



Labour Market Research – Construction Trades

New South Wales

September 2016

Occupations in cluster	Rating
3311-11 Bricklayer	Shortage
3311-12 Stonemason	Shortage*
3312 Carpenters and Joiners	Shortage
3322-11 Painting Trades Workers	Shortage
3331-11 Glazier	Shortage*
3332-11 Fibrous Plasterer	Shortage
3332-12 Solid Plasterer	Shortage*
3333-11 Roof Tiler	Shortage*
3334-11 Wall and Floor Tiler	Shortage*
3341 Plumbers	Shortage
3941-11 Cabinetmaker	Shortage

* Occupations assessed at the national level, separate rating not available for New South Wales

Note: The Department's research includes cabinetmaker as part of the construction trades. Where data are from other sources, construction trades workers is defined by ANZSCO 33 Construction Trades (excludes cabinetmakers).

Key issues

- All construction trades occupations assessed by the Department of Employment are in shortage in New South Wales for the second consecutive year.
- A number of employers surveyed were prepared to hire unqualified but experienced applicants or later year apprentices due to their inability to recruit suitably qualified applicants.
- Demand for construction trades continues to be evident in New South Wales, driven by strong building activity which has increased over the year. This was the fourth consecutive year where growth in the total, inflation adjusted, value of building work done exceeded 10 per cent.¹
- Some employers surveyed indicated they were declining additional work due to a lack of available tradespersons.

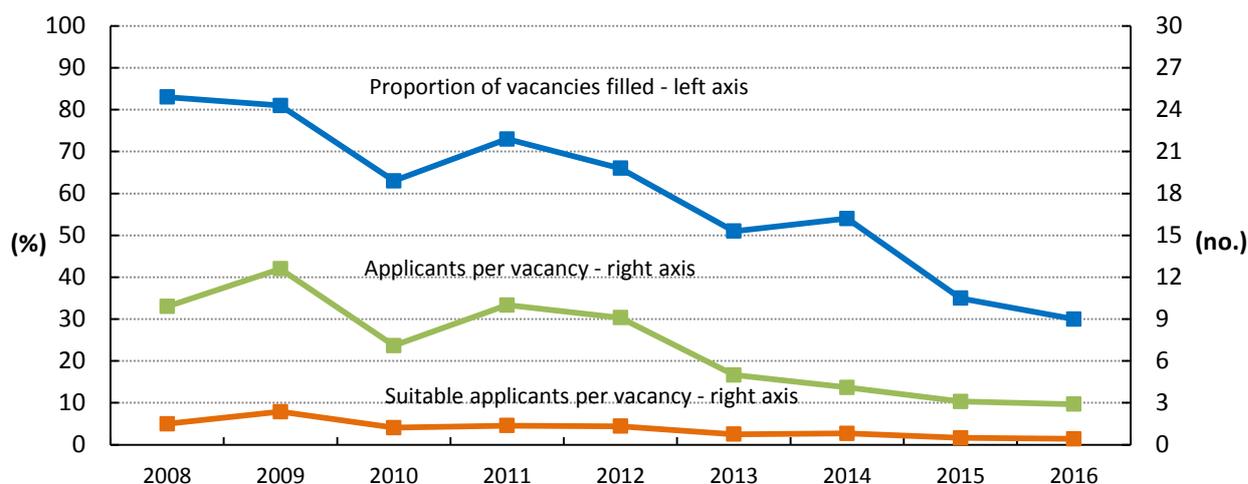
Survey results

- The Department of Employment Survey of Employers who have Recently Advertised found that 30 per cent of construction trades worker vacancies advertised over the survey period in 2016 were filled.
 - This was below the result in 2015 (35 per cent) and was the second consecutive year since 2008 when less than half of all vacancies surveyed were filled.

¹ ABS, *Construction Work Done, Preliminary*, June 2016 (8755.0), chain volume measures, original.

- With the exception of plumbers, all of the construction trades surveyed at the state level recorded higher fill rates in 2016 than in the previous year or (painters only) had an unchanged fill rate. Fibrous plasterers recorded the highest fill rate (63 per cent) while cabinetmakers recorded the lowest (25 per cent).
- Vacancies attracted an average of 2.9 applicants per vacancy, with this figure changing little over the year (3.1 applicants per vacancy in 2015). Around one third of all applicants were qualified tradespersons.
 - The number of applicants per vacancy differed considerably across the occupations surveyed at the state level, ranging from 2.3 for cabinetmakers to 7.7 for painting trades workers.
 - One fifth of all employers surveyed reported they did not have any applicants for their surveyed vacancies.
- There were low numbers of suitable applicants, with employers considering less than one applicant per vacancy to be suitable (0.4 compared with 0.5 in 2015).
- There was very little difference in employers' recruitment experiences between metropolitan and regional areas of New South Wales, with employers across the state experiencing difficulty recruiting qualified and experienced tradespeople.

Figure 1: Proportion of vacancies filled (%), average number of applicants and suitable applicants per vacancy (no.), Construction Trades, New South Wales, 2008 to 2016



Source: Department of Employment, Survey of Employers who have Recently Advertised

- In 2016, all construction trades under review were in shortage. This is the second consecutive year where shortages were evident for all construction trades occupations.
- Almost a quarter of surveyed employers indicated that they would be prepared to recruit an unqualified tradesperson, with these employers focusing on demonstrated abilities rather than formal qualifications.
 - Some of these employers (across nearly all construction trades occupations assessed in New South Wales) were willing to compromise and hire unqualified but experienced applicants or later year apprentices as their vacancies failed to attract suitably qualified applicants.
- In addition to qualifications, successful applicants were also expected to hold a range of tickets, licences or tools.

- It is mandated by SafeWork NSW that a white card (or general construction induction card) is held by all people who access operational construction zones.²
- Most employers required the successful applicant to have a valid driver licence and their own transport.
- Others required the applicant to supply their own tools and personal protection equipment.
- For subcontracting roles, applicants were expected to have an ABN and public liability insurance.
- Many employers sought tradespersons with experience in residential construction.
- Surveyed employers valued applicant's soft skills. Commonly, employers sought applicants who were reliable, well presented and had sound communication skills.
- A number of employers across several occupations indicated they were experiencing strong demand for their services, with some employers of fibrous plasterers and bricklayers declining work as they did not have the staff to properly service additional contracts.

Reasons applicants were unsuitable

- Despite some employers willing to compromise, most applicants who lacked formal qualifications were considered to be unsuitable.
- Nearly two thirds of all qualified applicants were considered to be unsuitable. Most lacked the minimum level of experience sought by employers, while others did not attend a work trial or failed a trade test.
- A small number of employers advised that applicants did not have the soft skills required such as communication skills, attention to detail or a positive attitude.

Demand and supply trends

- Demand for the construction trades over the past year has benefited from strong building activity in New South Wales.
 - The total, inflation adjusted, value of building work done grew by 10.9 per cent in 2015-16, with growth being stronger than the national average of 6.2 per cent. This was the fourth consecutive year where growth in New South Wales exceeded 10 per cent.³
 - Growth in 2015-16 was driven by the residential sector where the overall value of work done increased by 15.6 per cent. The increase for construction of new residences other than houses was 32.8 per cent while that for new houses was 3.4 per cent (after having grown 15.2 per cent in 2014-15).⁴
 - The value of non-residential work increased by 3.2 per cent in 2015-16, following growth of 8.3 per cent in the previous financial year.⁵
- The New South Wales Budget 2016-17 outlines \$2.4 billion in capital expenditure over four years for social housing projects including \$1.4 billion towards supporting the Communities Plus social housing program.⁶

² NSW SafeWork, *White Cards (CIC)*, <http://www.safework.nsw.gov.au/licences-and-registrations/licences/white-cards-cic> (last accessed 2 September 2016).

³ ABS, *Construction Work Done, Preliminary*, June 2016 (8755.0), chain volume measures, original.

⁴ Ibid.

⁵ Ibid.

- The Communities Plus program will deliver up to 23,000 new and replacement social housing dwellings, 500 affordable housing dwellings and up to 40,000 private dwellings.⁷
- The Housing Industry Association (HIA), however, forecast in August 2016 that new dwelling starts (houses, flats, units and apartments) will decrease over 2016-17 and 2017-18 (down by 10.3 per cent and 18.3 per cent, respectively).⁸
 - The HIA, though, predicts that renovation activity will grow over this period.
- The Internet Vacancy Index for construction trades workers in New South Wales increased by 14.8 per cent in trend terms over the year to August 2016 (compared with a growth of 10.3 per cent at the national level over the same period).⁹ During the four months ended August 2016 the New South Wales trend index fell slightly.
- ABS Labour Force Survey estimates of the number of employed construction trades workers in New South Wales are subject to considerable sampling variability. According to the estimates employment of these workers rose by 5.6 per cent over the year to August 2016 (compared with a growth of 4.1 per cent at the national level over the same period).¹⁰
- While there has been a substantial increase in the number of apprentice and trainee commencements for construction trades workers in New South Wales over recent years, completions remain fairly flat.¹¹
 - The annual average of commencements in the two years ended March 2016 was 6598, which was 27.6 per cent higher than the annual average for the five years ended March 2014. This suggests that completions may be higher in several years' time than currently.
 - The annual average of completions in the two years ended March 2016 was 2637. This was 10.3 per cent below the annual average for the five years ended March 2014.
- Overall, in New South Wales grants of 457 temporary skilled migration visas to primary applicants in 2015-16 were a moderate source of new workers for the construction trades. The number granted that year was equivalent to about a fifth of the number of completions of construction trade qualifications in the year ended March 2016. Construction occupations in which the 457 visa grants were relatively important as a source of new supply included Wall and Floor Tiler, Bricklayer, Painter and Fibrous Plasterer.¹² Note that the visas are only for four years and there is no automatic conversion to permanent residency.

⁶ Department of Employment, *NSW Budget 2016-17*.

⁷ NSW Government, *Communities Plus: Overview*, <http://www.communitiesplus.com.au/>, (last accessed 23 September 2016).

⁸ Housing Industry Association, *HIA Housing Forecasts*, August 2016.

⁹ Department of Employment, *Internet Vacancy Index*, August 2016, trend (indexed January 2006 = 100).

¹⁰ ABS, *Labour Force*, August 2016, Department of Employment trend.

¹¹ NCVER, *Apprentices and Trainees*, March 2016, estimates (limited to certificate III or higher qualifications).

¹² Department of Immigration and Border Protection, <https://data.gov.au/dataset/visa-temporary-work-skilled>.