



Industry Snapshot

October 2023



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Contents

Welcome to the Construction Training Fund Industry Snapshot which provides news and information relating to the workforce in Western Australia's construction industry for our stakeholders.

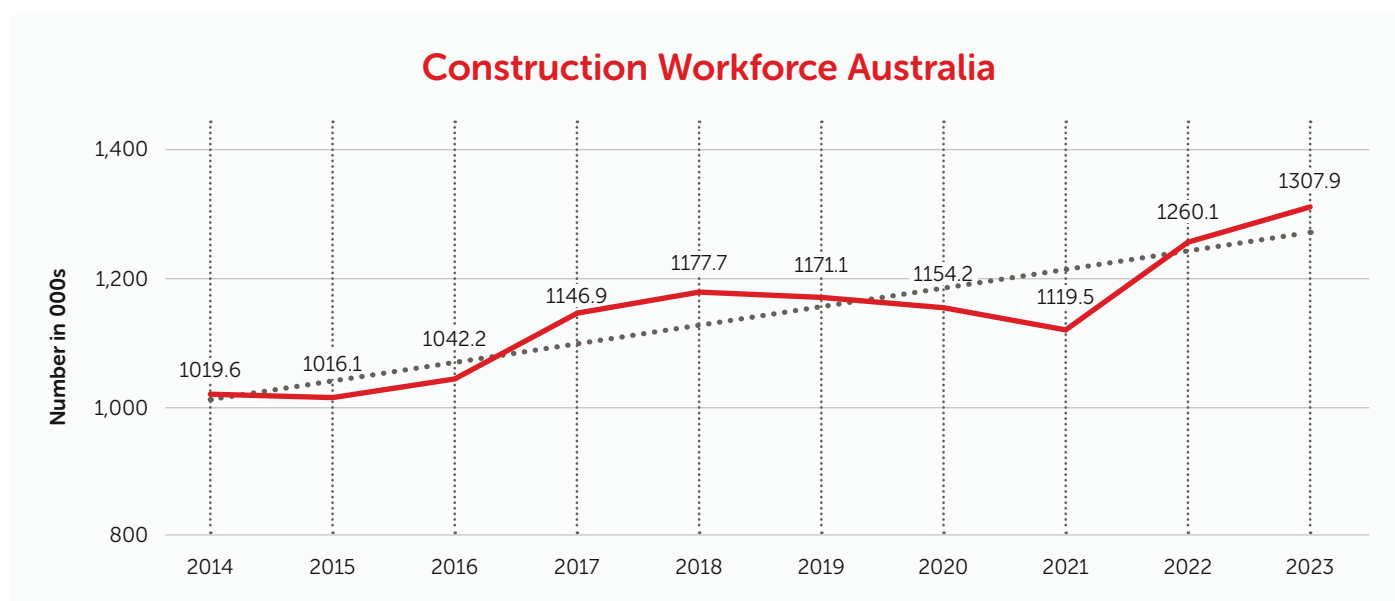
The National Construction Workforce	3
The Western Australian Construction Workforce	5
Construction Workforce by Occupation	7
Residential Construction Forecasts	9
Apprentice and Trainee Commencements	10
Apprentices and Trainees in Training	13
Women in Training	15
Aboriginal and Torres Strait Islanders in Training	18
Regional Snapshot	19
Upskilling and Short Courses	20
Apprentice and Employer Programs	21

It should be noted that some data is taken from previous monthly/quarterly results if they are the most recent. The Australian Bureau of Statistics (ABS) data relates to the most recent quarter released. Unless otherwise stated, all apprenticeship and overall training data is current from the Department of Training and Workforce Development (DTWD) as of June 2023. All interpretations and conclusions drawn from all the data are those of the Construction Training Fund.

The National Construction Workforce

The national construction workforce experienced significant growth during the pandemic period spurred on by a range of State and Federal Government investments and incentives. Between 2014 and 2023, Australia's construction workforce increased by nearly 300,000 people with a significant number of these in the last two years (Graph 1).

Graph 1



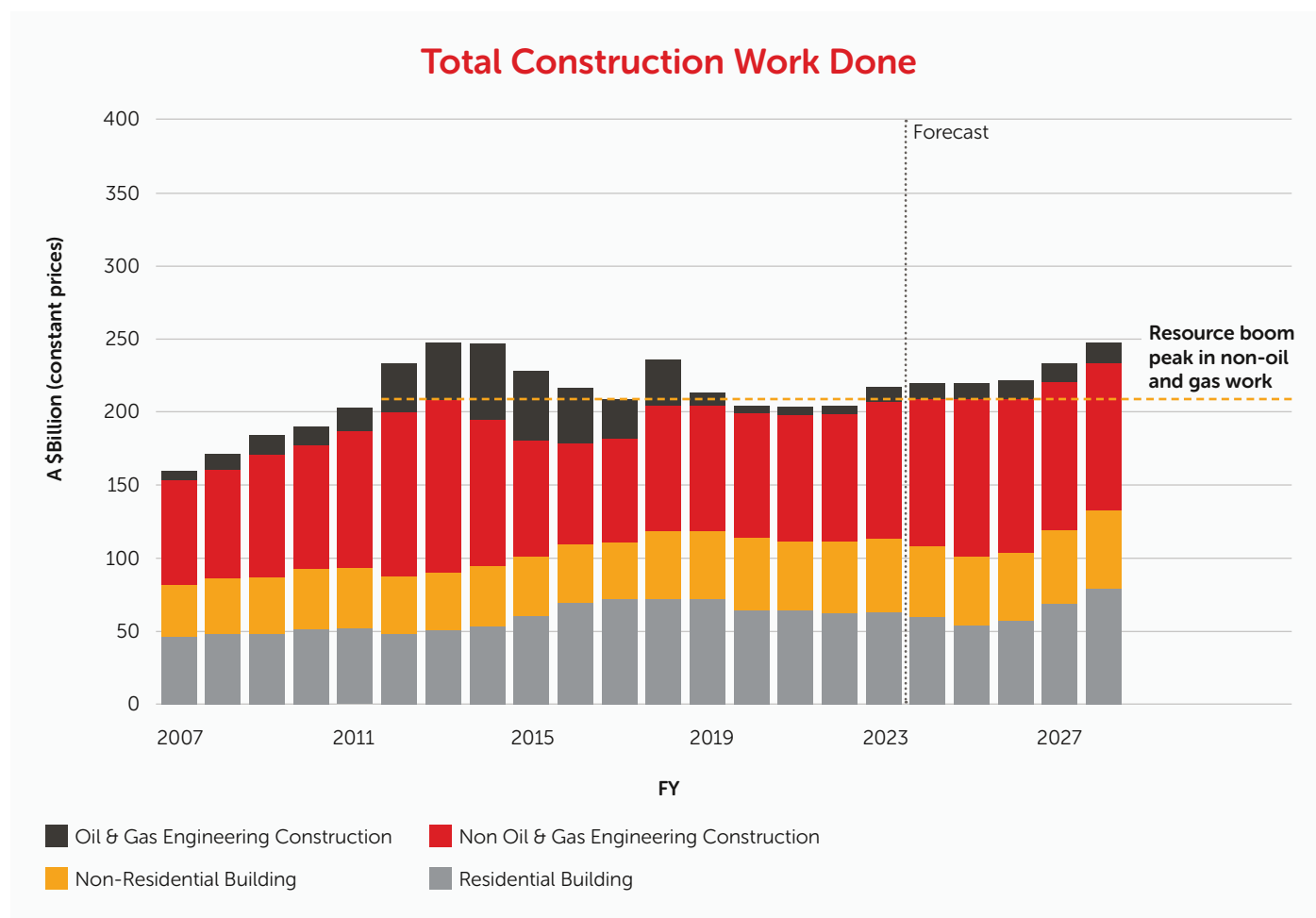
Source: ABS Table 5 Labour Force Australia Detailed every August 2014 – 2023



The National Construction Workforce

Oxford Economics forecast the national value of construction work showing little sign of slowing over the next five years (Graph 2). The availability of a skilled workforce and increased costs in wages and materials are among a series of identified risks that may influence these forecasts. In addition to the forecast increase in construction activity, the national population is estimated to increase by 3.9 million (ABS) people over the next seven years, amplifying the demand for residential construction in order to house the additional population.

Graph 2

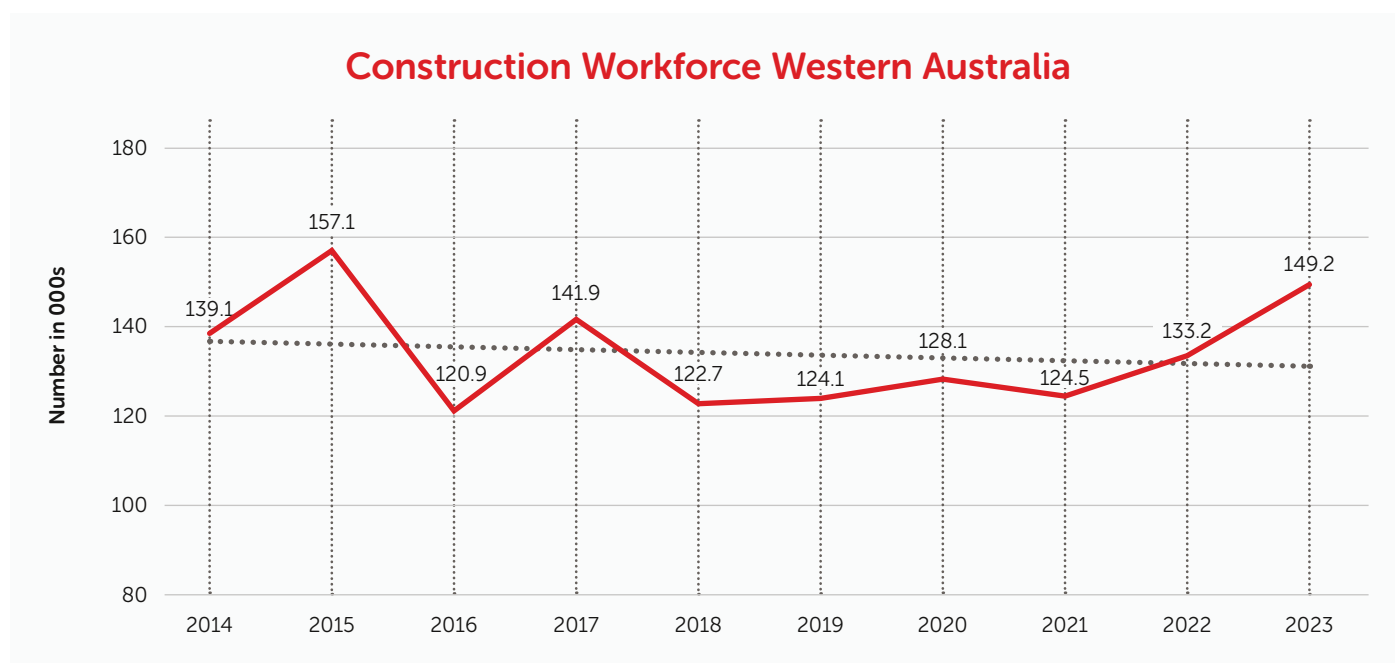


Source: Haver Analytics, Oxford Economics Australia

The Western Australian Construction Workforce

As of August 2023, there were 149,200 people in the Western Australian construction industry, of which 94,090 (63.1%) were trade workers. The construction industry currently employs 9.51% of the State's workforce. In alignment with the national construction workforce figures, the Western Australian construction industry continues to grow, with a surge occurring in the last two years. The State's figures are nearing numbers not seen since 2015 when the economy was experiencing a mining boom.

Graph 3



Source: ABS Table 5 Labour Force Australia Detailed every August 2014 - 2023



The Western Australian Construction Workforce

A particular point of difference when comparing 2023 data to that of the 2015 peak, is that, in 2015 Western Australia was experiencing a strong demand for construction workers however, at a national level the workforce demand was static. This difference is further illustrated in Table 1. In August 2015, Western Australia made up 10.62% of the nation's population yet accounted for 15.46% of the national construction workforce. The unemployment rate was significantly higher at both the State and national level in 2016 indicating that the Western Australian construction industry was able to recruit workers from the unemployed local and interstate community. In addition, in 2015, the national visa system for overseas migrant workers supported in addressing some of the demand.

Table 1

	August 2015	August 2023
Australian Construction Workforce	1,016,100	1,307,900
Western Australian Construction Workforce	157,100 (15.46% of the national construction workforce)	149,200 (11.40% of the national construction workforce)
Western Australia as a Percentage of the National Population	10.62%	10.79%
National Unemployment Rates	6.1%	3.7%
Western Australian Unemployment Rates	6.1%	3.6%

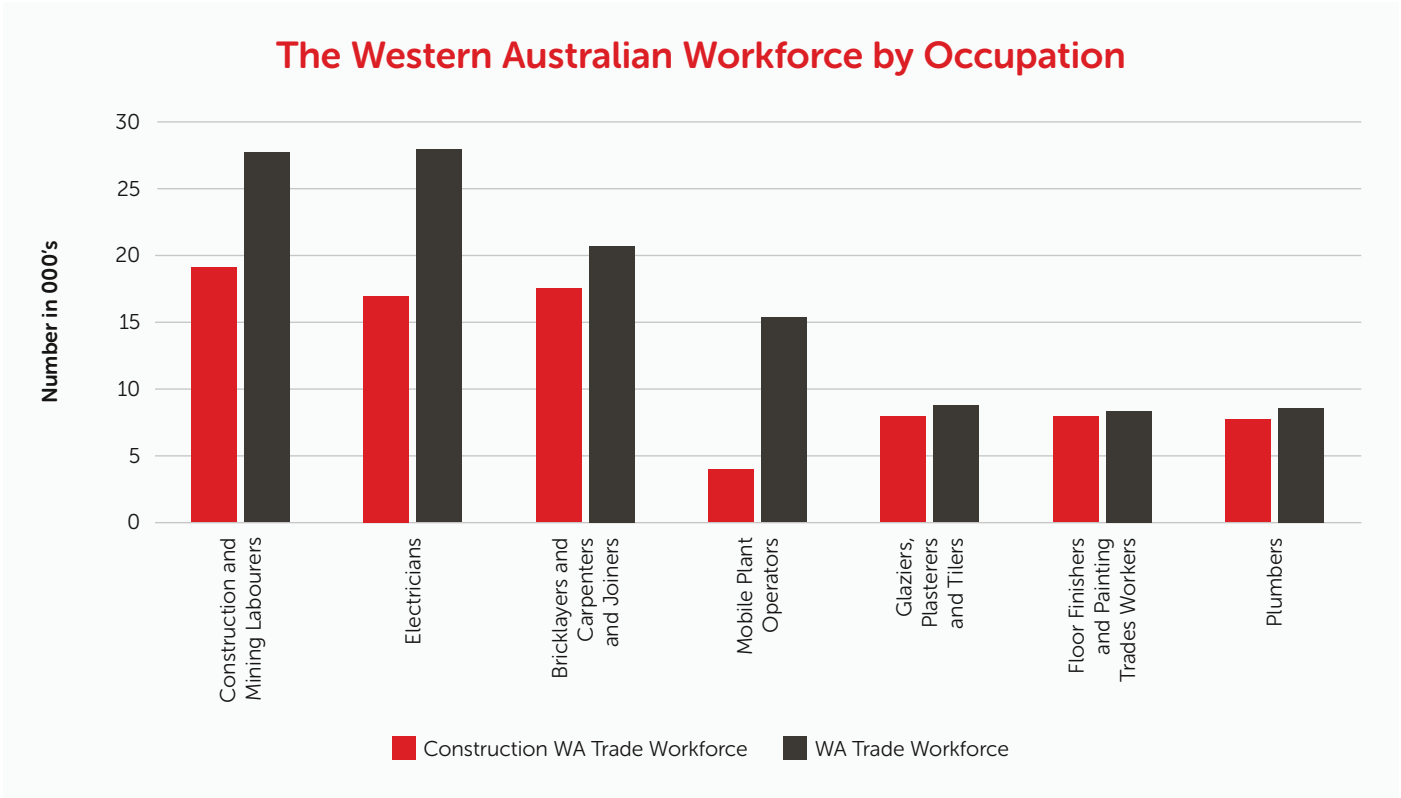
Source: ABS

In 2023, Western Australia opened borders, however, is competing with the rest of Australia as the demand for construction workers and skills shortages linger in a post pandemic economy. The historically low unemployment rates continue to demonstrate strong competition for labour across employment sectors and States. From a Western Australian perspective, this competition for labour is highlighted by the fact that the State representation of the national construction workforce decreased from 15.46% in 2015 to 11.4% in 2023 despite strong demand during both periods and WA having a slightly increased share of the total national population.

The Western Australian Construction Workforce by Occupation

When examining specific occupations that constitute the Western Australian construction trade workforce it is important to demonstrate that some trades are competitive at both jurisdictional and industry levels. Graph 4 shows the workers in trade occupations that work in construction versus the total number of workers across all industries in Western Australia as of August 2023. Of particular note is the number of labourers, electricians and mobile plant operators that work across multiple industries.

Graph 4

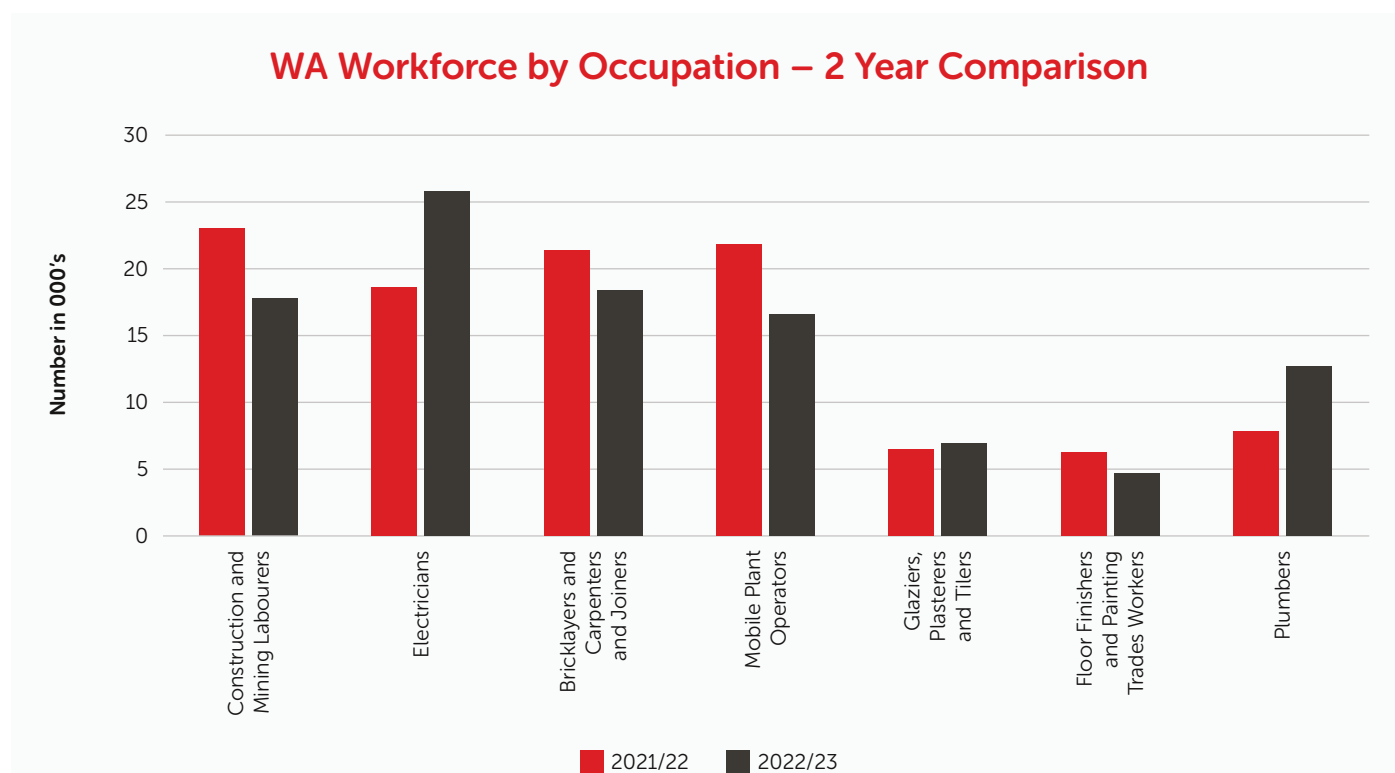


Source: ABS

The Western Australian Construction Workforce by Occupation

As national skills shortages persist there are signs in Western Australia that some occupations such as electricians and plumbers are in high demand and have increased significantly in workforce numbers over the past financial year, while others have seen a small decline (Graph 5). The change in workforce numbers can in part be attributed to the competition for workers in a tight labour market, but there are also other factors at play, particularly in the Western Australian residential construction market.

Graph 5



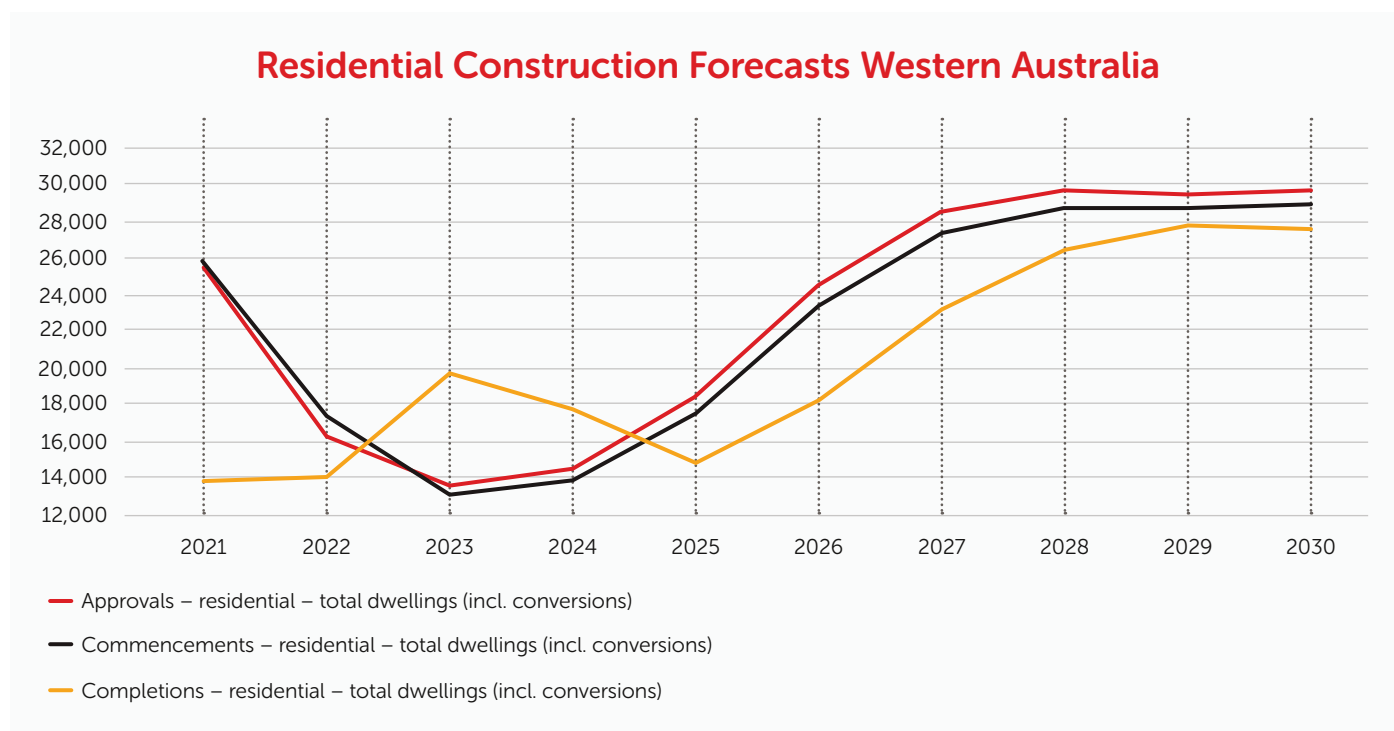
Source: ABS

Oxford Economics (2023) review of the ABS data for 2021/22 and forward forecasts show the sharp decline in the total of Western Australian residential dwelling approvals and commencement numbers experienced after the State and Federal Government housing stimulus packages ended. This was further augmented by a series of macroeconomic factors such as rising inflation and interest rates which had a resulting slowing effect on new housing applications in the State's overheated residential construction market.

Residential Construction Forecasts Western Australia

As builders continue to complete a large backlog of builds left over from 2021/22, the number of residential dwelling completions is forecast in the short term to significantly outnumber approvals and commencements (Graph 6). The reduction in new housing commencements explains why the number of bricklayers, and carpenters and joiners have experienced some decline as many of these trades are at the front end of the building process and it's the 'completion' trades that are now in high demand in the sector.

Graph 6



Source: (Oxford Economics)

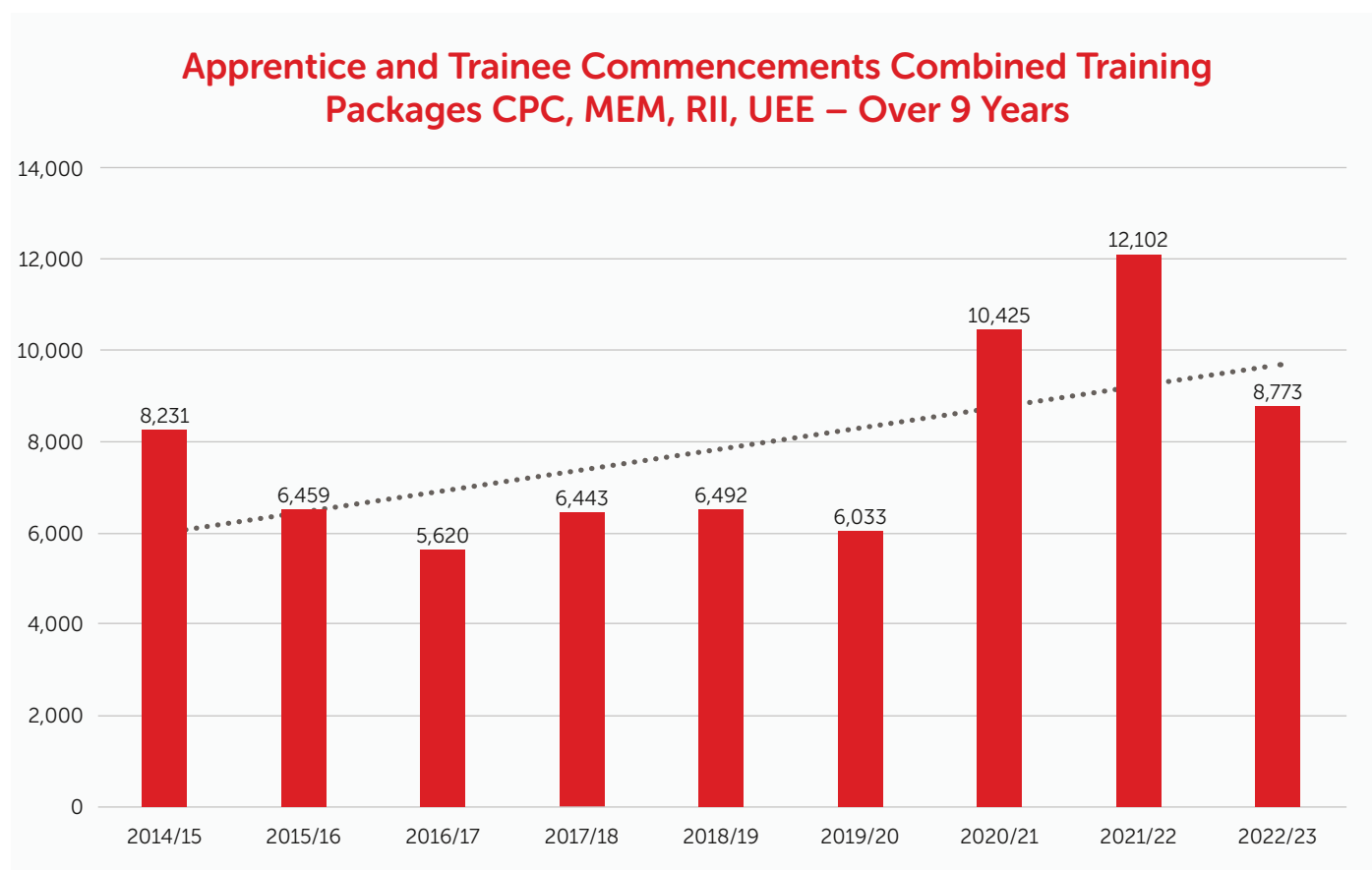
The forecasts above predict an increase in residential commencements in 2024 with the trend continuing for the next five years to levels well above the skills shortage conditions recently experienced by industry during the pandemic. If the forecast is realised, the State's construction industry needs to train and/or recruit a sizable workforce to undertake this work or it may experience a prolonged period of skills and labour shortage. As bricklayers and carpenters are primarily at the front end of the building process, proactive steps should be taken to ensure the supply of workers in these occupations are available to meet the industry demands or the recent skills and labour shortage pattern and costs may repeat.

Apprentice and Trainee Commencements

Combing Training Package – 9 Year Trend

'Commencements' is the term used to describe the number of apprentices and trainees who commenced in a training contract. The graph below illustrates the number of apprentices or trainees that commenced training in the building and construction related training packages over the past 9 financial years 2014/15 through to 2022/23 and indicates an upwards trend.

Graph 7



Source: DTWD Financial Years- Resource and Infrastructure Industry (RII), Construction Plumbing and Services (CPC), Manufacturing and Engineering (MEM) and Electrotechnology (UEE) Training Packages

Apprentice and Trainee Commencements

In addition to the State and Federal Government housing incentives and a marked increase in infrastructure spending across the country during the pandemic, the Boosting Apprenticeship Commencements (BAC) Program was introduced by the Federal Government as a time limited program to support employers during this period. As the State's construction industry experienced unprecedented demand, employers took advantage of the BAC and employed apprentices and trainees at record levels.

From 30 June 2022, the BAC Program was closed to new entrants with a sharp increase in commencements prior to the programs' end. Following the end of the BAC program there has been a sharp decline in apprentice and trainee commencements over the 2022/2023 financial year for Western Australia.

The decline in commencements has also been seen on a national level with the National Centre for Vocational Education Research (NCVER) releasing their '*Apprentices and trainees 2023: March quarter*' report' showing that "apprentice and trainee commencements increased steeply during the pandemic. Although they have declined since the peak in 2022, they are still higher (by 13.1%) in the March 2023 quarter than in the same quarter in 2019 before the pandemic."

An assumption could be made that these commencement numbers would have evened out through the year had there not been a rush to sign apprentices and trainees into a contract before the closing of the BAC program. Despite this decline, the State commencement numbers remain higher than the pre-covid levels, in alignment with NCVER's findings of commencement numbers across the country.

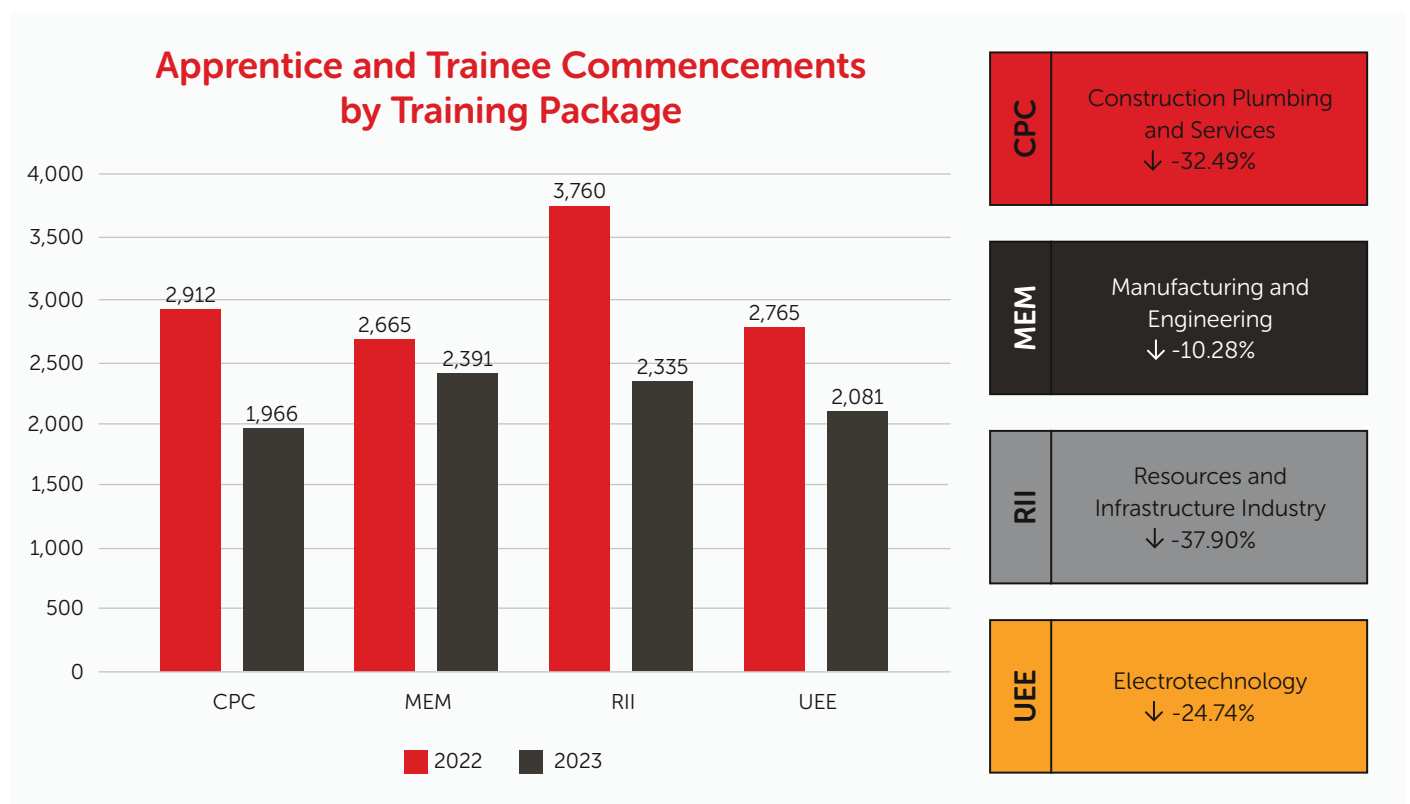


Apprentice and Trainee Commencements

Apprentice and Trainee Commencements by Training Package

The chart below illustrates the numbers of apprentice and trainee commencements in the four training packages across the last two financial years of 2021/22 and 2022/23.

Graph 8



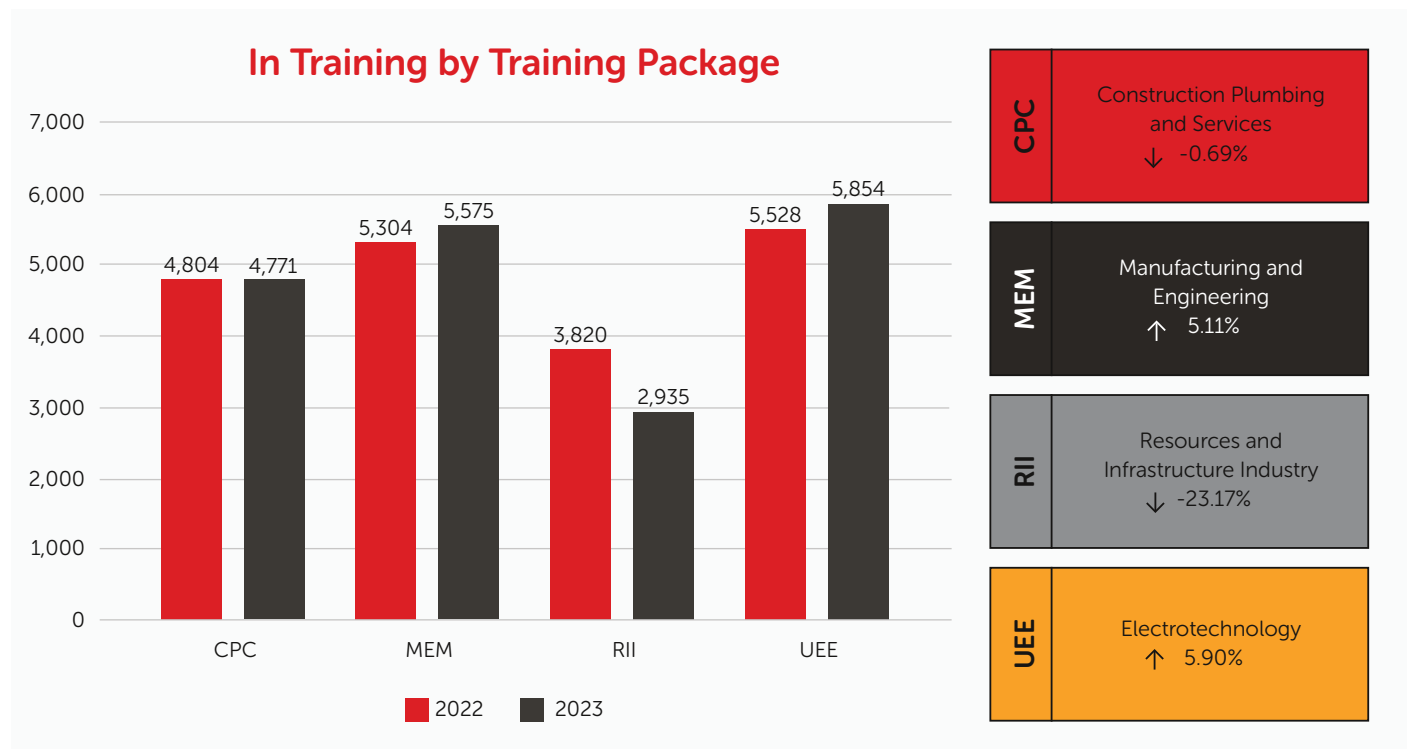
Source: DTWD 2021/22 and 2022/23 Financial Years - Resource and Infrastructure Industry (RII), Construction Plumbing and Services (CPC), Manufacturing and Engineering (MEM) and Electrotechnology (UEE) Training Packages

Although apprentice and trainee commencement numbers remain strong from a historical perspective (see Graph 7), the 2022/23 financial year has seen a decline in commencements across all four training packages when compared with the 2021/22 period (Graph 8). The MEM training package has experienced the smallest reduction and commencements remained reasonably strong. The sharp decline in commencement data shows that the construction industry is beginning to stabilise from a period of unprecedented and unsustainable demand.

Apprentices and Trainees in Training

Apprentices and Trainees 'in training' is the combined number of apprentices and trainees in training across all qualification levels.

Graph 9



Source: DTWD June 2022 and June 2023

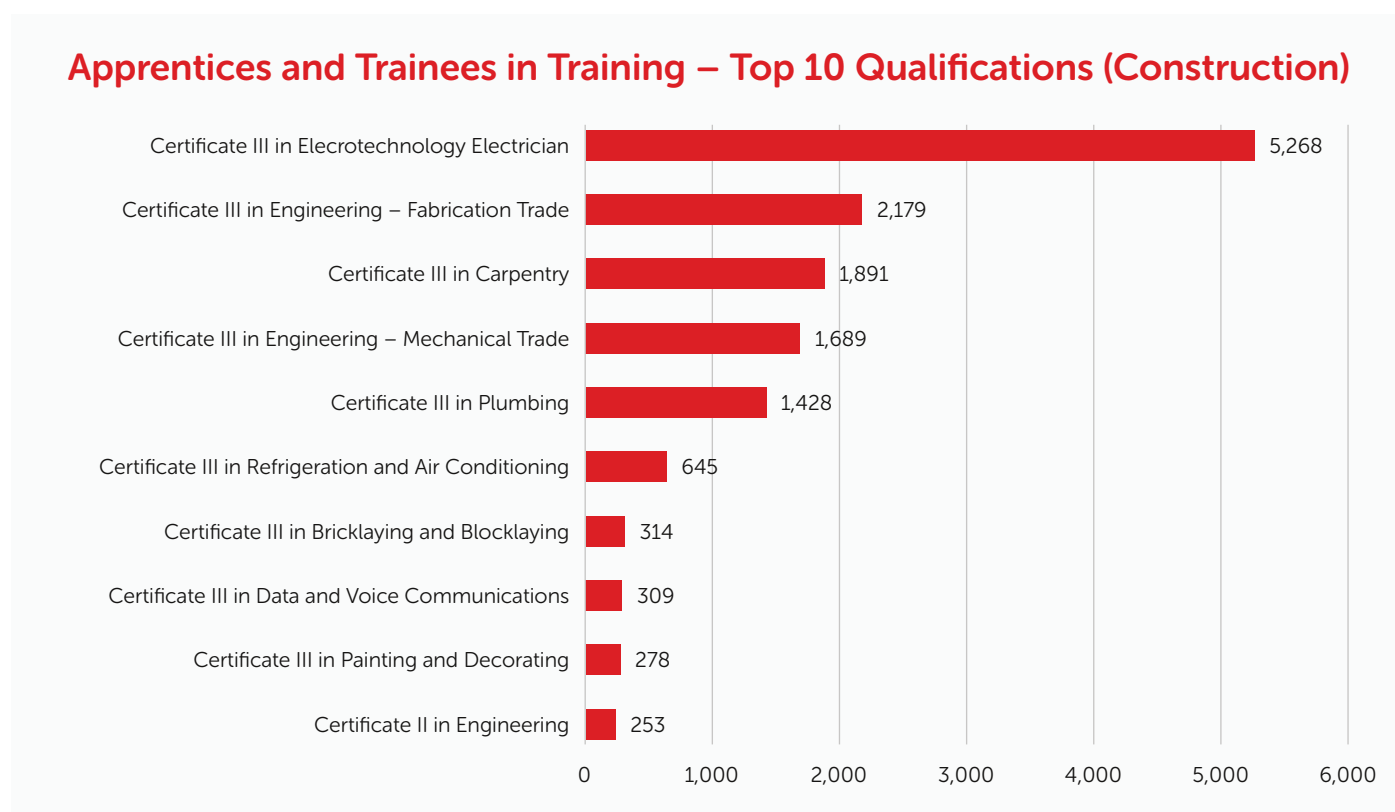
Graph 9 shows gains in in-training numbers in the Electrotechnology (UEE) and Manufacturing and Engineering (MEM) training packages with a very small decline in the Construction, Plumbing and Services (CPC) training package. The Resources and Infrastructure Industry (RII) training package has experienced a 23.17 % reduction in training numbers likely linked to the prevalence of traineeships with shorter durations of between 12 and 24 months. What is important to note is that industry is continuing to maintain the high apprenticeship and traineeship levels despite the drop in commencements.

Apprentices and Trainees in Training

Given the importance of training the State's future construction workforce, particularly as the long-term forecasts demonstrate future industry need, the CTF is conducting research into viable retention, completion and mentoring programs and strategies. The CTF is currently funding mentoring programs and has recently launched a completion payment for construction apprentices and trainees completing in the 2023-24 financial year with the aim of encouraging this cohort to complete their training and remain within the industry.

The graph below shows the construction qualifications with the highest level of apprentices and trainees in training as of June 2023.

Graph 10



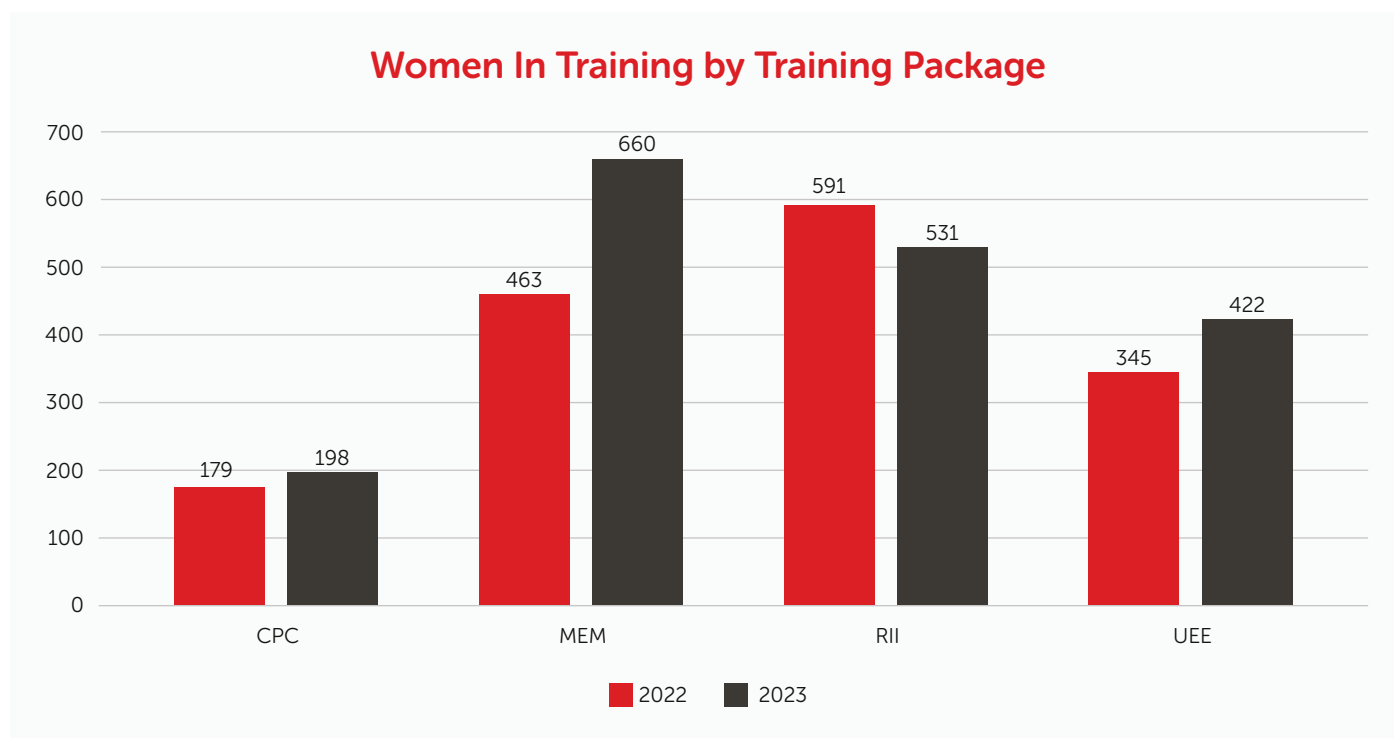
Source: DTWD June 2023

Electrical and engineering qualifications continue to demonstrate strong demand for apprentices, and, alongside carpentry and plumbing, these qualifications make up most of the training contracts in qualifications eligible* for CTF funding.

*Eligible means a qualification that is funded by the CTF if the apprentice/trainee is actively working in on site construction.

Women In Training

Graph 11



Source: DTWD June 2022 and June 2023

In three of the four training packages (Graph 11), an increase in the number of women in training can be seen between June 2022 and June of 2023. Despite the slight reduction in the number of women in the Resources and Infrastructure Industry training package, the proportion of women in training has increased across all four training packages, as demonstrated in Table 2, with an increase of 1.35 percentile points in the last 12 months. Of significance, the Resources and Infrastructure Industry training package has female participation, when measured as a total percentage, at 18.09%. This is the highest of all the training packages with nearly one in five apprentices and trainees are women.

Table 2

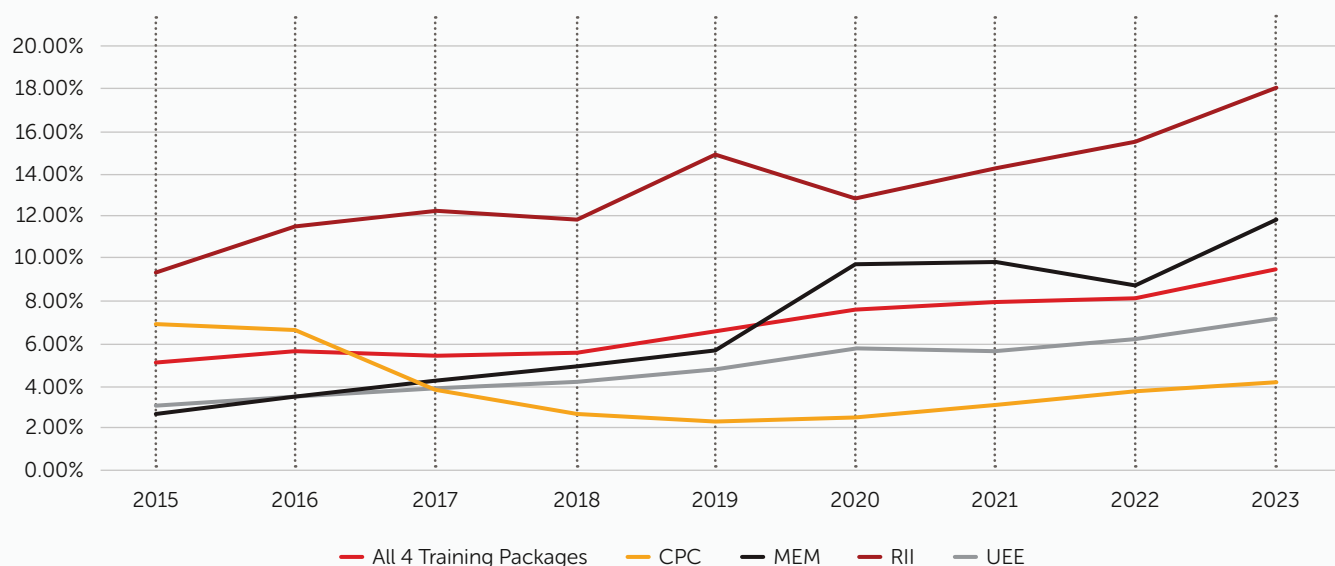
Training Package	2021/22	2022/23
CPC - Construction, Plumbing and Services Training Package	3.73%	4.15%
MEM - Metals and Engineering Training Package	8.73%	11.84%
RII - Resources and Infrastructure Industry Training Package	15.47%	18.09%
UEE - Electrotechnology Training Package	6.24%	7.2%
Total proportion of women in CPC, MEM, RII & UEE Combined	8.11%	9.46%

Women In Training

The data from the Metals and Engineering and Resources and Infrastructure Industry training package includes a large cohort of apprentices and trainees working in resource sector operational activities and not in construction activity. The Electrotechnology and Construction Plumbing and Services training package have experienced a slight increase in participation rates, but gains have been moderate.

Graph 12

Female Apprentices and Trainees as a Percentage of the Total Cohort by Training Package & Financial Year



Source: DTWD June 2015 – 2023



Women In Training

Table 3

	Combined 4 Training Packages	CPC	MEM	RII	UEE
2015	5.15%	7.01%	2.65%	9.36%	3.14%
2016	5.71%	6.66%	3.45%	11.56%	3.50%
2017	5.39%	3.83%	4.31%	12.23%	3.92%
2018	5.56%	2.71%	4.91%	11.95%	4.21%
2019	6.66%	2.32%	5.71%	14.88%	4.81%
2020	7.63%	2.53%	9.72%	12.83%	5.75%
2021	8.00%	3.16%	9.83%	14.30%	5.64%
2022	8.11%	3.73%	8.73%	15.47%	6.24%
2023	9.46%	4.15%	11.84%	18.09%	7.21%

Source: DTWD June 2015 – 2023

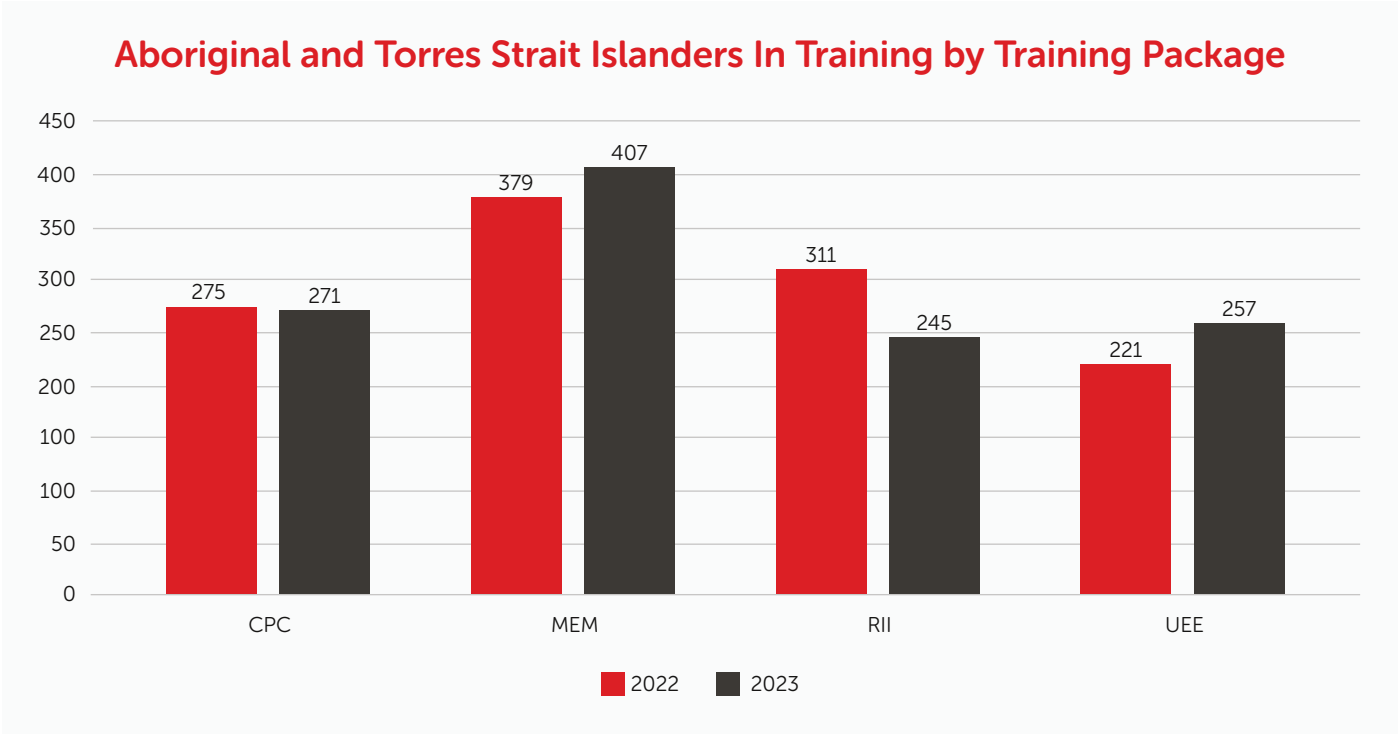
Women constituted 49.88% of the Western Australian population in 2022. In reviewing the longitudinal apprentice and trainee in training data it is encouraging to see an overall increase in the percentage of women in training, as a percentage of the training packages combined (see Table 3).

What has proven particularly difficult in trying to address the gender imbalance in construction trades is that a top-down approach from the industry and government is only achieving modest gains in the construction training sector. This is due to a number of factors, with one significant barrier being that the majority of construction trade businesses are small entities which are difficult to target at a consultative level.

Although the recent increases in women in training across all training packages is encouraging, there is more work to be done in addressing systemic biases and stereotypes among a particularly hard to reach cohort of employers.

Aboriginal and Torres Strait Islanders in Training

Graph 13



Source: DTWD June 2015 – 2023

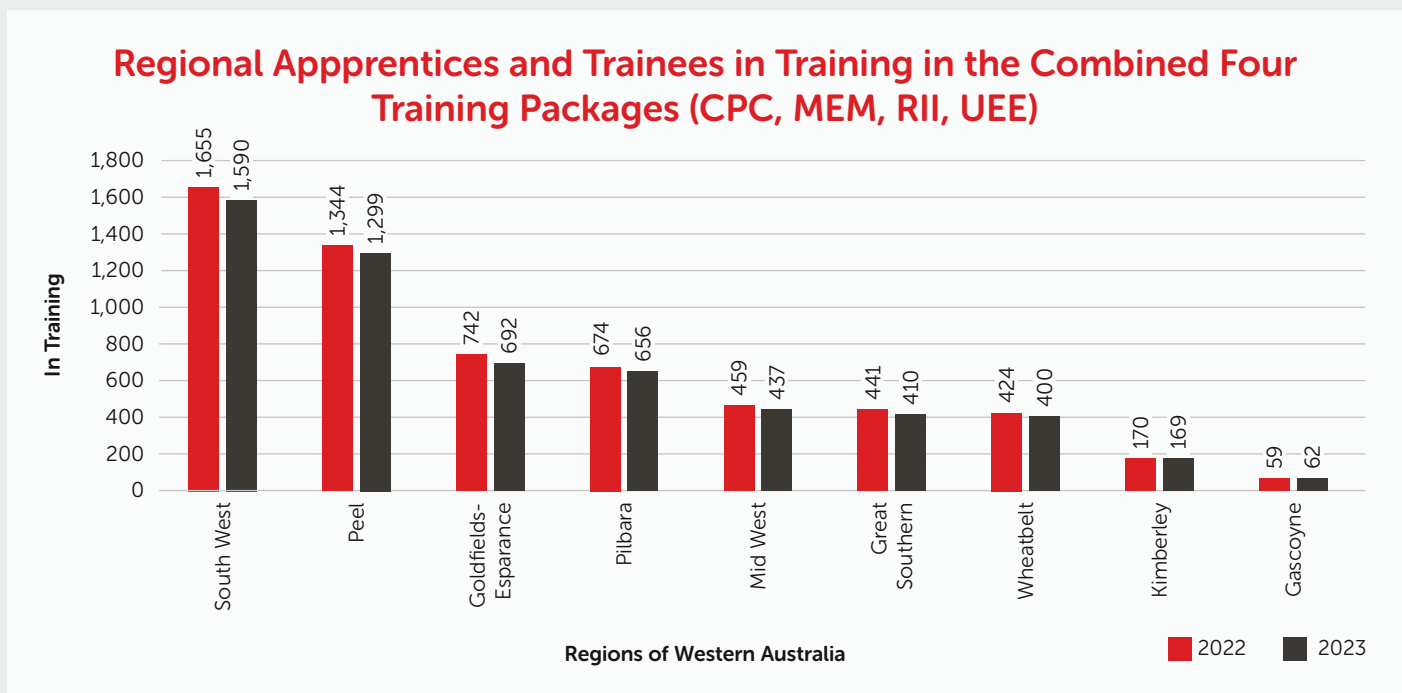
Aboriginal and Torres Strait Islander people as a percentage of the total cohorts in training have increased, albeit only slightly, in three of the four training packages with a small reduction of numbers in the Construction, Plumbing and Services Training Package. Demographically Aboriginal and Torres Strait Islander people constituted 3.3% of the Western Australian population in the 2021 Census. These training numbers show positive participation rates and engagement of Aboriginal and Torres Strait Islanders in construction apprenticeships and traineeships.

Table 4

Training Package	2021/22	2022/23
CPC - Contstruction, Plumbing and Services Training Package	5.72%	5.68%
MEM - Metal and Engineering Training Package	7.15%	7.30%
RII - Resources and Infrastructure Industry Training Package	8.14%	8.35%
UEE - Electrotechnology Training Package	4.00%	4.39%

Regional In Training

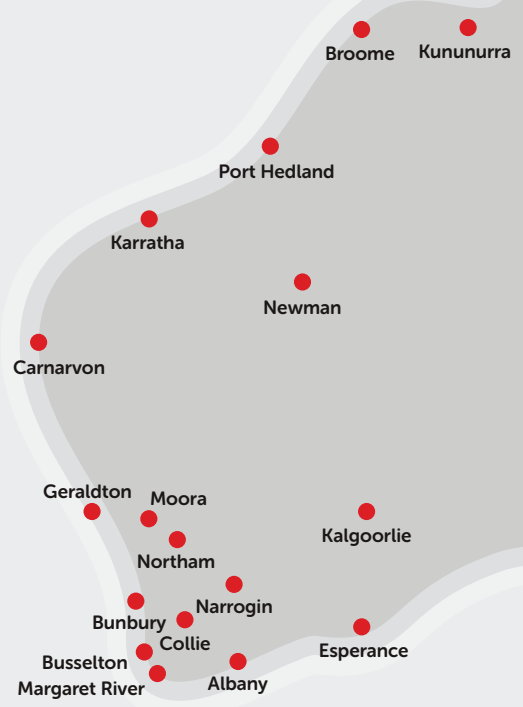
Graph 14



Source: DTWD June 2022 and June 2023

When looking at regional 'In Training' rates across Western Australia in the construction related training packages, the number of apprentices and trainees has reduced slightly over the past financial year when compared with the previous year. Similar to the reduction in commencements in the whole of State data, this is likely as a result of the ending of the Federal Boosting Apprenticeship Commencement Program and macroeconomic factors such as the increase in mortgage interest rates. After a record number of apprentices and trainees commenced during the pandemic some stabilising is expected in the in training data over the forward estimates.

CTF regional visit locations



Upskilling and Short Courses

The CTF supports skills development by subsidising training courses for eligible workers in the construction industry who are looking to access new skills and knowledge, diversify their expertise and help build a safer and more sustainable construction workforce. Between January and June 2023, a total of 2,801 people received funding from the CTF to subsidise their supplementary skills and Work, Health and Safety training.

The ten courses with the highest number of claims between January and June 2023 were:

Table 5 Supplementary Skills

Top 10 Courses	Number of subsidies
EWP Operator Licence - Yellow Card	187
Operate and Maintain 4WD	120
Excavator Operations	111
Skid Steer / Loader	100
Wheeled Front End Loader	93
Carry out basic demolition	92
Water Cart / Water Truck	90
Combined - Dogging & Basic Rigging	83
Roller Operations	75
Articulated Haul Truck	48

The CTF subsidises safety skills courses for those working in on-site construction across Western Australia. The ten courses with the highest number of subsidised claims between January and June 2023 were:

Table 6 Work, Health and Safety

Top 10 Courses	Number of subsidies
Working at Heights Refresher	469
Safe tilt up construction requirements	188
Tilt Up Construction	168
First Aid	145
Elevated Work Platform (EWP) over 11 metres	98
First Aid and CPR Blended Learning	84
Asbestos - Restricted Removal	79
Scissor lift	56
CPR First Aid	40
Combined - Height Safety & Confined Space	36

Apprentice and Employer Programs

Apprentice Tool Allowance program summary

In June 2023 the CTF's Apprentice Tool Allowance program came to completion. The program provided eligible apprentices and trainees with a rebate of \$500 for the purchase of relevant tools and/or safety equipment required for the apprentice's on-the-job work. In the 12 months that the program ran, the CTF funded 3,799 apprentices and trainees with a total spend of over \$1.8 million.



Apprentice Completion Grant and Tool Allowance

The Apprentice Completion Grant commenced on 1 July 2023 and consists of a one-off payment of \$2,000 to construction apprentices and trainees who complete their qualification between 1 July 2023 and 30 June 2024. An additional \$500 (maximum) reimbursement is also available to these apprentices as repayment for the purchase of work-related tools and/or safety equipment during this time.

This \$4.2 million initiative aims to financially support apprentices and encourage students to complete their training. This helps to ensure a safe, skilled and sustainable construction industry in WA.

The Apprentice Completion Grant and Tool Allowance is designed to:

- Encourage apprentices and trainees to complete their training.
- Provide a tangible benefit to apprentices on obtaining their qualification.
- Ensure more fully qualified trades in the industry.
- Develop a positive, long-term relationship with these entry-level workers.

CTF's Employer Grant Funding

The Construction Training Fund provides an Employer Grant to financially support Western Australian construction employers in hiring an apprentice or trainee. An eligible business can receive up to \$26,000 from the grant, with the final amount dependent on individual circumstances.

Employer grants are payments made by CTF to employers to reduce the salary and wage expense of apprentices and trainees.. In 2022-23 CTF provided over \$24 million in payments.

The Employer Grant **base rate increased on 1 July 2023**. All 36-month and 48-month indentures will now have a standardised base grant of \$12,000 (an increase of \$2,000). All 12-month, 18-month and 24-month indentures will also have a base grant increase of between \$1,000 to \$2,000.

In addition to the base grant, additional supplements are available for employing someone who has completed a pre-apprenticeship, lives regionally, or is female, indigenous or mature-aged.

The changes reflect our continued support of employers in hiring and retaining construction apprentices and trainees.



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