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Ms Yvette Goss
Geographic Labour Mobility
Productivity Commission
LB2 Collins St East
Melbourne Vic 8003
By email: labour.mobility@pc.gov.au

Dear Ms Goss

SUBMISSION FROM HOUSING INDUSTRY ASSOCIATION LIMITED

HIA welcomes the opportunity to submit feedback on the draft report *Geographic Labour Mobility*, released in November 2013.

HIA notes the terms outlined in Information Request 12.1-

The Commission seeks information on:

- *The different definitions and measures of temporary or service populations*
- *Possible solutions to data gaps, such as expanding existing data collections and using alternative data sources.*

However, before addressing this request, HIA wishes to make a number of general observations in relation to the contents of the draft report.

GENERAL OBSERVATIONS

Construction Industry versus the Residential Construction Industry

Although the draft report refers to the construction industry, it only addresses attributes (such as the use of workers on 457 visas and fly-in fly-out working arrangements) that are more commonly found in the commercial and civil (as opposed to the residential) sectors of the construction industry.

HIA submits that a greater emphasis/focus needs to be placed on the residential sector of the construction industry which, on its own, contributes approximately 5 per cent to Australia's Gross Domestic Product and has characteristics that are quite unique and different from those of the commercial and civil sectors.

Australia's housing supply has failed to keep pace with our population growth over the past decade, and as a consequence our housing stock deficit has continued to grow. To reverse the nation's trend in housing undersupply, new housing activity needs to grow significantly higher than the decade average. Clearly, that will place considerable pressure on the industry's capacity to deliver the required new housing stock. Skills capacity is not just a significant challenge for the industry, it is one that has long lead-in times to address.

The Mobility of Independent Contractors

The draft report refers to the mobility of independent contractors by reference to examples such as farmers and general practitioners. HIA estimates that over 60 per cent of firms in the residential construction sector are represented by independent contractors as opposed to employers. In the residential construction sector, each project is of much shorter duration (in some cases, a number of hours rather than days, weeks or even months) hence it requires a far more mobile workforce than other sectors of Australia's construction industry.

Independent contractors that operate within the residential construction industry are accustomed to working on projects of short duration and, out of necessity, are typically highly mobile in order to conduct their trade.

The Mobility of Apprentices

The lack of mobility of apprentices can be an impediment to labour mobility. However, insofar as the residential construction industry is concerned, it is not unusual for a builder or trade contractor to assist with travel arrangements for work colleagues.

Notwithstanding the car pooling practices within the industry, it is extremely beneficial for an apprentice to have his or her own transport (as it is to have his or her own tools) as apprentices are often tasked with activities requiring a vehicle, including collecting and transporting materials from site to site.

Having to Rely on Training Local Labour

An important attribute of the residential construction industry, is that the builder is ultimately responsible for the quality of workmanship exercised by its subcontractors. The goodwill of a building business is built on its quality of workmanship. It is therefore not surprising that the quality of workmanship exercised by an independent contractor is a determining factor when a builder or contractor is deciding which subcontractors to engage to work on a particular project. It is for this reason that "trade tests" are a commonly utilised recruitment tool within the sector.

Given the skills required, not only for each occupation, but for each of the building projects in question, up-skilling locally sourced labour as a substitute for relying on an existing pool of tradespeople to commute to the site of a particular project is often not a viable option.

Licensing

For businesses that operate cross state borders, jurisdictional differences in licensing systems represent an impediment to interstate labour mobility. While efforts to develop a national licensing system were recently abandoned, current mutual recognition arrangements provide scope to facilitate interstate mobility of trade and professional labour.

RESPONSE TO INFORMATION REQUEST 12.1

The Ability to Measure "Service Populations"

Especially given the current land release constraints, it is now rarely the case that a builder can stay within the confines of a suburb or council area if s/he is to be in a position to source a sufficient level of work to continue to operate a building business.

HIA agrees that the ability to measure service populations is necessary to enable the Australian government to better understand the manner in which the labour market behaves, especially in the residential construction industry where both long and short distance commuting is a normal part of being in that workforce.

Capturing the mobility of this segment of the workforce without being able to use tools such as tracking devices may be a challenge. Work done by Construction Skills Queensland in relation to the labour mobility of the construction industry workforce may be of assistance in this respect, whether it be in relation to their findings or the methodology used.

Shortcomings of Existing Labour Market Research

The current methods adopted by the Australian government's labour market research team, including a high weighting on job (employment) vacancy data lack relevance in the residential building sector.

As mentioned previously, the residential construction industry's workforce is predominantly comprised of independent contractors - workers who rarely use or respond to employment advertising. Furthermore, in sourcing its workforce, the residential construction industry relies predominantly on the use of informal channels. Using media channels for engaging labour is very much a method of last resort. Improved techniques for measuring the residential construction industry's workforce are sorely needed.

It would also be of assistance if the Australian Bureau of Statistics readily differentiated between the residential construction industry and other sectors within the construction industry when capturing occupational data.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

Elizabeth Greenwood
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