



MASTER BUILDERS
A U S T R A L I A

29 July 2024

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: legcon.sen@aph.gov.au

Re: Inquiry into the Migration Amendment (Strengthening Sponsorship and Nomination Processes) Bill 2024 [Provisions]

Master Builders Australia (Master Builders) welcomes the opportunity to respond to the Inquiry into the *Migration Amendment (Strengthening Sponsorship and Nomination Processes) Bill 2024 [Provisions]* (the Inquiry).

Master Builders Australia and the building and construction industry

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

Over 130 years, the movement has grown to over 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.

Building and construction represents one of the largest parts of the Australian economy. Latest Australian Bureau of Statistics (ABS) figures indicate that the total value of building and construction over the year to June 2023 was \$269.7 billion, an amount equivalent to 10.0 per cent of total Gross Domestic Product.

However, as the population grows, and demand for housing and infrastructure increases, the building and construction workforce is struggling to keep up.

Just to maintain business as usual levels of building activity, Master Builders anticipates that at least half a million people must enter the industry over the years to 2029. No fewer than two thirds of those will need to be skilled tradespeople. To achieve the Housing Accord goal of 1.2 million new homes by 2029, and net zero transformation by 2050, the number is even higher.

BuildSkills Australia noted in March 2024 that the building and construction industry needed 90,000 new trades workers between then and the end of June 2024.¹ The industry fell well short. According to the ABS, the number of people employed in building and construction increased by 49,927 between February 2024 and May 2024.²

The workforce is desperate for more people, but apprenticeship numbers are not sufficient. 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).

Skilled migrants represent an important part of the building and construction workforce and their participation is vital to meeting Australia's housing and infrastructure needs.

At the 2021 ABS Census, 24 per cent of workers in the building and construction industry were born outside Australia and 8 per cent had migrated within the previous decade.³

This is compared to the national landscape where 27 per cent of the Australian workforce was born overseas and 9 per cent arrived in the 10 years between 2011 and the 2021.⁴

The largest cohort of skilled migrants in building and construction 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).⁵

Master Builders has long advocated for migration settings that ensure Australia is attracting the right skills. Unfortunately, the Federal Government's policy framework and immigration mechanisms are not kind to migrants who are skilled in building and construction trades. Visas are difficult to secure, costly and come with long processing times. The skills recognition process is cumbersome, costly, slow and in some cases completely unnecessary. Government wants migrants in Australia to experience positive outcomes and add value to the economy, but they cannot do this if the mechanisms in place to bring them, and keep them here, are working against them.

In relation to the Inquiry, Master Builders makes the following brief comments.

¹ BuildSkills Australia (24 March 2024) *90,000 extra tradies needed to deliver Housing Accord* at <https://buildskills.com.au/news/90-000-extra-tradies-needed-to-deliver-housing-accord>.

² Australian Bureau of Statistics Labour Force Detailed Quarterly at <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>.

³ Data source: Census of Population and Housing, 2021, TableBuilder.

⁴ Ibid.

⁵ Ibid.

Section 140GB

Temporary Skilled Migration Income Threshold

The Temporary Skilled Migration Income Threshold (TSMIT) will be replaced under the new Skills in Demand visa with the Core Skills Income Threshold (CSIT), set in alignment with the TSMIT and a Specialist Skills Income Threshold (SSIT), set at a higher amount to reflect specialist skills required by those occupations.

Master Builders has no objection in principle to the increase of the TSMIT from \$70,000 to a CSIT of \$73,150, nor its annual indexation.

Master Builders was disappointed that tradespeople were expressly carved out of the Specialist Skills pathway, and fundamentally disagrees with the concept of differentiating highly paid trade workers from their white-collar counterparts. Given this disappointing exclusion of tradespeople from the Specialist Skills pathway, Master Builders makes no comment on the \$135,000 SSIT, except to note many highly skilled tradespeople command salaries well above this amount.

ABS data⁶ 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 \$65,000.⁷

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

MIGRANT EARNINGS IN BUILDING AND CONSTRUCTION

	Negative or nil income	\$1- \$20,799	\$20,800- \$51,999	\$52,000- \$64,999	\$65,000- \$77,999	\$78,000- \$90,999	\$100,000- \$181,999	\$182,000+
Non-Australian born	0.30%	0.60%	15.60%	15.80%	15.00%	14.00%	31.60%	6.50%
Australian born	0.30%	0.80%	21.90%	15.80%	14.10%	13.40%	28.10%	4.80%

Labour Market Testing

Master Builders does not object to the proposed change in subsection 140GB(3)(b)(ii) in principle. However, Master Builders takes the firm view that labour market testing should be abolished, particularly in regard to building and construction occupations.

⁶ Master Builders analysis of Australian Bureau of Statistics, 2021 Census, Tablebuilder.

⁷ Note: This information relates to people not born in Australia, irrespective of their residency status. Some may be on visas, while others may be permanent residents or citizens.

Building and construction employers want to hire domestic workers. It is easier, and they are already prepared to work to Australian requirements, such as to standard or in line with the National Construction Code. However, in a survey of members of the Master Builders network in April 2024, 85 per cent of respondents said it is a struggle to find suitably qualified workers and 66 per cent said that sourcing workers was the biggest issue facing the industry.

Of the reasons given for this 68 per cent said the cost of employing people is getting too expensive and 53 per cent said they are not appropriately skilled. 72 per cent said the workers simply are not there.

There are not enough domestic workers to meet demand.

This is not hyperbole; it is a fact. And one that has been confirmed for years by government agencies and experts.

It is the view of Master Builders that if an occupation is deemed to be in shortage, it will be on the Skills Priority List. That list shows where there are not enough domestic workers to meet demand and it does so on a national, state/territory and regional basis. It is a sufficient enough tool to determine whether an occupation in a particular region should be open to migrant applicants or not.

Australian employers in building and construction are not seeking migrant workers because they are cheaper, or easier to on board. They are seeking them because the domestic workforce is not sufficient to meet demand.

Labour market testing is a redundant and inefficient tool.

If the domestic workforce existed, building and construction employers would not have to look to international recruitment. With an up to date and robust skills priority list, requirements for labour market testing should be abolished.

Section 140GE

Master Builders has no objection in principle to the publication of a list of approved work sponsors as proposed in the new section 140GE. Master Builders agrees that worker mobility is important for skilled migrants to prevent exploitation and is supportive of initiatives that seek to limit mistreatment of any kind.

However, in addition to policy and legislative mechanisms that facilitate employee mobility, there must be concessions for those employers who make a significant financial output up front to sponsor migrant workers.

It costs around \$11,000 per worker to recruit a skilled migrant from overseas. This includes the visa processing and Skilling Australia Fund (SAF) levy payments. Many businesses also engage a migration agent to help with the process, adding to the overall cost.

For businesses in the building and construction industry, of which 98 per cent are small- to medium-enterprises, these upfront costs are significant. This is especially so in situations where a migrant employee chooses to leave the organisation during their sponsorship period.

Again, Master Builders notes that this is an important part of limiting the exploitation of migrant workers, but balance must be struck to ensure Australian employers are not adversely impacted.

Employers need a safety net if their employee wants to resign during the duration of their sponsorship.

Master Builders makes a number of recommendations on this matter in a publication entitled *The Future of the Workforce: Skilled migrants in building and construction*.

These recommendations include reducing the SAF levy in metropolitan areas, introducing a trailing payment schedule of sponsorship costs and removing the SAF levy altogether for building and construction employers in regional areas. Master Builders notes there are refund provisions applicable to the SAF levy, but they are only offered in limited circumstances and do not offset the significant cost to an employer of losing a sponsored migrant from their employ early on in the sponsorship period.

Master Builders appreciates the opportunity to make this submission.

Kind regards,

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