

Department of Employment and Workplace Relations
Via email
ASG@dewr.gov.au

Australian Skills Guarantee Discussion Paper

Background

Civil Contractors Federation National (CCF) welcomes the opportunity to provide feedback on the Australian Skills Guarantee Discussion Paper. This submission should be read in conjunction with the issues raised by CCF during its meeting with Departmental officials to discuss the Australian Skills Guarantee on 5 December 2022.

CCF is the peak industry body representing Australia's civil construction industry representing approximately 1,900 members nationally. We deliver 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. Programs offered include qualifications under the nationally recognised Civil Construction Training Package and various state endorsed industry and regulatory courses.

Introduction

CCF notes the Department is seeking industry feedback on 28 specific issues contained in its Discussion Paper posing questions on the Government's commitment to ensure one in 10 workers on major, Australian Government funded projects is an apprentice, trainee or paid cadet.

Given the short period of time available to provide feedback on the Discussion Paper's contents (which was released to industry in late November 2022) CCF will focus its feedback on the first of these questions, namely, the benefits and barriers associated with applying the Guarantee to major construction projects.

At the outset, CCF wishes to state its support for the Government's commitment to increase the number of apprentices, paid cadets and trainees on Australian Government funded projects. As outlined in CCF's Policy Advocacy and Policy Priorities¹, CCF is committed to building and skilling Australia's current and future infrastructure workforce to ensure Australia has the people it needs to deliver on the growing infrastructure pipeline. Equally, CCF is committed to increasing the number of under-represented members of our community working in the civil construction industry including women, youth, Aboriginal and Torres Strait Island people together with other initiatives such as improving digital skills literacy throughout the workforce.

According to the Australian Industry Skills Committee (AISC), there were approximately 107,400 workers in heavy and civil engineering construction in 2022. This number is expected to increase to approximately 122,800 by 2025.²

AISC also estimates there were approximately 42,500 program enrolments in Civil Infrastructure-related qualifications during 2021, increasing from around 35,370 in 2020. Further, there were approximately 4,450

¹ <https://www.civilcontractors.com/wp-content/uploads/2022/10/CCF-National-Advocacy-and-Policy-Priorities-2022.pdf>

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

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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 2021.

This projected growth of will require cohorts of new entrants to the industry to meet demand and will need to be sourced from a number of different streams such as school leavers, mature age workers seeking a career change and in appropriate cases, overseas migration – each of these streams will require different training regimes.

Benefits from Applying the Guarantee to Major Construction Projects

Across Australia, infrastructure projects have been and remain the cornerstone of Australia’s economic recovery. Infrastructure is a multi-billion-dollar industry supporting our everyday way of life and every business. Civil construction is its foundation industry - without the civil industry nothing is built.

It is critical that the civil construction industry has sufficient and qualified workers to deliver on the large and growing infrastructure pipeline.

To support this, a stronger focus is needed by both industry and government to attract, retain and financially support a greater number of apprentices, cadets and trainees to address a growing skill shortage in the industry.

The Australian Skills Guarantee presents an important opportunity to address these fundamental challenges through considered and appropriately funded policy making and reforms.

Research by Infrastructure Australia – the Australian Government’s independent advisor on infrastructure matters – reinforces the need for action.

The 2022 Infrastructure Market Capacity Report³ found that Australia’s public infrastructure pipeline has increased by \$15 billion in value over the last 12 months. During this time, labour shortages and the cost of construction materials have risen significantly, 30-year productivity remains low, unfair risk allocation pervades working practices, and the industry has struggled to grow female participation beyond 12% of women working in construction.

Specifically, the report found that as of October 2022 public infrastructure projects, including small capital projects, face a shortage of 214,000 skilled workers. This shortage is not comparable to findings from the 2021 Infrastructure Market Capacity report due to the expanded view of demand in 2022. In 2023, labour demand is projected to grow by 42,000 to a peak of 442,000. This is more than double the projected available supply.

Furthermore, the 2022 Civil Contractors Federation 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

³ <https://www.infrastructureaustralia.gov.au/publications/2022-market-capacity-report>

- 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 research by both Infrastructure Australia and CCF underscores the opportunities that exist for an enhanced commitment by the Australian Government to invest in skills and training to build a pipeline of skilled workers, improve wellbeing and drive future economic growth.

Barriers from Applying the Guarantee to Major Construction Projects

The single biggest barrier facing the industry in the implementation of the Government's '1 in 10' commitment is the out of date and inaccurate 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.

As the Department would be aware, listing on ANZSCO is a pre-requisite for being listed on Australian Apprenticeships Priority List (AAPL) and subsequent government funding under the \$2.4 billion federal government Australian Apprenticeships Incentives Scheme (AAIS).

Following a meeting with the Department of Employment and Workplace Relation in August 2022, it was confirmed to CCF that:

From 1 July 2022, the Incentives System has three different incentive payments available :

- i. a wage subsidy to employers of apprentices in priority occupations, set at 10% of the apprentice's wage in the first year, 10% in the second year and 5% in the third year – **this subsidy is tied to the Priority List.**
- ii. a direct payment to apprentices in priority occupations, of up to \$1,250 paid every six months for a maximum of two years, up to a total value of \$5,000, to help apprentices with cost-of-living pressures and to assist them to stay in their apprenticeship - **this subsidy is tied to the Priority List**
- iii. a hiring incentive to employers of apprentices in non-priority occupations, of up to \$1,750, paid in two instalments at six and 12 months after commencement, up to a maximum value of \$3,500. – **this subsidy is not tied to the Priority List**

As CCF occupations are not accurately listed on the AAPL, civil construction employers and apprentices are unable to access either the wage subsidy or the direct payment to apprentices.

Farriers, locksmiths, electricians, plumbers, painters, carpenters, bricklayers, mechanical services, 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 to both data inaccuracies and an absence of data collection in what civil occupations are being undertaken as well as whether they are in either 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.”

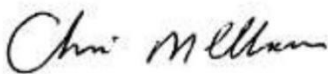
Unfortunately, and despite repeated attempts for the ABS to address this issue, the Bureau has deemed civil construction occupations ‘out of scope’ of its current review and put off consideration of this issue until mid-2023.

Unless the Government commits to urgently addressing the anomaly whereby civil occupations are not reflected as major trades in the ANZSCO (and therefore unable to access government incentive funding under the AAIS) the civil construction industry will simply be unable to meet the Government’s objective to have one in 10 workers on major, Australian Government funded projects as an apprentice, trainee or paid cadet.

CCF therefore seeks the Department’s support to encourage the ABS to appropriately classify civil occupations when the ABS undertakes its review of construction occupations in the ANZSCO in 2023.

Thank you for the opportunity to provide this submission and I would be happy to discuss my comments with relevant Departmental officials in more depth if required.

Yours sincerely



Chris Melham
Chief Executive Officer
Civil Contractors Federation (National)

13th January 2023