

Employment Taskforce
Treasury
Langton Cres
Parkes ACT 2600

Via email
employmentwhitepaper@treasury.gov.au

Employment White Paper

Background

Civil Contractors Federation National (CCF) welcomes the opportunity to provide input to the development of the Employment White Paper.

By way of background, CCF is the peak industry body representing Australia's civil construction industry representing approximately 1,900 members nationally.

CCF is a federated member representative organisation with offices located in every major capital city of Australia with our focus and collaboration occurring at all three levels of government. CCF is also a registered employer body with the Fair Work Commission representing the interests of members and the civil infrastructure sector on industrial relations matters.

CCF also delivers a variety of training solutions to the civil infrastructure sector through CIVILTRAIN, our Registered Training Organisation that is registered with the Australian Skills Quality Authority nationally. Programs offered include qualifications under the nationally recognised Civil Construction Training Package and various state endorsed industry and regulatory courses.

Introduction

The civil construction industry is integral part of the Australian economy.

- The civil Infrastructure sector incorporates all civic and industrial infrastructure works (excluding the erection of buildings). Activities include road construction, plant operation, pipeline construction, trenchless technology, bridge construction, rail construction and tunnelling.
- Civil construction activity sits at approximately 3.8% of GDP¹
- Employment - Heavy and Civil Engineering Construction
 - 2022 - 107,400 workers
 - 2025 – 122,800 workers (projected)²

¹ ¹ Rebuilding Australia – A Plan for a Civil Infrastructure Led Economic Recovery <https://www.civilcontractors.com/wp-content/uploads/2021/05/CCF-IR-2021-Final2.pdf>

² <https://nationalindustryinsights.aisc.net.au/industries/mining-drilling-and-civil-infrastructure/civil-infrastructure>

- Training
 - There were approximately 42,500 program enrolments in Civil Infrastructure-related qualifications during 2021, increasing from around 35,370 in 2020.
 - There were approximately 4,450 apprenticeship and traineeship commencements and 1,520 completions during 2021. Following a period of increase between 2012 and 2014, commencement numbers gradually decreased before increasing again between 2018 and 2021. Completion numbers have declined overall since peaking in 2015, with a slight increase between 2020 and 2021³

A skilled and well-trained workforce is a critical and core requirement if Australia is to meet the challenges ahead. Nowhere is this more so than in the infrastructure sector, which is a key component of the productivity agenda and will be critical to meeting the needs of a growing population.

CCF notes a recent report by McKinsey & Company⁴ that found Australia could potentially need an additional 260,000 to 385,000 infrastructure construction workers over the coming years if the projected infrastructure pipeline materialises, which could potentially be exacerbated by the coming ramp-up of mining production. The McKinsey Report also noted that bridging the gap will require better managing both the demand for workers and their supply, including upskilling the current workforce, reframing the culture of the industry to retain more talent, and seeking ways to increase the talent pool and train the future workforce.

Governments are committing substantial funds to building civil infrastructure in areas such as roads, ports, bridges and rail, as well as opening up new sub-divisions and maintaining existing structures, with CCF estimating the annual infrastructure spend by the public and private sectors is more than \$80 billion per annum. This large and growing infrastructure pipeline necessitates a whole of government focus on ensuring the Government's employment policies and industrial relations framework are fit for purpose and will support a more productive infrastructure sector.

Against this backdrop, CCF is pleased to provide a number of recommendations for the Government's consideration on these and other issues as per the White Paper's Terms of Reference aimed at boosting productivity, creating jobs, achieving a more highly trained workforce and underpinning economic growth.

CCF's submission is aligned with our national '[advocacy and policy priorities](#)' which is built upon six policy pillars. Our comments in this submission are focused on the first two of these policy pillars: Workforce and Industrial Relations.

As a policy principle, CCF supports a lawful, efficient and sustainable civil construction industry through an effective industrial relations framework, and therefore our submission on the Employment White Paper should be seen in the context of our recent submission on the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022* ([click here](#)). Similarly, CCF is committed to building and skilling Australia's current and future infrastructure workforce and our comments on the Employment White Paper align with our contribution to the Jobs and Skills Infrastructure Industry Roundtable.

Jobs and Skills Summit

CCF recognises a number of important positive developments from the Jobs and Skills Summit on 1-2 September 2022. As previously mentioned, CCF participated in the Jobs and Skills Infrastructure Industry Roundtable, and we commend the Government for its strong commitment to improving policies in this area. This includes, for example, increasing the permanent Migration Program planning level, establishing a tripartite National Construction Industry Forum (NCIF), and establishing Jobs and Skills Australia.

³ Ibid

⁴ McKinsey & Company, 'Australia's Infrastructure Innovation Imperative' (September 2019).

In particular, the establishment of Jobs and Skills Australia is a welcome step as has been the announcement that the government will consult industry and employer bodies, unions, education and training providers, state and territory governments and others to determine the next stage of implementing Jobs and Skills Australia, its scope, its structure and its governance.

We look forward to a more streamlined and collaborative decision-making framework enabling all stakeholders, including employers, unions and government, to work together to address critical skills shortages facing the infrastructure sector. Furthermore, we encourage Jobs and Skills Australia to ensure it has a strong focus on the workforce needs of the civil construction sector.

First and foremost, Jobs and Skills Australia must prioritise action to address the shortage of skilled labour in Australia's infrastructure sector. CCF's recommendations to address this issue have been brought to the attention of successive governments and government departments in recent years, but they have been frustrated due to bureaucratic inaction and an unwillingness to act. Further information on these missed opportunities are included in this submission. The Employment White Paper provides an opportunity to reverse this trend.

Employment White Paper Terms of Reference

1. Full employment and increasing labour productivity growth and incomes, including the approach to achieving these objectives.

CCF's 2021 report *Rebuilding Australia – A Plan for a Civil Infrastructure Recovery* ([click here](#)) identifies worsening productivity as a key problem facing the construction industry. The report demonstrates how poor industry financial outcomes, together with difficult procurement and contractual conditions is impacting how industry and government work together to achieve efficiency outcomes. Improving labour productivity is inextricably linked to effectively addressing structural deficiencies in the regulatory framework underpinning the infrastructure industry.

CCF contends that addressing the causes of poor industry productivity in the industry will not only reduce the cost of delivering infrastructure – it will also enhance industry capacity and capability. Furthermore, low productivity not only impacts the financial sustainability of civil construction businesses – it also impacts on non-financial goals, including work/life balance, mental health, training and upskilling, and innovation itself (which is required for productivity growth).

CCF has previously provided its recommendations to Government to improve productivity performance as part of the House of Representatives Standing Committee on Infrastructure, Transport and Cities' inquiry into the Procurement Practices for Government Funded Infrastructure ([click here](#)), as well as the Productivity Commission's review of Australia's Productivity Performance ([click here](#)). CCF is pleased to summarise them below for Treasury's consideration:

- A more balanced approach to project allocation to the respective tiers of construction companies which will result in additional benefits to the community including, higher local employment opportunities, increased and upskilled local workforce, higher economic growth in the local community, and improving Australia's sovereign capability
- Procurement agencies should be required to simplify and streamline their procurement processes where possible to improve industry productivity.
- Procurement agencies genuinely to consider collaborative contracts when the circumstance warrants it.
- The Federal Government to ensure procurement agencies have sufficient capacity and capability to manage all federally funded infrastructure projects and to undertake proper pre-project planning through the National Partnership Agreement between the Commonwealth and states/territories.

2. The future of work and labour market implications of structural change

2.2 The energy transition and tackling climate change to achieve net zero.

CCF supports a whole of industry approach to achieving a more sustainable sector by prioritizing supply chain causes and developing appropriate and balanced solutions. There are opportunities for the civil construction sector to make a positive contribution to the reduction of carbon emissions, including through providing essential services in the construction of renewable resources. However, the issue needs to be seen in the context of significant challenges currently facing the industry, including skilled labour and material shortages. Governments' policy focus must in the first instance be on reducing emissions from energy and transport – improvements in these two areas will have significant flow on effects to operations in the civil construction industry. Improving environmental performance in civil construction can also be achieved through greater collaborative contracting that shares risk and costs, and improving planning and design to avoid waste.

2.3 The transformation associated with digitalisation and emerging technologies.

Greater government investment in skills and training is a necessity for productivity and the take up of new technology and innovations in the civil construction sector. While the current workforce may implement innovative processes with on-the job experience, new talent with the cutting edge in education is required to unlock the productivity enhancements driven by research institutions and breakthroughs in technology.

2.4 Building more resilient supply chains in a changing geopolitical landscape

State and international border closures throughout COVID disrupted material supply chains and the supply of skills. Domestically, skilled labour and equipment faced limited mobility in the face of snap lockdowns and border closures. The COVID experience reinforced the need for a national approach in relation to the movement of people and goods across state borders so as to minimise the impact on costs and project delivery.

3. Job security, fair pay and conditions, including the role of workplace relations.

As discussed earlier, CCF has made a comprehensive submission to the Education and Employment Legislation Committee on the Government's *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022*.

CCF questions why these two government processes are running in tandem and why the Government has embarked on comprehensive industrial relations reform prior to the finalisation of the Employment White Paper process which has at its core a discussion on the future of workforce relations. Nevertheless, CCF provides the following input (which mirrors our submission on the *Secure Jobs, Better Pay Bill*) for Treasury's consideration.

As a matter of principle, workplace relations reform should strive to ensure the civil construction industry can continue to contribute strongly to the Australian economy by facilitating productivity improvements, providing fair and equitable working conditions and remuneration to employees, as well as achieving a much greater level of certainty and security for our civil contracting businesses, the people they employ, their families, communities, and the investors (both government and private).

The *Secure Jobs, Better Pay Bill 2022* does not meet this objective for the following reasons:

Multi-Employer Bargaining

- Carving civil construction out of all streams of multi-employer bargaining is essential to avoid profound consequences for the industry. Civil construction businesses are already struggling with increasing inflation, rising costs and supply of materials, critical labour shortages and poor mental health outcomes amongst a range of other operating pressures., This Bill risks worsening productivity, investment, and jobs because the sector is not 'one size fits all' in relation to construction activity and employment conditions.

Furthermore, Local, State and Federal economies rely very heavily on productive expenditure in the construction of the nation's critical infrastructure – this Bill may well impact budgets.

- Civil construction supply chains are complex, and the prospect of multi-employer bargaining is significantly detrimental to the realities of supply chains in civil construction as it will lock labour into rigid sectors, and into terms and conditions that will stifle competition and enterprise level innovation.
- CCF therefore reinforces its strong policy position of carving out of civil construction from all streams of multi-employer bargaining.
- The proposed reforms also have the possibility of threatening the quantum of private sector investment whose collective sum total represents approximately 50% of Australia's total annual investment pipeline, or around \$40 billion per annum. CCF contends this unintended consequence is live and a likely probability that will have catastrophic ramifications for displacing workers if it results in industry wide industrial unrest and strike action.

Note: CCF understands the Government is to introduce in the Senate amendments to the Bill's Multi-Employer Bargaining provisions that carve out civil construction from all streams of multi-employer bargaining, a position supported by CCF, however, at the time of writing CCF has yet to see these proposed amendments.

- CCF is also deeply concerned that the abolishment of the ABCC will have a significant negative impact on our industry without a "like replacement" and as such we continue oppose its abolition.

4. Pay equity, including the gender pay gap, equal opportunities for women and the benefits of a more inclusive workforce.

CCF supports the enhancement of civil infrastructure capacity and sustainability of the industry and improving the lives of those working in it. CCF has a strong track record in implementing tangible programs to achieve pay equity, the gender pay gap, equal opportunities for women and a more inclusive workforce. These initiatives and programs are continually assessed and refined to ensure they are meeting the current and emerging needs of civil construction companies, workers within our industry and governments.

A 'Culture Standard' has been proposed by a body called the Construction Industry Culture Taskforce (CICT) which is a collaboration between the NSW and Victorian public sectors, the Australian Constructors Association and leaders from industry and academia.

CCF shares the commitment of the CICT to make continuous improvement to culture within our industry however we strongly oppose the use of mandation regarding quotas, targets and their inclusion in the procurement process which is a centrepiece of the Culture Standard. Furthermore, we have a strong objection to the Standard being developed without other key industry bodies, like CCF, being afforded a 'seat at the table' to provide input into this agenda and the development and implementation method of the Standard since 2018.

CCF acknowledges ongoing cultural change across the sector is critical. There are insufficient pathways for women into the industry and we lack strategies to attract and retain them. Civil construction workers also face mental health challenges. In response to this, CCF has been progressively developing and implementing a range of programs and initiative, such as our 'Women in Civil' program and a range of mental health initiatives. A greater focus on expanding these industry-led efforts, rather than mandating a culture standard, is the way to achieve the required change.

The establishment of the National Construction Industry Forum announced at the Jobs and Skills Summit is welcomed by CCF as it provides an opportunity to canvas industry specific matters (included directed attention to encouraging cultural change). As the peak representative body for civil contractors, CCF would expect being involved in the Forum. However it would be premature for the NCIF to consider mandating something like what is being proposed in the Culture Standard.

Furthermore, CCF believes the NCIF is not an adequate replacement of the ABCC functions and powers, which we discuss in our submission on the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022*.

CCF also notes the CICT proposes that the Standard be implemented on public sector projects via the procurement process within each Australian jurisdiction which would have a significant and wide-reaching effect on infrastructure procurement processes.

5. Labour force participation, labour supply and improving employment opportunities.

CCF's annual Infrastructure Market Capacity Surveys highlight significant industry concerns in relation to the skill shortages facing civil construction companies.

For example, the 2022 Infrastructure Market Capacity Survey ([click here](#)) concludes that urgent action is needed to address the finding that a lack of local skilled tradespeople & professionals to undertake construction projects is the biggest threat to the successful delivery of infrastructure projects.

For example, CCF members were asked to assess a range of threats to the delivery of infrastructure projects and were presented with 11 threats and asked to give each a ranking, from 1 being a low risk, to 5 being a high risk. These threats were:

- Availability of local skilled tradespeople and professionals to undertake construction projects
- Availability of local unskilled labour force
- Availability of skilled labour
- Availability sand or quarry products
- Availability concrete or cement
- Availability Precast concrete products (e.g. pipes, pits, grates, kerbs)
- Availability fuel or other oil products (e.g. bitumen)
- Availability steel or steel products
- Availability glass & related products
- Availability timber or timber products
- Availability construction equipment, such as dozers, graders, loaders, mixers and excavators

In each state and territory, the highest ranked issue was the availability of local skilled tradespeople and professionals to undertake construction projects. This finding underscores the need for action to address a looming skills crisis in the civil infrastructure industry.

The first, and most important step, to addressing this crisis is ensuring civil occupations are classified as major trades within the Australian and New Zealand Standard Classification of Occupations (ANZSCO) Coding system.

The current ANZSCO code system does not accurately reflect the occupations within the civil construction industry, and where it does the skill level requirements are at too low a level. These skills include bridge, road and tunnel constructors, civil plant operators, pipe layers and line markers.

Listing on ANZSCO is a pre-requisite for being listed on Australian Apprenticeships Priority List and subsequent government funding under the \$2.4 billion federal government Australian Apprenticeships Incentives Scheme (AAIS).

Signwriters, locksmiths, gardeners, painters, bricklayers, plasterers and tilers can receive full AAIS funding, but civil construction apprentices cannot. In light of the Government's \$120 billion, 10-year infrastructure pipeline, this is a major policy flaw requiring urgent redress.

The end point of the inaccurate coding issue is that it leads both data inaccuracies and an absence of data collection in what civil occupations are being undertaken as well as whether they are in either in current or projected short supply.

This short-term reform will deliver the necessary incentive for new entrants to enroll in civil apprenticeships, encourage existing workers to upskill, VET providers to train more personnel, and employers to take on more apprentices as they will qualify for financial assistance under the AAIS. CCF estimates that listing on the ANZSCO will attract several thousand apprentices to the industry.

The failure to appropriately classify civil occupations within ANZSCO it means our industry is denied access to temporary and permanent skilled migration pathways available to other sectors. So, it cannot bring in skilled tradespeople from overseas, and it cannot get funding support to train locals.

CCF has been advocating to Government to rectify this policy anomaly for more than a decade, most recently in our submission to the Australian Bureau of Statistics ([click here](#)) as part of its ANZSCO review. CCF was encouraged earlier this year when the official summary of the Jobs and Skills Summit – Infrastructure Roundtable identified the need to develop “effective policies addressing skills and capabilities will require the appropriate occupations being recognised through ANZSCO.”

Unfortunately, and despite repeated attempts for the ABS to address this issue, the Bureau has deemed civil construction occupations ‘out of scope’ of its current review and put of consideration of this issue until 2023/2024. Frankly, in light of the burgeoning infrastructure pipeline and the growing skills crisis affecting, industry cannot wait this long.

5.4 Migration settings as a complement to the domestic workforce

The TSS Visa (Temporary Skill Shortage) Subclass 482, has replaced the Subclass 457 Visa. This is the primary pathway that civil construction companies utilise to bring in skilled workers from overseas to supplement its workforce and address the skills shortage and talent acquisition crisis that the civil infrastructure sector is facing.

The Subclass 482 Visa (TSS) has 3 different streams:

- Short-Term Stream – up to two years
- Medium-Term Stream – up to four years
- Labour Agreement Stream

The medium-term stream is the most helpful, as up to two years does not offer enough value to employers given the significant cost to sponsor workers and also support their relocation to Australia. Further, major projects often have a longer duration than 2 years, and therefore the short-term stream does not allow for retention of personnel in key roles for the life of the project.

CCF proposes three areas for potential reform that would better suit the civil infrastructure sector

a) Occupation list categories & Short term Vs. Medium term stream prioritisation

Currently there is no ANZSCO listing for Civil Supervisors. They are therefore unable to be listed on the skills shortage list, meaning that we are able to sponsor overseas workers for these key roles. This scenario is the same for Safety professionals, or any infrastructure role that doesn’t require a tertiary degree.

Further, other key support roles on infrastructure projects such as environmental personnel, which are tertiary qualified, are still not listed on the medium-term stream and limit our ability to use overseas workers for these positions.

Supervisors are in high demand in Australia, and we see immigration as the short-term solution to the shortage given the volume of infrastructure to be built now. But equally, as an industry we need to upskill Australian civil labourers to transition into those supervisory roles in due course.

b) Processing delays

This is attributed to both the labour marketing testing requirements, and the general processing delays being experienced by immigration.

In terms of LMT, even accredited sponsors must demonstrate that they have advertised for 28 days or longer, on approved job platforms. One of these platforms MUST be the governments website - Workforce Australia. This site is not commonly used by suitably skilled Australian candidates for the positions that we need to sponsor in our industry sector. Civil Engineers for example do not apply to roles via this site. In reality, most are not even active candidates applying to job ads in general. In most cases companies need to do proactive recruitment searching, such as approaching employees of competitors to be able to employ any engineers in Australia currently. LinkedIn and SEEK are platforms that they already advertise on, as business as usual and therefore when that process doesn't produce suitable hires they then turn to international hires as the solution.

CCF proposes that the requirement to advertise on Workforce Australia be removed, particularly for accredited sponsors as in all cases a new ad needs to be placed, which inevitably produces no suitable candidates and simply delays submission of the visa by an extra month.

In terms of processing times, as an accredited sponsor, our sponsorship nomination is very quickly processed, but the overseas applicant's actual visa is taking approximately 6 weeks to be approved in most cases. Therefore, we wait a month to process LMT, then put together the application (1-2 weeks generally, depending what items the candidate is required to provide such as police checks and medicals), then it takes around 6 months to get approved after submission. Generally it takes us about 3 months to get someone a visa, then they have to do an international relocation. Most skilled workers from overseas are currently employed in their home countries and also have notice periods with their current employers. They generally don't feel comfortable giving notice until they know they are going to be able to come to Australia, so the notice period can add an extra month's delay or longer.

As such, for immediate skills shortages on major projects, migration is not overly helpful as a short-term solution given these significant delays.

c) Cost of sponsoring

The highest cost involved in processing a TSS visa is the skilling Australia Fund, which is \$7,000 for a 4 year visa. The concept behind the fund is that employers must contribute to upskilling Australian workers if they want to bring in foreign workers. Within the civil infrastructure industry, major contractors already pay training levies at a project level, which funds state wide training subsidies for new industry entrants through organisations such as CSQ. In addition, we all also invest heavily in our own workforce through traineeships, apprenticeships and professional development programs.

The previous 457 visa allowed sponsoring employers to either provide evidence that they already contribute, or pay the levy. The new TSS visa has removed the option to demonstrate that we already contribute and forces everyone to pay, so we are essentially double taxed.

6. The role of collaborative partnerships between governments, industry, unions, civil society groups and communities, including place-based approaches.

CCF believes there would be significant value in establishing a formal mechanism to facilitate a two-way dialogue between industry and government on critical civil infrastructure matters such as employment and enhanced skills development and training.

As federal, state/territory governments and the private sector are collectively investing more than \$80 billion per annum into civil infrastructure – a more coordinated effort between industry and government would maximize the return to the Australian economy of this significant capital investment program.

To address this issue, CCF proposes the establishment of a ‘Civil Construction Consultative Forum’, chaired by an appropriate senior official from the Infrastructure Department, to act as an avenue through which senior government officials can receive direct input and feedback on matters relating to the civil construction industry.

CCF believes there would be significant value in establishing a formal mechanism, such as a ‘Civil Construction Consultative Forum’ to facilitate a two-way dialogue between industry and government on critical skills issues.

The establishment of such a group is necessary and timely. It would support a closer working relationship between industry and Government to progress relevant infrastructure policy reforms, including those resulting from the Employment White Paper. Furthermore, it would also help to ensure the Federal Government’s infrastructure investments are maximised in this challenging economic environment.

Conclusion

The civil construction industry, through CCF, is keen to work with Government to support its objective to develop a road map to build a bigger, better-trained and more productive workforce – to boost incomes and living standards and create more opportunities for more Australians. This submission reflects our commitment to work with Government through the Employment White Paper process to inform the Government’s decision making in this important area. We therefore thank you for the opportunity to provide this submission and I would be happy to discuss my comments with the Review Team in more depth if required.

Yours sincerely



Chris Melham
Chief Executive Officer
Civil Contractors Federation (National)

30 November 2022