responsibilities.
- > The functionality of the National Construction Code and its interaction with state and territory legislative frameworks must also be reviewed, as well as the operation of the Australian Building Codes Board to determine if they remain fit for purpose in serving the building and construction industry. Focus should be on whether the way in which regulation is designed, developed and reviewed is hindering the development of high-quality, fit for purpose building regulation and productivity.



THE WORKFORCE IN 2024

In May 2024, approximately 1.37 million people were employed in building and construction.

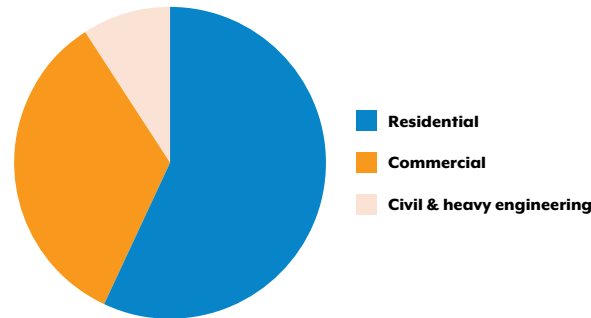
The size of the building and construction workforce in total expanded by 51,120 over the year to May 2024, equivalent to growth of 3.9 per cent.¹ In other words, the number of workers entering the industry exceeded the number of people departing by just over 50,000.

Of the total industry workforce, 57 per cent were engaged in residential building, 34 per cent in non-residential building and nine per cent in civil and heavy engineering construction.

Of the building and construction workforce, the largest share was based in New South Wales (30.8 per cent), followed by Victoria (27.3 per cent), Queensland (20.2 per cent) and Western Australia (11.7 per cent). The remaining 10 per cent is shared across South Australia, Tasmania, the Australian Capital Territory and the Northern Territory.

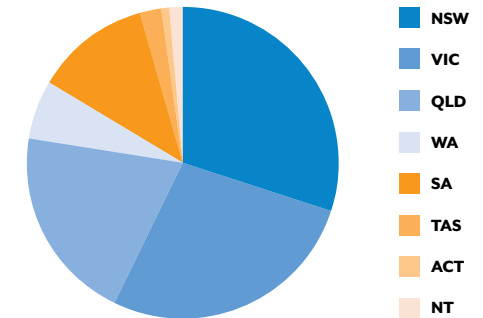
In May 2024, the most prevalent building and construction trades workers were carpenters/joiners (145,025), followed by plumbers (99,797) and painting trades workers (62,428).

BREAKDOWN OF EMPLOYMENT SUBSECTOR



Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed (May 2024)

WORKFORCE BY STATE OR TERRITORY



Source: Master Builders Australia analysis of Labour Force, Australia, Detailed (May 2024)

Overview of construction employment by state and territory – May 2024

	AUS	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Total BCI employment	1,368,300	421,600	373,048	275,840	80,148	159,663	29,937	11,279	16,785
BCI share of total employment (%)	9.5%	9.4%	9.9%	9.3%	8.5%	9.8%	10.4%	8.1%	6.2%
State/territory share of total BCI employment - May 2024	100.0%	30.8%	27.3%	20.2%	5.9%	11.7%	2.2%	0.8%	1.2%

Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed Quarterly (6291.0.55.003) (Table EQ06)

The most growth in trades worker and technician roles in recent years has been seen in wall and floor tilers (71 per cent growth since 2020), roof tilers (42 per cent growth since 2020), electricians (39 per cent growth since 2020) and plasterers (34 per cent growth since 2020). Carpenters and joiners saw 30 per cent growth since 2020.

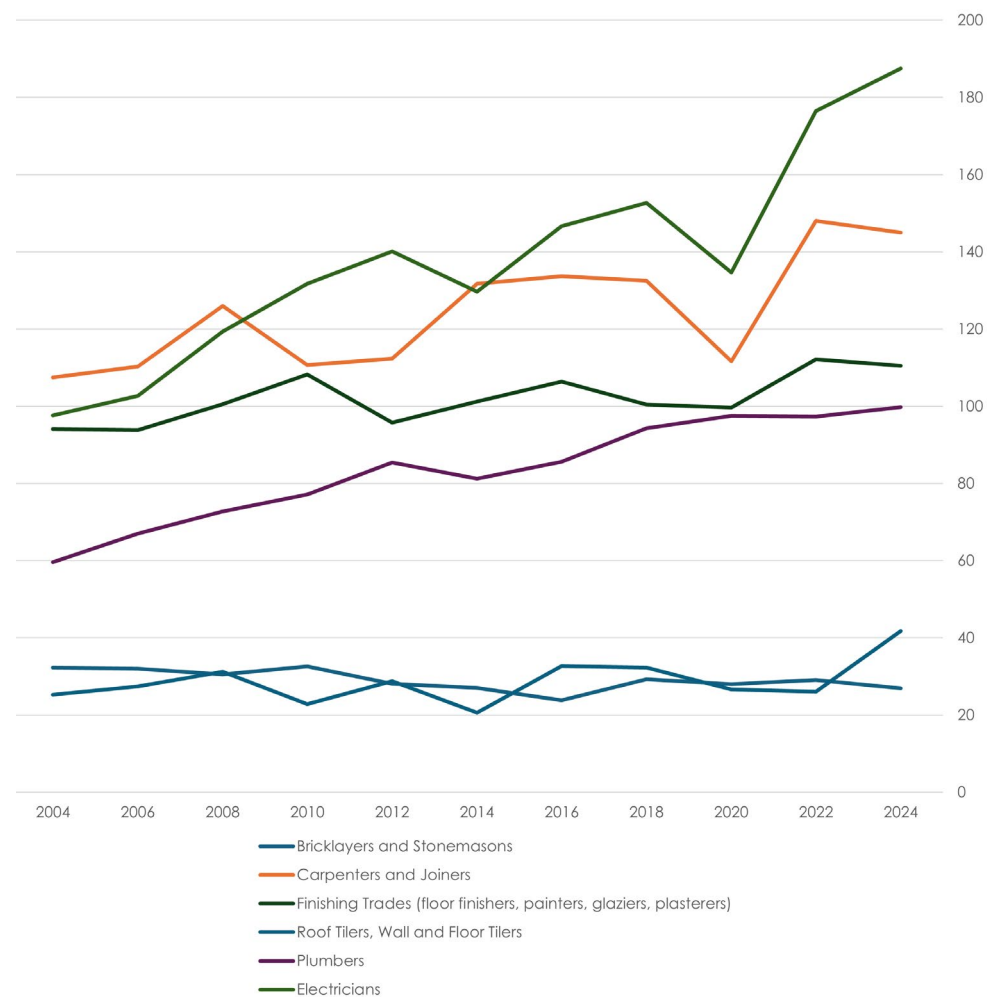
Bricklayers and stonemasons have fluctuated somewhat, but experienced an overall decline of -4 per cent since 2020. For floor finishers and glaziers, the numbers are more dire, with a decline of -19 per cent and -30 per cent, respectively, since 2020.²

Number of construction trades workers by detailed occupation level – May 2024

	AUS	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Carpenters and Joiners	145,025	53,180	39,015	24,054	9,059	14,253	3,330	580	1,554
Plumbers	99,797	31,525	32,590	17,510	4,691	7,788	2,587	921	2,185
Painting Trades Workers	62,428	17,788	17,937	12,409	4,845	6,014	2,332	38	1,066
Plasterers	31,990	9,392	11,222	6,349	1,381	1,747	871	288	739
Bricklayers and Stonemasons	26,974	9,020	7,627	3,358	1,354	5,278	201	135	1
Wall and Floor Tilers	23,259	8,165	6,064	2,895	2,753	2,435	594	352	0
Roof Tilers	18,522	7,151	3,564	6,002	301	1,103	1	113	287
Floor Finishers	8,419	2,037	2,838	21	939	1,848	336	1	399
Glaziers	7,613	522	1,604	2,128	370	2,816	170	1	2

Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed Quarterly (6291.0.55.003) (Table EQ08)

Occupation Change Between 2004 and 2024 (.000)



The split between professional, trade and operator/labourer roles shows that half of the workforce is made up of trades workers.

The majority of the workers in the industry are non-Indigenous males who do not have a need for assistance with core activities.³

Professional and trade roles – May 2024

PROFESSIONAL ROLES	% OF TOTAL WORKFORCE	TRADE ROLES	% OF TOTAL WORKFORCE	OPERATOR/LABOURER ROLES	% OF TOTAL WORKFORCE	TOTAL
372,700	27%	694,700	51%	300,900	22%	1,368,300

Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed Quarterly (6291.0.55.001 - EQ09)

Breakdown of the workforce by sex, disability status and indigenous status, at the 2021 Census

SEX	DISABILITY STATUS	NON-INDIGENOUS OR NOT STATED	INDIGENOUS STATUS
Male	Has need for assistance with core activities	4,579	272
	Does not have need for assistance with core activities	877,050	22,762
	Not stated	5,838	190
Female	Has need for assistance with core activities	1,326	54
	Does not have need for assistance with core activities	151,873	2,771
	Not stated	929	16

Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed Quarterly (6291.0.55.001 - EQ09)

APPRENTICES IN BUILDING AND CONSTRUCTION

At the end of December 2023, there were 116,560 construction industry apprentices in training. This was 1.7 per cent down on the same time last year. A total of 21,415 construction apprentices successfully completed their studies during 2023 – a 14.7 per cent reduction on 2022.

In 2023, a total of 41,934 new construction apprentices commenced. This was a reduction of 22.4 per cent from the same period in 2022. There was a slight decrease in cancellations and withdrawals between December 2022 (33,460) and December 2023 (33,290).⁴

The overwhelming majority of apprentices in training in December 2023 were men who did not have a disability and were not Indigenous. In fact, they represented 85.5 per cent of all apprentices in training at that time.

That said, the number of apprentices who are Indigenous or living with a disability has increased since 2019. The number of Indigenous apprentices in training increased by 61 per cent over five years from 3,535 to 5,690. The number of apprentices in training who live with a disability increased by 68 per cent from 1,545 in 2019 to 2,595 in 2023.

While these numbers are small in practical terms, they paint a heartening picture that the cohort of people starting building and construction apprenticeships is becoming more diverse.

Apprenticeship snapshot – December 2023

	2019	2020	2021	2022	2023	DIFF.	%
Commencements	33,455	39,755	51,855	54,035	41,935	-12,100	-22%
Completions	18,285	16,795	20,110	25,095	21,415	-3,680	-15%
Cancellations / withdrawals	25,925	21,840	29,720	33,460	33,290	-170	-1%
In-training	87,795	99,065	113,130	118,615	116,560	-2,055	-2%

Source: Master Builders Australia analysis of NCVER Vocstats, December 2023 quarter

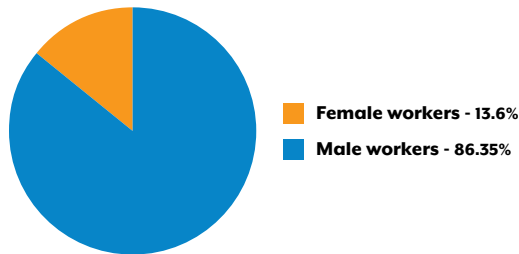
Number of apprentices in training, to December 2023, by indigenous and disability status

	2019	2020	2021	2022	2023
Total Indigenous apprentices in training	3,535	4,120	4,880	5,440	5,690
Total non-Indigenous apprentices in training	80,410	90,910	103,820	109,195	107,685
Total apprentices with a disability in training	1,545	1,845	2,110	2,415	2,595
Total apprentices without a disability in training	83,795	94,710	108,385	114,020	112,410

Source: NCVER 2024, Apprentices and trainees 2023 - December quarter DataBuilder, Contract status, Employer industry 2-digit, Disability status, Indigenous status by 12-month series, Gender

FEMALE BUILDING AND CONSTRUCTION WORKERS

Women made up 13.6 per cent of the industry workforce in May 2024, which in real terms, is 186,800, out of a total of 1,368,300 people.



Indigenous women represented 1.8 per cent of all women in the industry at the 2021 Census.

Gender-based representation is not evenly spread across occupation subgroups. Women overwhelmingly hold professional positions, rather than trade roles.

In May 2024, women accounted for 38.6 per cent of those employed in administrative occupations⁵ (144,000), while just 4.3 per cent were technicians/trades workers, labourers and machinery operators and drivers (42,800). Women who were technicians/trades workers alone represented 3.7 per cent of the industry (25,900 out of a total of 694,800).⁶

Men who are technicians and trades workers represent 49 per cent of the total building and construction workforce (668,900) and 96.3 per cent of all technicians and trades workers.

In December 2023, women made up 4.7 per cent of building and construction apprentices in training (5,535) but represented 6.4 per cent of all cancellations/withdrawals (2,145). When looking at that cancellation/withdrawal rate across only women in training however, this represents 39 per cent.⁷ This is above the average female cancellation/withdrawal rate at Master Builders RTOs which hovers around 23 per cent.

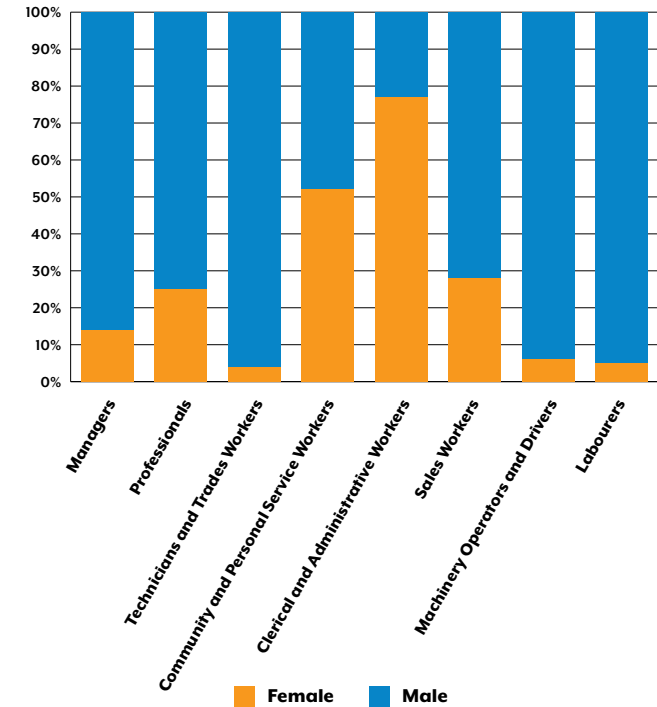
The number of women completing a building and construction apprenticeship decreased slightly from 1,320 in December 2022 to 1,255 in December 2023.

The trades where female apprentices were more highly represented in December 2023 were painters (20 per cent of all painter apprentices), wall and floor tilers (4.5 per cent) and glaziers (3.5 per cent).

For women in trade roles to represent 10 per cent of all *technicians and trades workers*, this would mean the industry needs an additional 43,570 women.

For women in trade roles to represent 10 per cent of the *entire industry*, this would mean an additional 110,930 women are needed. If this is to happen over the next five years, then approximately 22,186 trades women must join the industry each year.

Female and male representation in construction by occupation – May 2024



Female apprentice commencements by year, 2019 to 2023

	2019	2020	2021	2022	2023
30 - Building Construction	180	540	475	700	305
31 - Heavy and Civil Engineering Construction	195	255	370	490	405
32 - Construction Services	1,230	1,930	2,775	3,060	2,020
Totals	1,610	2,720	3,615	4,245	2,730

Source: NCVER 2024, *Apprentices and trainees 2023 - December quarter DataBuilder, Contract status, Employer industry 2-digit by Gender, 12-month series*

On average, the number of female apprentices completing building and construction trade apprenticeships over the last five years has been 2,984.

Between May 2023 and May 2024, the number of women in the industry rose by 10.3 per cent (17,400) compared with a 2.9 per cent (33,710) expansion in the number of men. Over the year to May 2024, the occupations that saw the largest increase in female workers included clerical/administration workers (8,663), technicians/trades workers (4,135) and labourers (2,623).

While this may seem like a modest expansion, it falls well short of what is needed for women in trades to have significant representation in the industry.

Building and construction needs more women.



INDIGENOUS BUILDING AND CONSTRUCTION WORKERS

At the 2021 Census, 2.5 per cent of the building and construction industry identified as Aboriginal and/or Torres Strait Islander.

Of the 26,054 Aboriginal and/or Torres Strait Islander people in the building and construction industry, 47 per cent were technicians and trades workers (12,169), 23 per cent were labourers (6,072) and 6 per cent were clerical and administrative workers (1,559). Seven per cent were managers (1,914).⁸

The Northern Territory had the largest representation of Aboriginal and/or Torres Strait Islander people working in the industry, both in Darwin and the regions. This was followed by regional Tasmania and greater Hobart, then New South Wales, outside of greater Sydney.

Indigenous workers by region, Census 2021

INGP INDIGENOUS STATUS	NON-INDIGENOUS	ABORIGINAL AND/OR TORRES STRAIT ISLANDER	% OF BCI WORKFORCE
Greater Sydney	166,506	3,373	1.99%
Rest of NSW	136,537	6,766	4.72%
Greater Melbourne	188,555	1,427	0.75%
Rest of Vic.	105,789	1,317	1.23%
Greater Brisbane	84,695	2,157	2.48%
Rest of Qld	128,491	5,343	3.99%
Greater Adelaide	44,793	594	1.31%
Rest of SA	23,531	453	1.89%
Greater Perth	73,988	996	1.33%
Rest of WA	39,280	1,122	2.78%
Greater Hobart	8,005	443	5.24%
Rest of Tas.	12,449	723	5.49%
Greater Darwin	5,371	425	7.33%
Rest of NT	2,758	435	13.62%
Australian Capital Territory	14,227	376	2.57%
Rest of ACT	2,986	80	2.61%
	1,038,228	26,054	2.45%

Data source: Census of Population and Housing, 2021, TableBuilder

MIGRANT BUILDING AND CONSTRUCTION WORKERS

Within the building and construction industry, at the 2021 Census, 24 per cent of workers were born outside Australia and eight per cent had migrated within the previous decade.⁹

This is compared to the national landscape where 27 per cent of the Australian workforce was born overseas and nine per cent arrived in the 10 years between 2011 and the 2021.¹⁰

The largest cohort of skilled migrants in Australia's building and construction industry come from North-West Europe (6.5 per cent), followed by Southern and Central Asia (2.82 per cent), Southern and Eastern Europe (2.54 per cent) and North-East Asia (2.5 per cent).¹¹

Of all skilled migrants in building and construction, 24 per cent work in the greater Sydney area, 23 per cent are in the greater Melbourne area and seven per cent are in the greater Brisbane area.¹²

Migrant workers by region, Census 2021

PLACE OF WORK	% OF ALL MIGRANTS IN BCI
Greater Sydney	23.87%
Rest of NSW	7.30%
Greater Melbourne	23.48%
Rest of Vic.	6.07%
Greater Brisbane	7.26%
Rest of Qld	6.92%
Greater Adelaide	4.55%
Rest of SA	1.51%
Greater Perth	11.69%
Rest of WA	4.03%
Greater Hobart	0.42%
Rest of Tas.	0.35%
Greater Darwin	0.60%
Rest of NT	0.19%
Australian Capital Territory	1.52%

Data source: Census of Population and Housing, 2021, TableBuilder

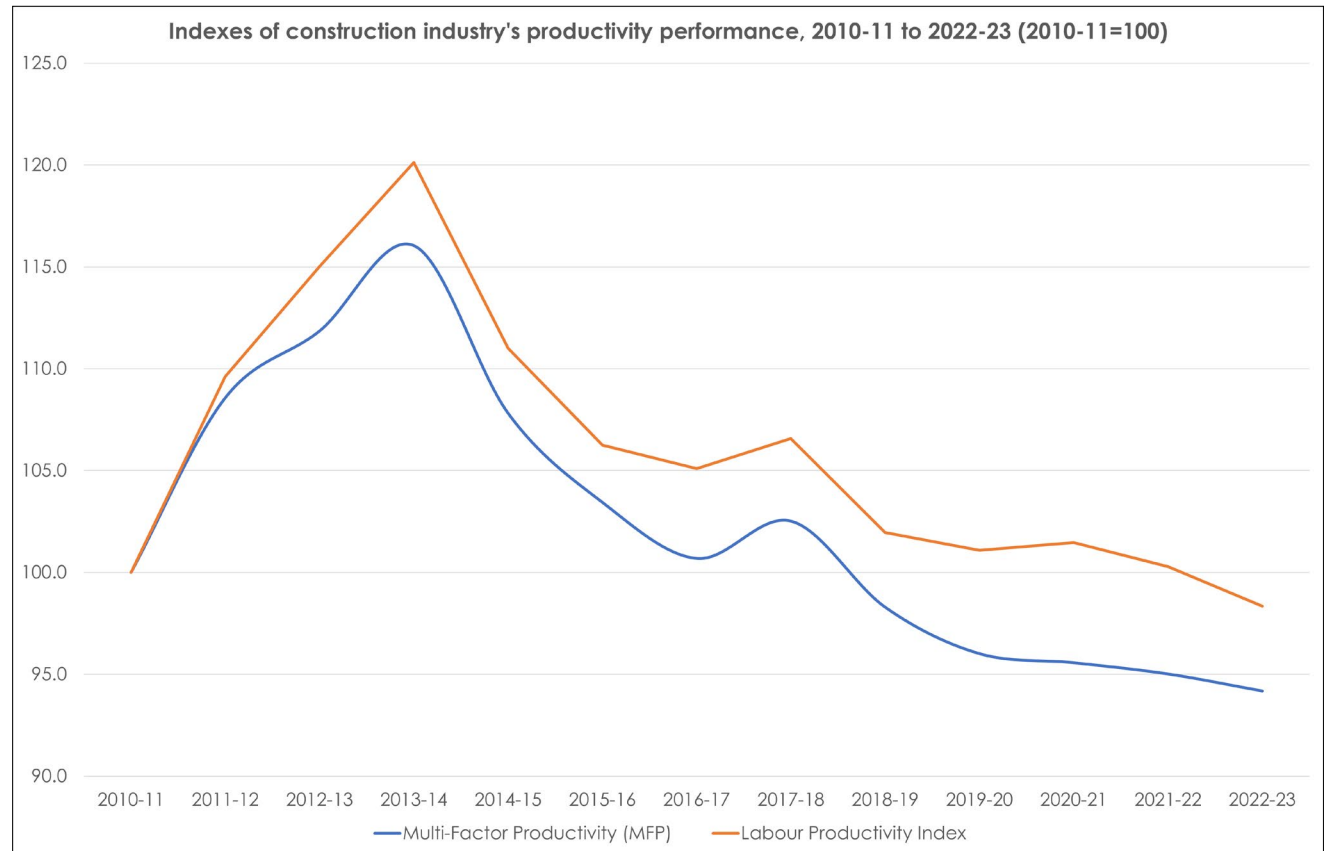


WORKFORCE SHORTAGES

The building and construction workforce is the largest it has ever been. However, it is still not big enough to meet demand. As the chart below shows, this is partly because labour productivity has been moving backwards for about a decade.

This means that even though the workforce has grown, and comprises more people than ever before, deteriorating labour productivity is erasing much of the benefit from that expansion. The average amount of hourly output per worker in the industry is 18 per cent lower than it was a decade ago. Building and construction can only meet Australia's future needs if the productivity decline is reversed and if there is a large enough expansion in the size of the workforce.

The workforce wave is being pulled from the shore by a productivity low tide.



Source: Master Builders Australia analysis of Australian Bureau of Statistics Estimates of Industry Multifactor Productivity 2022-23

As is apparent in the table below, productivity has been decreasing in recent decades, and the number of dwellings started per 100 workers is half what it was in the late 1990s and early 2000s, despite the workforce being around double in size.

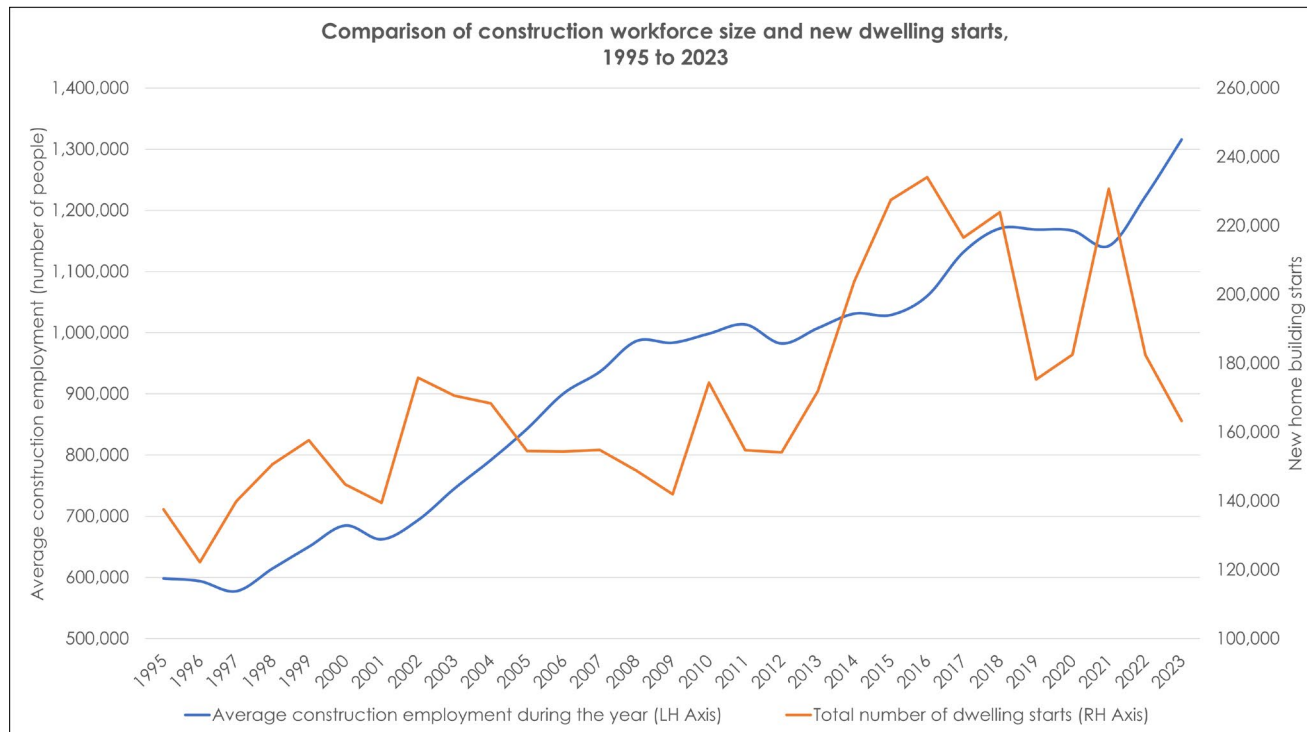
It should be noted that part of the reduction in new home building starts per worker may be due to the fact that some industry capacity was diverted to non-residential building and civil construction activity.

The size of the building and construction workforce increased by 51,120 people over the year to May 2024, equivalent to growth of 3.9 per cent.

There are very few details about the actual movements of people who leave the industry, or who join it year on year – only about overall growth.

This growth might seem heartening, but it is nowhere near enough to bring the building and construction workforce up to where it needs to be to meet current and future demand.

The industry is plagued by chronic and critical workforce shortages across almost all occupations.



Source: Master Builders Australia analysis of Australian Bureau of Statistics Building Activity and ABS Labour Force, Australia, Detailed

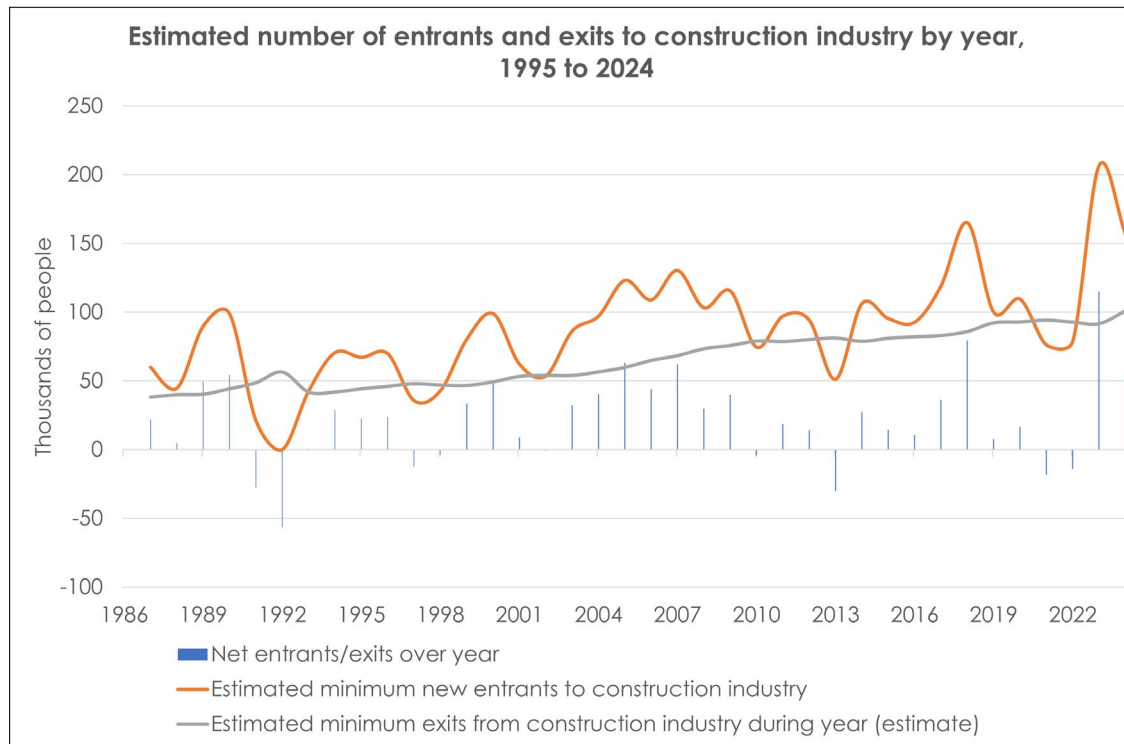
According to Jobs and Skills Australia, “all occupations in the Construction Trades Workers category are in persistent shortage. This implies tight labour market conditions simply exacerbate shortage issues that appear to be chronic in the sector. Even if the construction sector was to see a significant downturn, many construction roles would likely still be in shortage.”¹³

BuildSkills Australia noted in March 2024 that the building and construction industry needed 90,000 new trades workers in 2029.¹⁴ At the time of writing there is no modelling available from BuildSkills Australia on how this number was determined, only that they were needed before the end of June 2024.

Infrastructure Australia’s modelling shows a 129 per cent shortfall in the public infrastructure workforce, with shortages expected to continue until 2027, despite the impending smoothing of the infrastructure pipeline.¹⁵

According to research by the Centre for International Economics (CIE) for Master Builders, the building and construction workforce will need to grow to about 1.5 million people by 2029 to be able to perform the work that Australia needs over that period.

Latest figures show that the industry had almost 1.37 million workers in May 2024. Therefore, the number of people will need to grow by about 130,000, or 10 per cent over the next five years. At first glance, this looks achievable: the size of the workforce increased by just over 51,000 over the year to May 2024.



Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed Quarterly (May 2024)

However, significant numbers of people permanently exit each year through retirement and job movement – more than 100,000 per year, or 539,000 over a five-year period. This means that a similar volume of new workers must come to the industry just to break even.

In addition to replacing lost workers, the industry needs another 130,000 new entrants over the next

five years to ensure that the workforce expands by enough to be able to complete the work that must be done over this period.

No fewer than two-thirds of those people will need to be skilled trades workers, operators and labourers.

As the chart below illustrates, it is likely that the size of the building and construction workforce will be about 113,000 short of what it needs to be, given projected demand over the next five years.

The growth seen in 2022 and 2023 was significant in comparison to preceding years and may in part be a result of COVID-19 related government initiatives, including apprenticeship supports that saw a significant uptick in commencements and completions in 2022.

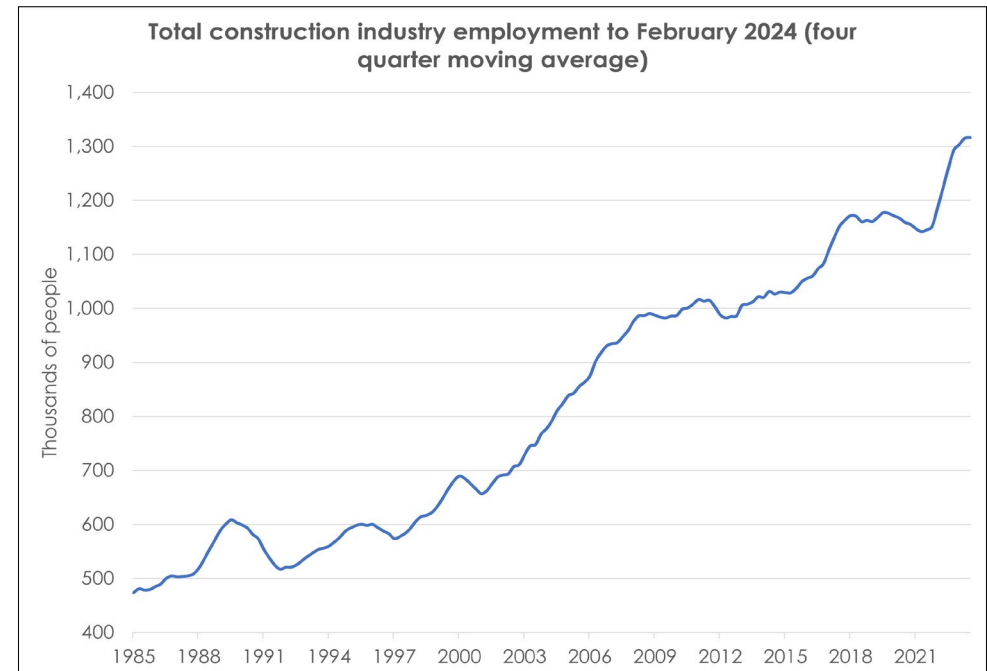
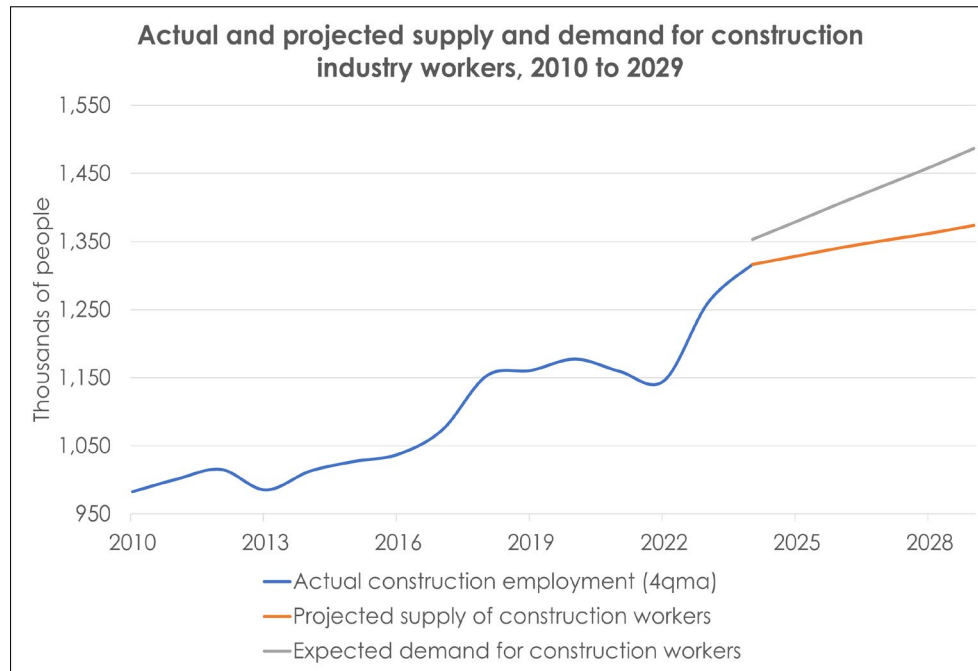
Now that those incentives have concluded, apprenticeship commencements and completions are dropping. So is the rate of workforce growth.

Add to this, the pressure of downward trending productivity, burdensome industrial relations frameworks, complex regulation and an increased cost of living/doing business, it can be expected that workforce growth will slow.

Workforce shortages will continue to be felt across the industry, and the pain will become sharper if Housing Accord targets fall behind.

Of the vacant jobs in Australia in May 2024, 7.6 per cent were in the building and construction industry.

According to the latest data from the Australian Bureau of Statistics, there were 24,900 vacant jobs in the building and construction industry in May 2024.



Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed; Centre for International Economics The Cost of Letting Productivity Slip

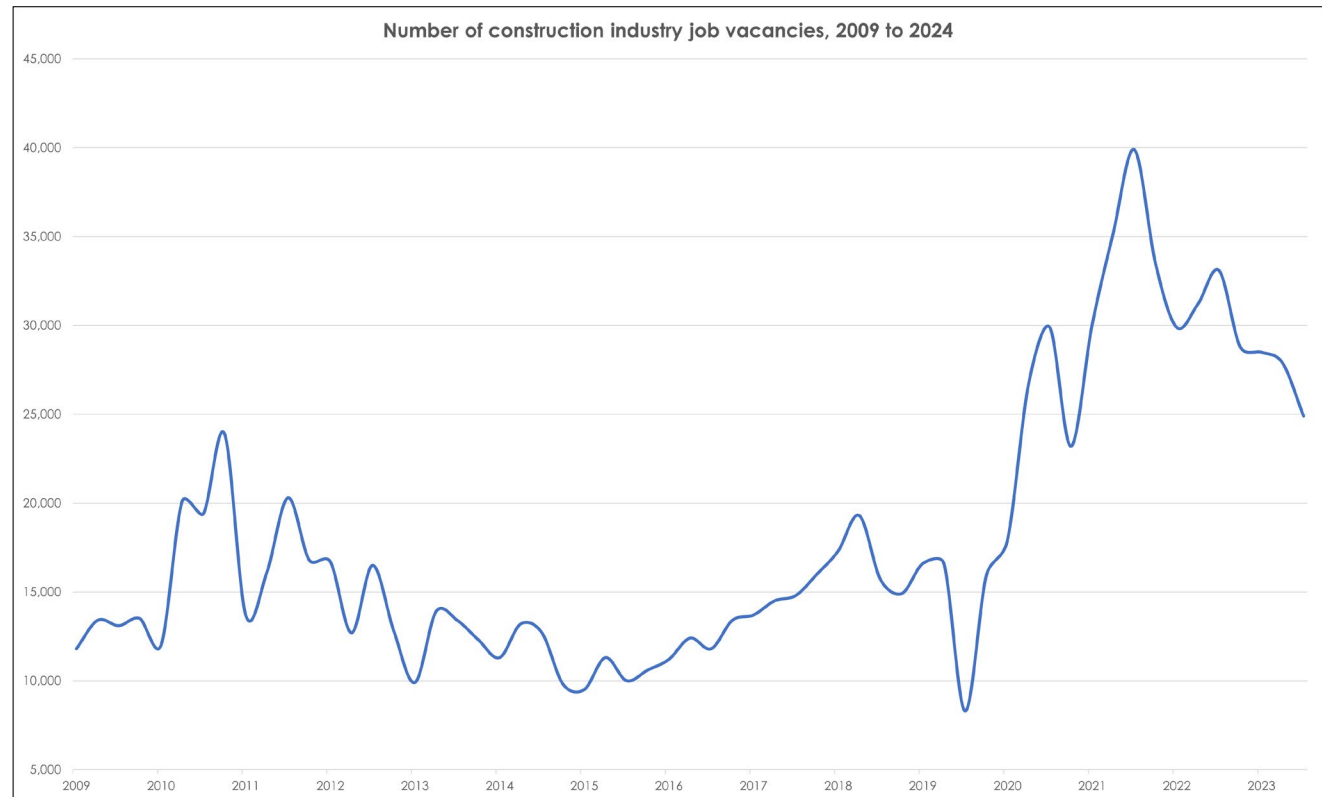
Source: Master Builders Australia analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed Quarterly (May 2024)

Job vacancies peaked in May 2022 at 39,900 and have since fallen.

Jobs and Skills Australia notes that “the likelihood of filling a vacancy and the number of suitable applicants per vacancy for building and construction occupations were both well below the average for all occupations in 2022–23, which would have hampered and delayed construction and repair efforts in flood affected areas.”¹⁶

Jobs and Skills Australia also notes that “the fill rates for construction-related occupations are often among the lowest in the labour market and have declined significantly from 54 per cent in the 2020–21 financial year to 29 per cent in 2022–23. Further, the number of both qualified and suitable applicants per vacancy have also declined during the same period.”¹⁷

All building and construction trade occupations – and most professional roles – are facing shortages. The national Skills Priority List for 2024 identified that 36 per cent of occupations are in shortage in Australia. Technicians and Trade Workers, and Professional occupations (health, engineering, information communication technology (ICT) and science roles) have the highest shortages, particularly in regional and remote areas.¹⁸



Source: Master Builders analysis of Australian Bureau of Statistics job vacancy data, May 2024

Jobs and Skills Australia notes that occupations that have a strong gender imbalance are more likely to be in shortage. Of male dominated occupations, 54 per cent are in shortage, compared with 40 per cent of female dominated occupations. By comparison, only 25 per cent of occupations with a better workforce gender balance are in shortage.¹⁹

Some of the more notable occupations in shortage according to the most recent data from Jobs and Skills Australia²⁰, are:

Workforce shortages by state and territory

ANZSCO	OCCUPATION	AU	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
334112	Airconditioning and Mechanical Services Plumber	S	S	S	S	S	S	S	S	S
331111	Bricklayer	S	S	S	S	S	S	S	S	S
394112	Cabinetmaker	S	S	S	S	S	S	S	S	S
331212	Carpenter	S	S	S	S	S	S	S	S	S
312114	Construction Estimator	S	S	S	RS	S	S	S	S	S
341112	Electrician (Special Class)	S	S	S	S	S	S	S	S	S
334117	Fire Protection Plumber	S	S	S	S	S	S	S	S	S
332111	Floor Finisher	S	S	S	S	S	S	S	S	S
333111	Glazier	S	S	S	S	S	S	S	S	S
331213	Joiner	S	S	S	S	S	S	S	S	S
332211	Painter	S	S	S	S	S	S	S	S	S
333211	Plasterer (Wall and Ceiling)	S	S	S	S	S	S	S	S	S
334116	Plumber (General)	S	S	S	S	S	S	S	S	S
333212	Renderer (Solid Plaster)	S	S	S	S	S	S	S	S	S
334115	Roof Plumber	S	S	S	S	S	S	S	S	S
333311	Roof Tiler	S	S	NS	S	S	S	S	S	S
331112	Stonemason	S	S	S	S	S	S	S	S	S
333411	Wall and Floor Tiler	S	S	S	S	S	S	S	S	S

S Shortage NS No shortage RS Regional shortage

Data source: Census of Population and Housing, 2021, TableBuilder

THE CAUSE OF THE WORKFORCE SHORTAGE

Building and construction is in a delicate economic position. There are many reasons for this, including the National Housing Accord – to which Master Builders is a signatory – that involves an ambitious target of delivering 1.2 million new homes over the five years to 30 June 2029. Meeting and sustaining this volume of output would represent success in the struggle to match supply with demand.

However, Australia has never delivered 1.2 million new homes in any five-year period.

The closest was during 2014–18, when a total of 1.1 million new dwellings were commenced. Over the five years from 2024–25 to 2028–29, Master Builders forecasts that work will start on just over one million new homes across Australia.

Without policy action, Australia is likely to fall short of the Housing Accord target.

The community rightly expects their homes to be healthier, more comfortable and more affordable to maintain. They need roads, rail, utilities infrastructure, schools, hospitals, aged care facilities, childcare centres, community and recreational spaces, and shops.

In the next decade, more Australians will demand access to home ownership and infrastructure to support a growing population.

Master Builders estimates in its September 2024 industry forecasts²¹ that without significant intervention, the industry will fall short to the tune of:

Forecasts and targets – September 2024

	PROJECTED NUMBER OF NEW HOME BUILDING STARTS OVER ACCORD PERIOD (SEPTEMBER 2024 FORECASTS)	POTENTIAL ACCORD TARGET (BASED ON SEPTEMBER 2023 SHARE OF POPULATION)	PERFORMANCE RELATIVE TO ACCORD TARGETS	PERFORMANCE AS % OF LIKELY TARGET (+/-%)
New South Wales	303,280	375,650	-72,370	-19.3%
Victoria	286,500	307,210	-20,710	-6.7%
Queensland	224,282	245,920	-21,638	-8.8%
South Australia	58,527	83,230	-24,703	-29.7%
Western Australia	124,128	130,040	-5,912	-4.5%
Tasmania	14,304	25,660	-11,356	-44.3%
Northern Territory	3,841	11,300	-7,459	-66.0%
ACT	19,100	21,000	-1,900	-9.0%
Australia	1,033,962	1,200,000	-166,038	-13.8%

Source: Master Builders Australia analysis of Australian Bureau of Statistics Building Activity

In its 2023 *Infrastructure Market Capacity* report, Infrastructure Australia found that the major public infrastructure pipeline stands at \$230 billion over five years – an increase of four per cent on the previous year. The report also found that the pipeline was smoothing because governments had taken action to actively manage demand. Despite this, several market capacity constraints are inhibiting the ability of the sector to deliver projects on time and on budget including:

- > Skills shortages
- > Non-labour supply challenges
- > Stagnating productivity.²²

According to that same report, demand still significantly outweighs supply, and productivity growth remains stagnant compared to other industries.

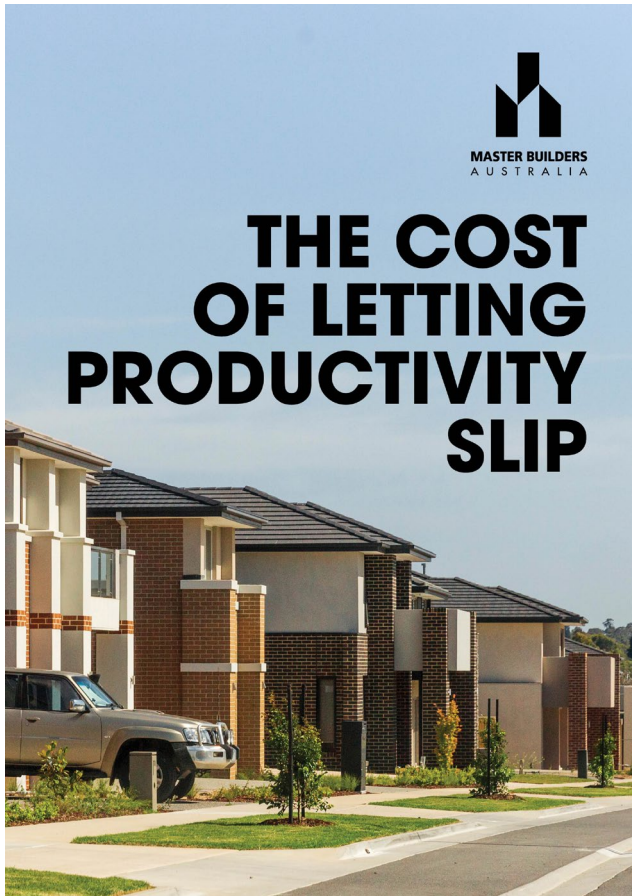
The cause of the workforce shortage is a perfect storm of low productivity, high demand, an increased cost of living and doing business, high inflation, and low unemployment.

Demand for building and construction activity is projected to be strong over the forecast horizon to 2028–29, but supply is not able to keep up. There have been attempts to release supply pressures through incentives and reforms targeted at delivering more housing which will only be effective if productivity issues are addressed concurrently.

The Government's National Housing Supply and Affordability Council notes that interest rate rises of 50-basis points would decrease housing supply by 45,000 dwellings. An interest rate fall of 50-basis points on the other hand would boost supply by 54,000 dwellings. The Council, like Master Builders, projects that the National Housing Accord goal will not be met, without significant intervention.²³ More supply is also needed for existing unmet demand, such as homelessness which is currently faced by more than 122,000 people.²⁴



THE IMPACT OF LETTING SHORTAGES CONTINUE



In May 2024, Master Builders released [The Cost of Letting Productivity Slip](#)²⁵, a paper which analysed the impact of four economic scenarios on the performance of the Australian building and construction industry and the wider economy over the five-year period from 2023–24 to 2027–28.

The research considered the economic impacts associated with:

- > prolonged labour shortages.
- > persistent excessive materials price growth.
- > limited elements of recent industrial relations reforms.
- > Federal Government housing initiatives progressing as planned.

The research measured the impact on:

- > the number of homes getting built.
- > the total volume of construction industry output.
- > the total size of Australia's economy or gross domestic product (GDP).
- > the final price of building and construction output; and > building and construction industry employment outcomes.

In isolation, if prolonged labour shortages continue in the building and construction workforce, the result would be:

- > 73,000 fewer people in the building and construction industry by the end of the shortage's fifth year.
- > the loss of 13,175 new home building starts.
- > a decrease in building and construction output totalling \$7.72 billion.
- > a \$57.0 billion reduction in GDP.
- > average building and construction output being over 3 per cent more costly.

HOW TO FIX THE WORKFORCE SHORTAGE

There is no quick fix to the critical workforce shortages affecting the building and construction industry.

Master Builders has long advocated for policy positions and funding that will go some way to rebalancing the workforce, positioning it to meet targets and relieve housing pressures.

The ways to do this are to bring more workers to the industry and keep them. Especially trades workers and technicians.

Bringing workers to the industry means:

- › Telling the apprenticeship story in a more compelling way
- › Giving better careers advice to students and support to their parents
- › Improving diversity and righting the gender imbalance
- › Including skilled migrants as a vital piece of the puzzle

Keeping workers in the industry means:

- › Providing better pastoral support and care to apprentices
- › Streamlining occupational licensing
- › Continuously learning
- › Providing better business support
- › Removing unnecessary regulatory burden
- › Ensuring industrial relations legislation is fit for purpose

Master Builders released three publications in recent months that point to ways industry, the community and all levels of government can work together to help the building and construction workforce become robust again.

[*Breaking Ground: Women in building and construction*](#)²⁶ was released in May and represents a proactive effort to not only acknowledge the challenges faced by women in construction but also to present practical solutions and ignite meaningful discussions on this critical issue.

[*The Future of the Workforce: Apprentices in building and construction*](#)²⁷ was released in June and details that at Master Builders, the aim is simple: to bring more apprentices to the industry, provide them with high quality training, education and on the job experience, give them support, help them thrive and provide them with a rewarding, financially viable and satisfying career. This is and will always be the priority of the building and construction industry.

[*The Future of the Workforce: Skilled migrants in building and construction*](#)²⁸ was released in August and details the vital part skilled migrants play in meeting workforce needs and building Australia's future.



BREAKING GROUND: WOMEN IN BUILDING AND CONSTRUCTION

Building and construction has historically only attracted half of the potential workforce – men. By doing this, the industry has limited its capacity to meet shortfalls. However, over the last decade, there has been a shift with more proactive engagement encouraging women to join the sector.

More women than ever are working in building and construction and viewing it as a viable career option. An option that offers flexibility, competitive wages, an excellent community, and hugely rewarding outcomes.

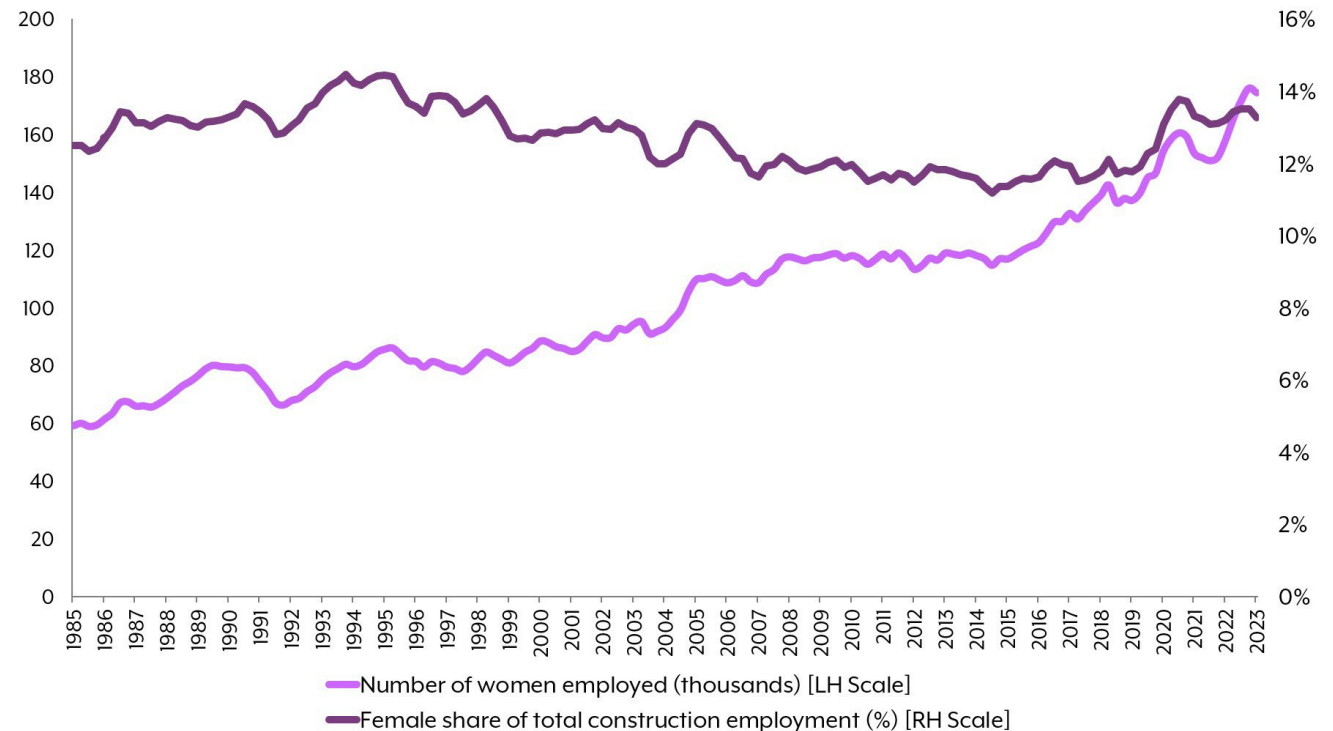
In 2023, women made up 13.6 per cent of the building and construction workforce, but only 3.7 per cent of them were on the tools.²⁹

Female participation is still not high enough and more needs to be done by employers, industry groups, educational institutions, and all levels of government.

Cultural change is needed, industry structures must adapt – such as more flexible patterns of work – and more funding is required to support evidence-based programs of how to attract and retain women.

Master Builders has a goal for more women to enter the industry and pursue long-term careers.

FEMALE CONSTRUCTION EMPLOYMENT IN AUSTRALIA - 1985 TO 2023



Source: Master Builders Analysis of Australian Bureau of Statistics Labour Force, Australia, Detailed Quarterly

Female participation has many benefits. It lifts productivity, boosts the economy, facilitates financial independence, assists in developing an inclusive and diverse culture and meets the much-needed workforce shortages the building and construction industry is facing. It also provides women with long-term and financially viable career paths, economic security, job creation and leadership opportunities.

There are a wide range of initiatives being led by governments and industry to encourage more women into the building and construction industry, and in particular into traditionally male dominated roles.

Initiatives such as Master Builders' [Women Building Australia](#) program are helping to dispel misperceptions, encouraging more women into construction roles, sharing the stories of women in the industry, supporting retention through mentoring, and nurturing career progression and business resilience. These efforts are translating into more women in construction training pathways.

Women Building Australia has already made significant progress in some of these areas and is a beacon for further positive change.

RECOMMENDATIONS

To bring more women into building and construction, change must continue. The industry is on the right track but there is more to do:

- › Enhance existing programs to provide networking and mentoring opportunities for young women.
- › Promote good culture and safety practices – there is no room in the building and construction industry for bullying, harassment, assault, suicide, misogyny, racism, discrimination or gender-based violence.
- › Give young women access to unbiased careers education and information, including the opportunity to try different trades and get time on the tools.
- › Remove the bias towards higher education and give young women the same opportunities as their male counterparts to pursue trade apprenticeships if they choose to do so.
- › Make the balance between motherhood and a trade career easier to strike.
- › Direct more funding towards programs, education, facilities, information, and forums that promote building and construction careers to women, support them on the journey, and strive for equality.
- › Provide parents with information so they can effectively guide their and feel comfortable throughout the process.

THE FUTURE OF THE WORKFORCE: APPRENTICES IN BUILDING AND CONSTRUCTION

Apprentices are the future of the building and construction workforce.

At Master Builders Australia, the aim is simple: to bring more apprentices to the industry, provide them with high-quality training, education and on the job experience, give them support, help them thrive and provide them with a rewarding, financially viable and satisfying career.

This is and will always be the priority.

The industry faces the enormous task of building enough homes, commercial premises and infrastructure to meet increasing demand and a growing population.

Apprentices are the main source of new entrants. They make up 10 per cent of the industry and a third of all apprentices in Australia.

While this is significant, it is still not enough. There are a range of factors that impact the industry's capacity to attract and retain apprentices.

These include but are not limited to:

- > The influence of parents advocating for a university education.
- > Under-resourced careers advisers.
- > A lack of exposure to trades as part of the school curriculum.
- > The perception that vocational education and training is subpar to a university education.
- > A limited understanding of career pathways into and within the industry.
- > High costs of employing an apprentice.
- > Cost of living barriers, particularly for mature aged apprentices.
- > Low female participation numbers.
- > Inadequate mentoring and support services.

These barriers can be overcome with a holistic and concerted effort by governments, industry, schools and the broader community.

These include:

- > Promoting varied and rewarding pathways to school-aged students, their parents and careers advisers.
- > Overhauling the funding for and quality of careers education in schools.
- > Investing in programs that provide clear and practical information on what an apprenticeship and future career pathway in the industry could be.
- > Supporting schools to adopt better integrated vocational education and training into the school curriculum especially in early high-school years.
- > Encouraging secondary school students to undertake their White Card training.
- > Expanding support for women in building and construction programs.
- > Reintroducing an incentive system with commencement and completion bonuses to apprentices and employers.
- > Introducing a tiered wage subsidy that better supports mature-aged apprentices and reflects existing skill levels.
- > Funding the cost differential for Group Training Organisations to host an apprentice and provide vital pastoral care services.
- > Introducing incentives to encourage industry upskilling from a Certificate III to a Certificate IV.

More needs to be done to bring apprentices from diverse backgrounds to building and construction.

RECOMMENDATIONS

- › Master Builders recommends governments, with input from industry and employers, research, develop and fund the implementation of a rolling apprentice commencement and retention strategy.
- › To promote the value of Australian apprenticeship pathways to young people, their parents and careers advisors Master Builders advocates for a coordinated national apprenticeship campaign that focuses on bringing more people into building and construction training.
- › Master Builders recommends that Government invests heavily in programs that give potential apprentices a clear and practical understanding of what their apprenticeship, and future career pathways could be like.
- › Master Builders recommends that Government address the bias toward university, and invest in campaigns that overcome misconceptions, and also overhaul the quality, funding and availability of careers education in schools.
- › Master Builders recommends an apprenticeship incentive system that makes commencement and completion bonuses to apprentices and their employers, as well as a wage subsidy throughout the apprenticeship. Master Builders suggests government should design different incentives for different cohorts of apprentice, noting that a junior male apprentice may have different needs to an adult or female apprentice.
- › Master Builders recommends that all incentive payments are tax free, and a continuous employment bonus post-qualification might apply for apprentices and employers who continue their journey together.
- › Master Builders recommends that Government fund the cost differential so hosting an apprentice through an industry-run GTO like those in the Master Builders network costs the same as employing directly.
- › Master Builders recommends that Government fund the difference between employing a junior and an adult in an effort to incentivise more businesses to take on adult apprentices in building and construction.
- › Master Builders recommends that Government provide incentives to apprentices to encourage them to complete their Certificate IV. This should be in the form of an incentive payment upon completion of a Certificate IV in a building and construction trade, and/or a complete fee subsidy for the final year of study.
- › Master Builders recommends that Government fund a pilot program to support work experience placements in building and construction.
- › Government must ensure that, although TAFE is important, it is not the only beneficiary of funding or flexibility and, for example, should afford industry-run RTOs like those in the Master Builders network the benefit of self-accreditation.
- › Microcredentials should be properly funded and recognised by government.
- › Master Builders recommends that all Modern Awards enable flexible work arrangements and practices that are otherwise a barrier to, or disincentive for entry for apprentices.
- › Master Builders recommends Government invest in maintaining the Jobseeker Handbook but also developing an online, interactive resource that helps students, parents and careers advisers alike get an in-depth, realistic and relevant understanding of what a career in building and construction looks like.

THE FUTURE OF THE WORKFORCE: SKILLED MIGRANTS IN BUILDING AND CONSTRUCTION

Skilled migration represents a vital piece of the workforce puzzle. The building and construction industry has a proud history of a migrant-strong workforce. Workers who were born overseas make up about 24 per cent of the building and construction workforce. However, those who arrived within the last five years only represent 2.8 per cent.³⁰

Migrant workers coming to the Australian building and construction industry are highly skilled, educated and remunerated. They have positive outcomes and successful careers. That is, if they can get here and have their skills recognised. These are high hurdles to clear and the latter is a contributing factor to why skilled migrants work in roles below their skill level and experience poorer outcomes.

More migrant workers in the building and construction industry can have positive outcomes in Australia if the systems in place to support them are reformed.

Australian Bureau of Statistics data shows that of all permanent full-time workers in building and construction who were not born in Australia, more than half (52.1 per cent) are earning more than \$78,000 a year. Significantly more – 67.1 per cent – earn more than \$65,000. This is compared with their Australian-born counterparts, of which 46.3 per cent are earning more than \$78,000 per year, and 60 per cent earn more than \$65,000.³¹

In fact, when tracked against their Australian-born counterparts, migrants working full-time in building and construction earn comparable salaries.

Of the permanent migrant workers in building and construction, most are highly qualified: 30 per cent have a Certificate III or IV, 28 per cent have a Bachelor degree or equivalent and eight per cent have a postgraduate qualification.³²

A large cohort of migrant workers in building and construction have vocational level qualifications. At a time when Government is prioritising workers with white collar skills – for example through the new Specialist Skills pathway of the impending Skills in Demand visa – it is important not to forget the incredibly valuable vocational skills that migrants bring to the Australian workforce.

Australia's migration system is complex, expensive and slow.

The system is broken.

Australia has experienced record migration numbers, amid critical skills shortages. There are people coming into the country, but clearly into the wrong occupations.

RECOMMENDATIONS

- › The Australian immigration system must better prioritise the skilled workers who are needed to support the economy and meet construction and infrastructure goals.
- › Appropriately skilled migrants must be better targeted and the process through which people can apply for particular visa streams should be made clearer.
- › Government must invest in creating a simpler visa system with lower costs, quicker processing times, better employment outcomes, and clearer pathways to permanency.
- › Master Builders urges Government to remove or reduce the Skilling Australians Fund levy, especially in regional areas and for small businesses.
- › Migrants skilled in building and construction must be included in the scope of the Core Skills Occupation List.
- › Government must prioritise the processing of construction occupation visas, especially if any of those are included in the future Skills in Demand visa Core Skills stream.
- › All levels of government should invest in pilot programs that make it easier for skilled migrants to come to Australia and also for businesses to employ them.
- › All levels of government must ensure that migration pilots can be successful.
- › The Job Ready Program is better utilised by Government to support international students in trades to become skilled and able to join the building and construction workforce.
- › Government must develop a Construction Skills Pathway visa, similar to those in Canada, New Zealand and the UK that will ensure skilled migrants can apply for cost effective, fast visas that will provide options for permanency and embrace mutual recognition of comparable, or better, trade qualifications from other jurisdictions.
- › Existing employer sponsored visa pathways must become more affordable and have faster processing times.
- › Comparable, or better international qualifications must be identified and exempt from hefty skills assessment processes. Mutual recognition agreements (MRA) could be used to exempt migrants with comparable qualifications from needing a detailed skills assessment.
- › BuildSkills Australia should work with industry and government to develop a pilot for a gap training course for carpenters and bricklayers who have qualifications from comparable jurisdictions and are seeking to work in Australia.
- › English language standards for skills assessments should be reduced to 4.5 or 5.0 for migrant workers in non-licensed trades.
- › Migrants with qualifications and work experience from a comparable jurisdiction should be exempt from skills assessment requirements and processes via MRAs.
- › Government and industry should provide simpler and more accessible coaching for migrants on how to find a job in the industry – the higher education space is an example of success in providing support to international students.
- › All levels of government must work together to streamline occupational licensing requirements and ensure internationally comparable qualifications or requirements are quickly recognised without the need for long skills recognition processes.
- › Government should ensure pathways to permanent residency are clear and enticing for skilled migrants already in the country who have building and construction qualifications and experience. Fast-track these people to permanent residency if they are working in building and construction.
- › Government should expand eligibility for the graduate visa and graduate visa extension to all Australian Qualifications Framework Certificate III and above qualifications.
- › Provide free or low-cost skills assessments to people in country on humanitarian or partner visas and who have building and construction qualifications and experience.

KEEPING WORKERS IN THE INDUSTRY

Attracting more people to the industry – especially trade workers and technicians – is an important first step in righting workforce shortages but keeping them is vital.

The average loss of eight per cent of the workforce each year is a significant drain on the industry, and it means it is under even more pressure to attract new talent than it would be simply if it had to grow.

There are barriers within the industry to mobility, progression and growth. They include rigid and disaggregated occupational licensing regimes, a lack of continuous learning opportunities, lacklustre business training, an unproductive industrial relations framework and hefty regulatory requirements.

OCCUPATIONAL LICENSING

Workforce mobility is linked to improved productivity and enables the flow of workers to respond to business demand and economic conditions.

Workforce mobility in the building and construction industry is diminished by inconsistent state and territory occupational licensing structures and a lack of mutual recognition. This exacerbates workforce shortages because movement is limited.

It also impacts skilled migration, and the mobility of migrant workers, and it stops workforce flows that are needed to particular areas.

Master Builders supported the 2018 recommendations in the Shergold-Weir Building Confidence Report to create a nationally consistent occupational registration framework.

This would enable states and territories to reduce inconsistencies in licensing and registration and create a minimum benchmark for the industry. Master Builders also supported the automatic mutual recognition of occupational licensing reforms in 2021 and highlighted the need for these processes to be developed together.

Progress on these reforms stalled and there has been no solution to the problem of cross-border licensing restrictions.

RECOMMENDATION

Government should reinvigorate the national registration framework for building practitioners and incentivise state and territory governments to implement automatic mutual recognition reforms across all licensed occupations.

CONTINUING PROFESSIONAL DEVELOPMENT

According to Infrastructure Australia, the long lead time for a worker to enter their first construction role, post-training, has an impact on the industry's capacity to match workforce with demand. Of those who do enter the public infrastructure industry in particular, "just over half arrive from a job in another industry, and just under half arrive from directly from education. Within eight years, 42 per cent have left construction, with 38 per cent moving into a non-construction role and 4 per cent into education."³³

This lead time fuels workforce shortages but is also creates a foundation for the culture of lifelong learning.

Ensuring the training journey for someone in the building and construction industry does not end at a Certificate III or IV is important for retention of the workforce.

Continuing professional development (CPD) is a well-established and accepted practice in many industries and occupations. It ensures people stay skilled and relevant in the workforce and provides opportunities for growth and promotion.

Building and construction has compulsory CPD requirements in place for licensed tradespeople. The requirements differ depending on the state or territory, but CPD must be undertaken to be able to maintain registration. The pace of regulatory change, product innovation, and technological advancements puts pressure on the industry to provide responsive and fit-for-purpose life-long learning opportunities.

Master Builders Associations do this well.

Across the Master Builders network, registered training organisations (RTOs) offer 110 accredited short courses and 152 non-accredited short courses.

The Certificate III is just the beginning of the journey.

Master Builders is aware of many instances – particularly in non-licensed trades – where apprentices will complete their Certificate III and close the book on their studies, rather than undertaking a further year to graduate with a Certificate IV. For the purpose of having a well-skilled and highly qualified building and construction workforce, this is less than ideal. The industry needs more people completing their Certificate IV and becoming licensed tradespeople.

Of the 21,410 apprentices who completed their training in building and construction trades in December 2023, 20,205 (94 per cent) graduated with a Certificate III or below. Completing with a Certificate IV were 1,035 apprentices (5 per cent) and 170 graduates completed with a Diploma or Advanced Diploma (1 per cent).³⁴

For Australia to meet its chronic and critical skills shortages in building and construction, and have a highly skilled and robust workforce, more apprentices must graduate with at least a Certificate IV and have continuing opportunities for lifelong learning.

RECOMMENDATION

Master Builders recommends that Government provide financial incentives to apprentices to encourage them to complete their Certificate IV.

Master Builders also encourages industry participants to engage in continuous training and learning to maintain occupational currency.

IMPROVING BUSINESS ACUMEN

No sector of the Australian economy has more businesses than building and construction. At the end of March 2024, over 449,000 construction businesses were in operation across Australia – or more than one in six businesses in the economy (17.0 per cent of the total). The majority of construction businesses (98.6 per cent) are small in size with fewer than 20 employees.³⁵

Running a small business is no mean feat. It requires the ability to understand and apply complex legal and regulatory requirements, communication strategies, financial management and planning and staff management requirements. Reducing the complexity and time spent by businesses on regulatory obligations and administrative tasks frees their time to focus on their trade.

It is vital that tradespeople are not just taught how to work on the tools, but also how to run a business.

Many apprentices report completing their apprenticeship with very little exposure to the business side of building and construction. They feel they are not adequately taught how to run a business – be it their own, or someone else's.

Over the year to March 2024, a total of 2,758 construction businesses entered external administration. This was 35.0 per cent higher than the same period one year earlier. Construction businesses accounted for 27.6 per cent of the economy's total insolvencies over the 12 months to March 2024.

In an industry made up overwhelmingly of small businesses, this is devastating.

Providing more business and business resilience training as part of an apprenticeship or continuing professional development is vital to the industry.

RECOMMENDATION

Master Builders recommends that BuildSkills Australia ensure that building and construction training packages are fit for purpose and not only teaching people how to be skilled in their trade, but also how to run a business.





INDUSTRIAL RELATIONS

The building and construction industry places a high priority on a safe and productive workplace relations environment. Harmonious, safe and productive workplaces are vital for a strong building industry, a thriving economy and more job opportunities for all Australians.

We are a growing industry and will need even more workers over the next decade, however current workplace laws discourage many from hiring and training more apprentices and embeds standardised, rigid and ‘one size fits all’ workplace practices.

This is why we are committed to delivering safe and productive workplaces. We want workers to be safe and for our workplaces to be like workplaces in other industries.

Master Builders believes that balancing a fair safety net of conditions for workers with equal rights for employers while promoting job creation is crucial. Legislation and regulation should be clear and simple to understand, reducing confusion and complexity for businesses.

A strong and flexible industrial relations system underpins a competitive, modern and productive economy. Master Builders supports policies that promote safer and more productive workplaces, but also encourages governments to consider the broader consequences of legislative and regulatory changes.

Unfortunately, the current industrial relations framework delivers outcomes that are at odds with not only the goals noted above, but a range of other government and community priorities. Instead of a flexible, modern and contemporary system that encourages job creation, supports workplace innovation and facilitates a thriving workforce, we have a system encourages a culture in which industry retains restrictive practices, standardised conditions and terms of work, and comparatively unproductive arrangements.

For example, the primary industrial instruments which underpin terms and conditions of employment of employees working in the sector are the *Building and Construction General On-site Award 2020* (Onsite Award) and Enterprise Agreements (EBAs). Given the project-based nature of building works, estimates vary as to the proportion of the workforce covered by these instruments. However, it is reasonable to assume that approximately one third work under EBA conditions and the remainder have other forms of arrangements underpinned by the Onsite Award.

Building and construction EBAs comprise around one third of the total number approved by FWC each year. These instruments are:

- > predominantly 'pattern' arrangements to which unions are not only parties, but also relentlessly enthusiastic promoters;
- > typically involve conditions and arrangements that work to restrict or restrain any flexibility provided in the Onsite Award, resulting in set patterns and hours of work, standardised rates and conditions, and RDO calendars which apply for the life of the agreement (meaning, RDO's for 2028 are set and known in 2024);
- > conventionally adopted and used mainly in metropolitan and large regional areas, and commonly used by head-contractors or larger companies working at the 'tier 2 or 3' level (although, this is changing); and
- > applicable to many subcontractors (irrespective of whether they are technically a party) when working for entities or on sites covered by EBAs (either through the use of enforceable 'jump-up' clauses since December 2022, or due various other forms of persuasive techniques as forensically identified in various Royal Commissions of Inquiry).

Working arrangements underpinned by the Onsite Award are almost all individual contracts of employment and/or arrangements which provide rates of pay which are significantly greater than the Onsite Award but retain its core terms and conditions.

Although the Onsite Award contains a range of provisions that encourage flexible working arrangements, these mainly exist due to National Employment Standards (such as the right to request flexible working arrangements, or consideration of family and caring responsibilities when determining if overtime is reasonably requested) or other Full Bench decisions adopted (or partly adopted) into the Award. Historically, however, the Onsite Award has been extremely restrictive and various attempts to relax this have made little practical difference or were rejected.

Other parts of the Onsite Award continue to be problematic. For example, key provisions relevant to the taking of RDOs or agreement to work on arrangements other than the RDO cycle being dependent upon agreement between the employer and the majority of employees. This discourages workplace flexibility and inhibits many cohorts of the available workforce from considering a career in building and construction.

The impact of both the above instruments, either through existing EBAs or the inflexibility of the Onsite Award (historical or otherwise) is significant and operates to restrain the building and construction workforce from achieving its potential. Along with

a complex and confusing system of workplace regulation, it has created a culture in which industry retains restrictive practices, standardised conditions and terms of work, and comparatively unproductive arrangements.

Regardless of the needs of individual workplaces, most accept this culture on the basis that 'it's the way we operate' or are forced to adopt restrictive pattern arrangements which embed and spread the culture. For example, while 'industry RDO's' and 'lockdown weekends' should be a thing of the past, they are the reality for many workers in the sector. The lack of an industry specific industrial relations regulator with strong enforcement powers is also now seeing the return of cultural practices previously consigned to the history, such as 'no ticket, no start' and increased instances of unlawful and illegal industrial activity.

This all adds to a culture which is widely known amongst other sectors and the community generally, and leads to commonly held perceptions of inflexibility, rigid employment arrangements, and no capacity for individual worker choices, needs or preferences to be adequately considered or even entertained.

The current circumstances involving the CFMEU and the poor culture it promotes show that comprehensive action is necessary and essential to support and drive an industry workforce that is modern, safe, productive and rewarding.

RECOMMENDATIONS

- › Government should ensure that the Fair Work system operates to support and enhance the goals of community, industry and government, and not act contrary to them or make them difficult to achieve.
- › In recognition of the unique structure and culture within the building and construction industry and its workforce, the Federal Government should move swiftly to establish a dedicated specific building and construction industry regulator with sole responsibility for enforcement of those industry specific laws, underpinned by strong investigation, compliance and enforcement powers. To achieve this, Governments must adopt the recommendations of Master Builders blueprint for positive industry change detailed in [Breaking 'Building Bad'](#).
- › Workplace laws should 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.
- › Government should commit to genuinely preserving freedom of association laws, reconsider laws that give unions more say or more rights than ordinary everyday workers, and make sure right of entry rules are strengthened and properly enforced.
- › The Fair Work system should better recognise the needs of small business and encourage them to take on new workers, and actively support business and job growth instead of inhibiting it.
- › Bargaining laws require significant improvement to better help workers and business quickly and effectively put in place arrangements without ineffective red-tape and lengthy delays.
- › Abandon all changes negatively impacting the building and construction industry in the Fair Work Amendment Closing Loopholes Bill and Secure Jobs Better Pay Bill.



REGULATORY BURDEN

Regulation is a vital component of the building and construction industry. Effective regulatory frameworks support and protect businesses and their customers. Latest figures show that one in six Australian businesses (17.0 per cent) were in the building and construction industry at the end of March 2024.³⁶ The overwhelming majority of those are small businesses. The amount and extent of regulation imposed on the industry tends to lose sight of this.

Some mandatory regulation restricts the way in which businesses can operate, which in turn has an impact on productivity. The frequency with which mandatory regulations are modified or added in an ever-changing regulatory framework means small business is always on the back foot when it comes to responding to and implementing requirements.

For example, nationally consistent Workplace Health and Safety (WHS) laws should continue to be pursued to reduce complexity, red tape and assist businesses operating across all jurisdictions.

Reasonable, balanced, practical and nationally consistent WHS regulation is essential to achieving better safety outcomes. In addition, the overlap in WHS and industrial relations laws creates unnecessary confusion and complexity, with the concept of workplace safety being increasingly sullied by particular organisations who use safety as a tactic to achieve industrial outcomes.

Further, WHS obligations should only be regulated under legislation and not by industrial instruments such as modern awards and enterprise agreements. In addition, Australian/International Standards and Model Codes of Practice should only have standing as guidance material, be practical and in plain English.

RECOMMENDATIONS

Pursue nationally consistent Workplace Health and Safety laws and remove overlap which creates unnecessary confusion and complexity, and reduces safety outcomes.

To alleviate regulatory change pressures, the Government needs to make regulatory frameworks that are mandatory, freely available to access. In particular, all Australian and international standards that are legislated or mandated for use must be available for free to anyone required to implement them. Placing this important content behind paywalls makes complying with mandatory regulation expensive and in some cases impossible. It sets people in the building and construction industry up to fail in their regulatory responsibilities.

The functionality of the National Construction Code and its interaction with state and territory legislative frameworks must also be reviewed, as well as the operation of the Australian Building Codes Board to determine if they remain fit for purpose in serving the building and construction industry. Focus should be on whether the way in which regulation is designed, developed and reviewed is hindering the development of high-quality, fit for purpose building regulation and productivity.

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