

Master Builders Australia

Supplementary Submission to House of
Representatives Standing Committee on
Education and Employment

*Inquiry into inhibitors to employment for small
business and disincentives to working for
individuals*

19 August 2015



© Master Builders Australia Limited 2015.

Master Builders Australia Limited

ABN 68 137 130 182

Level 1, 16 Bentham Street (PO Box 7170), YARRALUMLA ACT 2600

T: +61 2 6202 8888, F: +61 2 6202 8877, enquiries@masterbuilders.com.au, www.masterbuilders.com.au

This submission is copyright and all rights are reserved. No part of it may be reproduced, stored, transmitted or otherwise distributed, in any form or by any means without the prior written permission of the copyright holder. Images on the cover are winners of Master Builders National Excellence in Building and Construction Awards.

CONTENTS

1	Introduction.....	1
2	Purpose of Supplementary Submission	1
3	Adult Apprentice Engagement	2
4	Ageing Building and Construction Workforce	7
5	Women in the Building and Construction Industry.....	9
6	Conclusion.....	12

1 Introduction

- 1.1 Master Builders Australia is the nation's peak building and construction industry association which was federated on a national basis in 1890. Master Builders Australia's members are the Master Builder state and territory Associations.
- 1.2 Over 125 years the movement has grown to over 33,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association that represents all three sectors, residential, commercial and engineering construction.
- 1.3 The building and construction industry is a major driver of the Australian economy and makes a major contribution to the generation of wealth and the welfare of the community, particularly through the provision of shelter.

2 Purpose of Supplementary Submission

- 2.1 On 24 June 2015, Master Builders appeared before the House of Representatives Standing Committee on Education and Employment. In the course of providing evidence regarding the unique characteristics of the building and construction industry in the current context, a number of questions from the Committee were taken on notice. This supplementary submission has been prepared in order to respond to those questions.
- 2.2 Mrs Sudmalis MP sought further material about the engagement of adult apprentices in the building and construction industry as well as information about their terms of engagement and pay rates. This feedback is set out at section 3 of this submission.
- 2.3 In addition, the Chair sought information about Master Builders' policies that are in place to assist to ameliorate the effects of the ageing workforce. This feedback is set out at section 4 of this submission.
- 2.4 The Chair also sought information on Master Builders' policies to encourage women into the industry, information on "the problem, the issue and the aspiration." This feedback is set out at section 5 of this submission.

- 2.5 Master Builders has been informed by the Committee's Secretary that the feedback on these matters should be provided to the Committee by 19 August 2015.

3 Adult Apprentices Engagement

- 3.1 The construction industry has traditionally drawn on younger workers due to the physically demanding nature of the work. The construction industry has a younger age distribution than the wider labour force with 43.3 percent of workers aged 15-34 years compared with 38.8 percent across all industries.
- 3.2 Older workers are underrepresented in the construction industry, likely due to the manual labour roles dominant in the industry, with 35.4 percent aged 45 years or over, compared with 39.3 percent across all industries.
- 3.3 The median age of workers in the industry was 38 years in 2014, slightly below the median age of 40 years recorded across all industries
- 3.4 Notably, despite remaining dominated by younger age groups, the workforce age profile of the construction industry has become older over the past 20 years. Indeed, the share of the industry's workforce aged 55 and over has risen by 7.2 percentage points over the past two decades to stand at 15.8 per cent in February 2015.
- 3.5 Construction trades workers comprise around one third of the workforce with 90 percent employed directly in the industry.
- 3.6 The labour market for construction tightened in 2014 with shortages re-emerging for a number of trade occupations.
- 3.6.1 Five of the 10 construction trades are in national shortage (bricklayer, stonemason, solid plasterer, roof tiler, wall and floor tiler) compared with three in 2013 (stonemason, solid plasterer and roof tiler)
- 3.6.2 In addition, regional shortages are evident for glaziers and roof plumbers
- 3.6.3 Carpenters and joiners are the easiest to recruit.

3.7 The National Centre for Vocational Education Research (NCVER), in its Apprentices and Trainees 2014 Annual Report, showed that 2.7% of Australian workers were employed as an apprentice or trainee as at December 2014, compared with 3.3% in 2013 across all industries. Within the trades, 10.6% of workers were employed as an apprentice or trainee as at December 2014, compared with 12.3% in 2013.

3.8 For all industries, apprenticeship commencements decreased by 21.9% from 2013 to 2014, with non-trade commencements down 25.3%.

3.9 For all industries, the commencement age for apprentices and trainees is outlined in the below table. As demonstrated, there has been a decrease in apprenticeship commencements for all age groups since 2010.

Apprentice and trainee commencements for all industries 2010-2014 ('000)

Age	2010	2011	2012	2013	2014
19 years and under	115.8	111.6	107.3	85.5	79.8
20 to 24 years	54.4	56.6	57.1	45.0	39.8
25 to 44 years	100.2	105.7	114.2	81.1	54.9
45 years and over	44.7	46.9	52.0	34.2	17.5

3.10 The age data for construction trade apprentices cannot be disaggregated from the NCVER report *Apprentices and Trainees Annual 2014*.

3.11 For the building and construction industry specifically, since 2010 to 2014, the construction trade apprentice commencements has decreased by 18%, from 24,400 to 20,000 apprentices. Although there has been an increase of 12% in construction trade apprentice commencements in the past year.

3.12 However, against a reported projected completion rate of 31% for apprentices starting an apprenticeship in 2014, this equates to only 6,200 apprentices going on to complete their construction trade apprenticeship.

- 3.13 Master Builders was disappointed that following a decision of the Full Bench of the then Fair Work Australia¹, adult apprentices receive a minimum adult rate of pay in accordance with the *Building and Construction General On-Site Award 2010* (the Award). As a consequence, adult apprentice pay rates do not increase based on the stage at which the apprentice is currently employed. Table 1 sets out the Award rate per hour for an adult apprentice in the trade categories relevant under the Award.
- 3.14 By way of comparison, Table 2 shows the progression of junior apprentices from the first stage to the fourth stage comparing the rates for those who did not complete Year 12 with those who completed Year 12. These rates much better reflect the nature of progression for apprentices and reflect the training nature of the engagement.

Table 1 – Adult Apprentice Wage Rates from 1 July 2015

Modern Award Classification	Modern Award Rate Per Hour \$
First Stage	
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	19.91
Plasterer	19.77
Bricklayer	19.68
Roof Tiler	19.53
Painter	19.31
Engineering Tradesperson	19.53
Landscaper	19.12
Second Stage	
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	19.91
Plasterer	19.77
Bricklayer	19.68
Roof Tiler	19.53
Painter	19.31
Engineering Tradesperson	19.53
Landscaper	19.12
Third Stage	
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	19.91
Plasterer	19.77
Bricklayer	19.68
Roof Tiler	19.53
Painter	19.31
Engineering Tradesperson	19.53

¹ [2012] FWAFB 3210.

Landscaper	19.12
Fourth Stage	
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	19.91
Plasterer	19.77
Bricklayer	19.68
Roof Tiler	19.53
Painter	19.31
Engineering Tradesperson	19.53
Landscaper	19.12

Table 2 – Junior Apprentice Wage Rates from 1 July 2015

Modern Award Classification	DID NOT COMPLETE YEAR 12 Modern Award Rate Per Hour \$	COMPLETED YEAR 12 Modern Award Rate Per Hour \$
First Stage		
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	11.70	12.72
Plasterer	11.56	12.58
Bricklayer	11.47	12.49
Roof Tiler	11.32	12.34
Painter	11.10	12.12
Engineering Tradesperson	11.32	12.34
Landscaper	10.91	11.93
Second Stage		
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	13.73	14.75
Plasterer	13.60	14.61
Bricklayer	13.51	14.52
Roof Tiler	13.36	14.37
Painter	13.13	14.15
Engineering Trades	13.36	14.37
Landscaper	12.94	13.96
Third Stage		
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	16.78	16.78
Plasterer	16.65	16.65
Bricklayer	16.55	16.55
Roof Tiler	16.41	16.41
Painter	16.18	16.18
Engineering Tradesperson	16.41	16.41
Landscaper	15.99	15.99
Fourth Stage		
Carpenter Joiner, Joiner, Shopfitter, Stonemason, Prefab Tradesperson	19.83	19.83
Plasterer	19.70	19.70
Bricklayer	19.60	19.60
Roof Tiler	19.46	19.46

Painter	19.23	19.23
Engineering Trades	19.46	19.46
Landscaper	19.04	19.04

- 3.15 The setting of the adult apprentice rate was attended with some ambiguity. Adult apprentices are engaged under clause 19.8 of the Award. That clause is as follows:

19.8 Adult apprenticeship

[19.8 substituted by PR544640 ppc 01Jan14]

- (a) (i) *Where a person was employed by an employer immediately prior to becoming an adult apprentice with that employer, such person will not suffer a reduction in the ordinary time hourly rate of pay by virtue of entering into the contract of training.*
- (ii) *Provided that for employees engaged in the general building and construction, and civil construction, sectors the provision in 19.8(a)(i) above shall only apply to employees who have been employed by the employer for at least six months as a full-time weekly or daily hire employee, or twelve months as a part-time or regular and systematic casual employee immediately prior to commencing the apprenticeship.*
- (b) *For the purpose of fixing a rate of pay only, the adult apprentice will continue to receive the ordinary time hourly rate of pay that is applicable to the classification or class of work specified in clause 19.1, and in which the adult apprentice was engaged immediately prior to entering into the contract of training.*
- (c) *Subject to clauses 19.8(a) and 19.8(b), the rate of pay of an adult apprentice will be the ordinary time hourly rate prescribed for the lowest paid classification in clause 19.1 or the ordinary time hourly rate prescribed by clause 19.7 for the relevant year of apprenticeship, whichever is the greater.*

- 3.16 Under subclause 19.8(c), an adult apprentice must be paid ‘the rate prescribed for the lowest paid classification in clause 19.1, or the rate prescribed by clause 19.7 for the relevant year of apprenticeship, whichever is the greater.’ The lowest paid classification under clause 19.1 is for a Construction Worker/Engineering Construction Worker (CW/ECW1) (level a). On the first reading, subclause 19.8(c) appears to be ambiguous, as it is unclear whether the CW/ECW1 (level a) rate should include the allowances indicated at

subclause 19.3(b) (which are generally payable to non-apprenticed weekly hire employees under subclause 19.1(b) of the Award).

- 3.17 Master Builders brought litigation in 2011 to clarify this perceived ambiguity and sought to vary subclause 19.8(c) to restrict the reference to the rate prescribed for the lowest paid classification in clause 19.1 to subclause 19.1(a). The matter came before SDP Watson who delivered his decision on 4 January 2012 and declined to vary clause 19.8 as he was not satisfied that there was any ambiguity or uncertainty in the clause.
- 3.18 Master Builders appealed this decision on the ground that SDP Watson erred in his decision not to vary clause 19.8. The appeal was heard before a Full Bench of the then Fair Work Australia on 29 March 2012.² The Full Bench handed down its decision on 25 May 2012 agreeing with SDP Watson's reasoning and finding that clause 19.8 was not uncertain or ambiguous. An objective reading of clause 19.8, according to the reasoning of the Full Bench, indicates that subclause 19.8(c) refers to clause 19.1 as a whole – meaning that allowance-inclusive rates under subclause 19.3(b) should be compared to the junior apprentice rate in clause 19.7, when working out an adult apprentice's rate of pay. Employers must pay the allowance-inclusive weekly hire rates in clause 19.3, as these rates will always be higher than the junior apprentice rates in clause 19.7 a matter indicated earlier at clause 3.1 of this submission. Against logic, this means that first year adult apprentices receive the same rate of pay as final year adult apprentices.

4 Ageing Building and Construction Workforce

- 4.1 Over the next 40 years, Australians will live longer and continue to have one of the longest life expectancies in the world. In 2054-55, life expectancy at birth is projected to be 95.1 years for men and 96.6 years for women, compared with 91.5 and 93.6 years today.
- 4.2 The number of Australians aged over 65 is projected to more than double by 2054-55 compared with today. There will be fewer people of traditional working

² Note 1 above

- age. This trend is already visible, with the number of people aged between 15 and 64 for every person aged 65 and over having fallen from 7.3 people in 1974-75 to an estimated 4.5 people today. By 2054-55, this is projected to nearly halve again to 2.7 people.
- 4.3 Over the next 40 years, the proportion of the population participating in the workforce is expected to decline as a result of population ageing. Participation rates among those aged 65 and over are projected to increase, from 12.9 per cent in 2014-15 to 17.3 per cent in 2054-55.
- 4.4 Australia's future productivity performance will be influenced by technological developments, both domestically and abroad, which create new work methods and techniques for building and construction, particularly in the areas of pre-fabrication and assembly.
- 4.5 Master Builders predicts that the construction industry will require an additional 300,000 people over the next decade, a 30 percent increase on the current workforce of 1,033,000 people. Many of these workers will need to be highly skilled as a result of technological developments.
- 4.6 An ageing construction workforce can be attributed to several drivers, such as a reduction in the number of younger people entering the workforce; extensions in the length of careers, such as from delays in retirement; or changes in organisational structure such that more senior staff are required.
- 4.7 The industry's challenge is to meet the rising demand for a skilled workforce against a background of decreasing apprentices in accredited training, high drop-out training rates, and a yearly exit rate of existing workers of approximately 30,000.
- 4.8 Engaging an ageing workforce will be essential to the industry's success. However, it should be noted that there is some concern in the industry about the ageing profile of the workforce. In a survey by the Construction and Property Services Industry Skills Council, 12 per cent of respondents identified the ageing workforce as a major skills-related concern. The construction industry's workforce age profile has become older over the past 20 years with the share of the industry's workforce aged 55 and over rising by 7.2 percentage points over the past two decades to stand at 15.8 per cent in February 2015.

- 4.9 There is a need to address the challenges facing the construction workforce due to ageing. There are not enough young people entering the industry to replace the number of employees retiring.
- 4.10 Many construction occupations do require formal training, which can vary from apprenticeships and trade qualifications to other tertiary education and professional accreditation. These qualifications vary in the time taken for completion and the depth of training.
- 4.11 Master Builders recommends that government policy on training funding must be considered in the context of an ageing workforce. “Qualification burn” is a real issue where once a person completes a certificate they are no longer entitled to a government subsidy to train in another qualification at a similar level. In an economy where people are predicted to change careers and sectors throughout their working life, this is a significant barrier to skilling our workforce as it ages.
- 4.12 Master Builders recommends that the construction industry should be considered as a priority for the Commonwealth Government’s Industry Skills Fund. The ability to train new entrants, at any age, and to up-skill older workers in construction is vital if older Australians are to maintain up-to-date skills. This is vital for the growth and productivity of the industry.
- 4.13 Training to develop skills in the use of technology is important for the construction workforce with this type of skills acquisition essential for older employees to remain at the cutting edge of new construction techniques. This must be supported through government funding where appropriate.
- 4.14 Competency and skills assessments are also essential tools in the identification of older employees’ skills and abilities and training systems should include funding that support skills assessments for mature age workers to transition between industries.

5 Women in the Building and Construction Industry

- 5.1 To ensure business productivity and global competitiveness, Australia needs to increase female participation in the workforce. At present, women participants

in the building and construction industry number slightly less than 12%, the lowest participation of women across all industries.

- 5.2 Even worse, women make up only 1% of apprentices in traditional building and construction trades, which include carpentry, joinery, bricklaying, painting and tiling.
- 5.3 The nature of work is changing, with multiple generations in the workplace simultaneously, organisations experiencing significant upheaval (downsizing, off-shoring, merging etc), increasing diversity and casualisation of the workplace. Career security is no longer guaranteed, and both men and women are pursuing alternative models for career success. Women, especially young women, are becoming more self-determined and purposeful in leading their own career, including developing personal and professional goals.
- 5.4 However, for women in non-traditional industries such as construction, the stereotypical career path is still traditional, and one that is seen by many in wider society as male-dominated. Traditional ways of communicating and undertaking work dominate construction organisational practice. It can be difficult for women to find sufficient support within the construction organisation for career self-agency.
- 5.5 More than in other industries, women in construction are judged concerning their fitness/strength to operate in the industry just because they are 'female' rather than on the skills and qualifications required to perform the role. Women can often experience social isolation due to few other female peers and role models in their organisations. Women who successfully undertake a construction career are generally courageous, determined and passionate about their role in spite of an architecture that fails to provide support mechanisms and strategies readily available to males.
- 5.6 In the Master Builders Association of Victoria Report *Advancing Women in Construction*, the following barriers have been cited by individuals as barriers to female participation and career progressing the construction industry:
- 5.6.1 Initial standards of education and personal economic reasons for participation in the industry (often personnel such as career administrators start with a low level of academic rigour);

- 5.6.2 Career choice seen as inappropriate by peers, parents and other members of society. Therefore back up support for this career choice is limited;
 - 5.6.3 Expectation that choosing a manly role will make the female mannish in character and behaviour;
 - 5.6.4 Perceptions by employers and society that construction work is dirty, dangerous and physically taxing and women are not suitable;
 - 5.6.5 Women are discriminated against even at the hiring stage due to entrenched perceptions on the part of others;
 - 5.6.6 Trade tertiary training is often 'run by men for men';
 - 5.6.7 Male dominated workplace cultures in which the woman may be the only female, creating isolation and lack of community for social engagement and ongoing learning;
 - 5.6.8 Workplace cultural stereotypes including sexist or derogatory remarks;
 - 5.6.9 Limited access to the accepted informal construction networks, particularly as it is in these informal gatherings that business is often discussed, for instance at golf or footy events;
 - 5.6.10 Gender differences in coping with work-home interference and lack of access to flexible work arrangements;
 - 5.6.11 Inadequate and inaccurate information provided by school counsellors on non-traditional roles; and
 - 5.6.12 Lack of access to role models and valid work exposure and experience within the industry.
- 5.7 Also contained within the Master Builders Association of Victoria Report *Advancing Women in Construction*, the following organisational enablers have been cited as mechanisms either supporting effective change, or encouraging participation and advancement of female workers in the construction industry, and include:
- 5.7.1 Supportive organisational cultures including diversity management and organisational inclusivity practices;
 - 5.7.2 Including a female perspective in policy discussions;

- 5.7.3 Commitment to offering broader career opportunities and employee engagement activities at all organisational levels;
 - 5.7.4 Recognition that gender diversity at paraprofessional and managerial level is good for business;
 - 5.7.5 Ability to access flexible work arrangements so that women are working at or above their skill levels;
 - 5.7.6 Encourage and support female role models to be 'visible, step up, speak up and be heard';
 - 5.7.7 Hire leaders with people-centred management styles and transformation leadership styles and reward these behaviours;
 - 5.7.8 Encourage managers to support staff to become lifelong and adaptive learners;
 - 5.7.9 Accessibility to and availability of education and training at all organisational levels;
 - 5.7.10 Access to affordable (and / or site) childcare;
 - 5.7.11 Access to quality work experiences such as 'stretch projects';
 - 5.7.12 Clustering female participants during training; and
 - 5.7.13 A strong support network and mentoring and workplace champions.
- 5.8 There is ample research and support for the value of mentoring exchanges in accelerating the growth potential of high-potential employees, assisting with career advancement and professional learning.

6 Conclusion

- 6.1 On 24 June 2015, Master Builders appeared before the House of Representatives Standing Committee on Education and Employment. This supplementary submission has been prepared in order to respond to questions raised by Committee members and taken on notice.
- 6.2 Further information about the engagement of adult apprentices in the building and construction industry was outlined in section 3, while additional information on ageing and women in the construction workforce has been detailed in sections 4 and 5 respectively.

6.3 Responding to an ageing workforce and increasing women's participation in the building and construction industry are both highly complex issues. Targeted on-the-ground programmes and supporting government policies and funding are essential to meeting the challenges to improve the long-term participation rates of ageing Australians and women in the industry.
