

Industry Workforce Analysis: Building and Construction Industry

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Disclaimer: This report has been compiled from data held in the ACT Long Service Leave Authority's database as described in chapter 1.3. Information in this report is provided 'as is' and neither the ACT Long Service Leave Authority, nor Insight Consulting Australia, make any assurances about the accuracy or completeness of this information.

1. Background

1.1 The Scheme

The *ACT Long Service Leave Authority* was established in 2010 under the *Long Service Leave (Portable Leave Schemes) Act 2009*. The Authority administers portable long service leave benefit schemes for the following industries:

- Building and Construction Industry
- Contract Cleaning Industry
- Community Sector Industry
- Security Industry

Each scheme enables workers (whether part time, full time, casual or sub-contractor) to transfer from employer to employer without losing their accrued service entitlements.

Employers are legally required to register with the Authority and declare the wages and days worked for all industry employees via quarterly returns (via an online portal). The Authority carries out education and compliance activities to ensure organisations are aware of and meet their legal responsibilities under the Act.

The Building and Construction Industry Scheme commenced in the ACT on 1 October 1981 and has now been in operation for over 40 years.

The following workers are covered under the scheme:

- workers (employees and contractors) directly performing relevant work as defined under the *Long Service Leave (Portable Schemes) Act 2009*;
- workers (employees and contractors) responsible for the direct supervision of other workers performing relevant work; and
- working directors.

Direct supervision of a person means the oversight by the supervising person of the work of the person by:

- a. directing, demonstration, monitoring and checking the person's work in a way that is appropriate to the person's level of competency; and
- b. ensuring the person's capacity to respond in an emergency situation.

Examples of direct supervision include roles such as foreman, leading hands, construction supervisors and site supervisors.

Workers who progress past roles related to direct supervision, such as into management and project management type roles, are not included under scheme coverage for the purposes of the Act. These workers will cease to be reported on a quarterly return and will be represented as "ceasing employment", even though they may continue to be employed in the Building and Construction Industry.

1.2 Overview of the Authority's registered employee & employer database

All registered employees and employers are allocated a unique identification number within the Authority's database.

Quarterly returns detailing service and ordinary wages for each employee are submitted by employers. The greater the length of time that an employee works within the industry the more quarterly returns will be submitted and held in the Authority database. For example, if a worker is employed by a single employer for one year, then four separate quarterly returns will be held against their registration number during that time. If they are employed for five years, the system will hold 20 quarterly returns. If an

employee works for more than one employer, a separate return will be submitted for each position, for each quarter (or part thereof) they are employed. If an employee changes their employer, then a separate quarterly return will be submitted by each respective employer during the quarterly reporting period, noting the employee's start and cease date.

When an employee stops being reported in the Industry, they can remain inactive for four years. In the lead up to the mark of four years, the Authority will contact the employee advising them that their account will be deregistered if they have not had service recorded for four years. Once a worker has a break from the industry for more than four years, their account with the Authority is deregistered.

Any positions that remain vacant for an entire three-month return period are uncaptured in the data.

1.3 Data scope

For the purposes of this analysis, the Authority generated a file of quarterly returns for a nine-year time period, from 1 July 2012 to 30 June 2021. The file contained 451,295 records, relating to 42,469 unique workers. The table below provides a breakdown of the registration status for each record as at 28 September 2021.

Number of records between 1 July 2012 to 30 June 2021 by registration status (as at 31 August 2020)	
Active (Employee)	212,103
Active (Apprentice)	22,562
Active (Contractor)	376
Active (Working Director)	4,027
Active (Ceased)	108,077
Active (4 Year Rule No Letter Sent)	1,480
Active (4 Year Rule Letter Sent)	9,099
Deregistered (Deceased)	132
Deregistered (Deregistered)	55,094
Deregistered (Duplicate)	9
Deregistered (Paid out)	27,040
Deregistered (Rejected)	494
Pending	2
Inactive (Greater than 5 years)	6,590
Inactive (Greater than 55 days)	1,616
Inactive (interstate – Ignore 4 Year Rule)	2,594
TOTAL	451,295

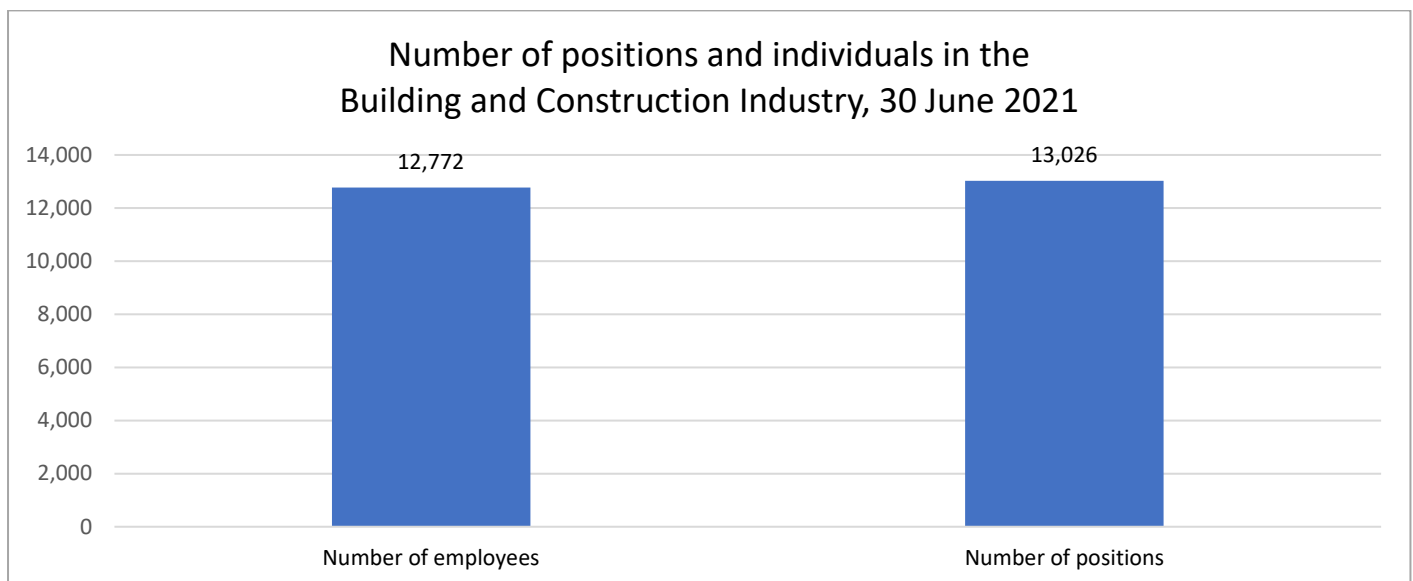
2. Point in time analysis

The point in time analysis presented in this chapter relates to the status of the industry **as at 30 June 2021**.

In this analysis, records included in the April-June 2021 quarterly return which relate to positions where the worker has stopped being reported by the employer before 30 June 2021 are ignored. This eliminates the double counting that occurs in a quarterly return when one employee leaves and another starts in the same position. In this scenario there is only one position and only one worker at any time. This type of point in time analysis is the same methodology used by the Australian Bureau of Statistics in conducting the five yearly Census of Population and Housing.

2.1 Number of employees and positions

As at 30 June 2021, there were 12,772 employees working in a total of 13,026 positions.

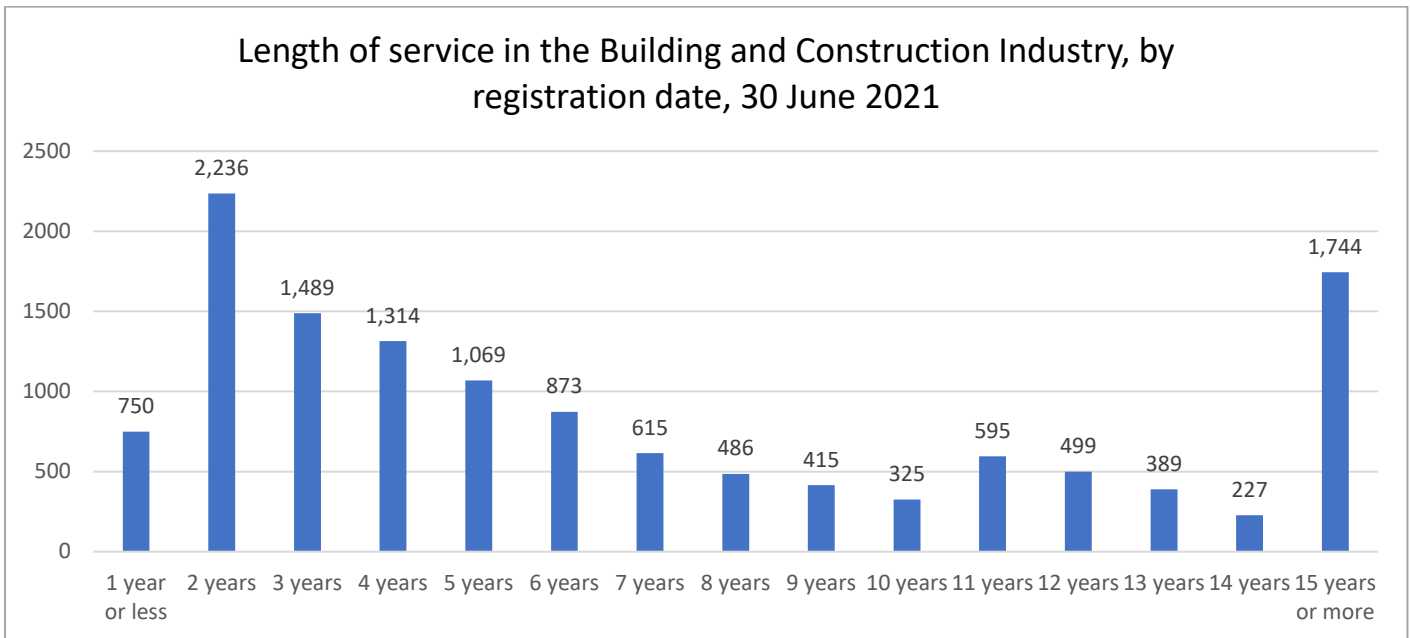


2.2 Multiple position holders

A small proportion of workers in the industry concurrently held more than one position. As at 30 June 2021, 1.9 per cent of Industry workers held more than one position, with 1.9 per cent of Industry positions filled by a multiple position holder.

2.3 Length of service

The mode (most frequent) length of service for workers reported in the industry was two years, with around 1 in 6 workers being part of this cohort.



The median length of service for workers covered by the Scheme was five years. Half of all workers had five years or less of experience, and half had five years or more. The average (mean) length of service was 6.4 years.

2.4 Turnover rates

Turnover rates are a valuable source of information for workforce planning, as they highlight the burden of recruitment and orientation efforts, and show the degree of success in retaining workers in their current positions.

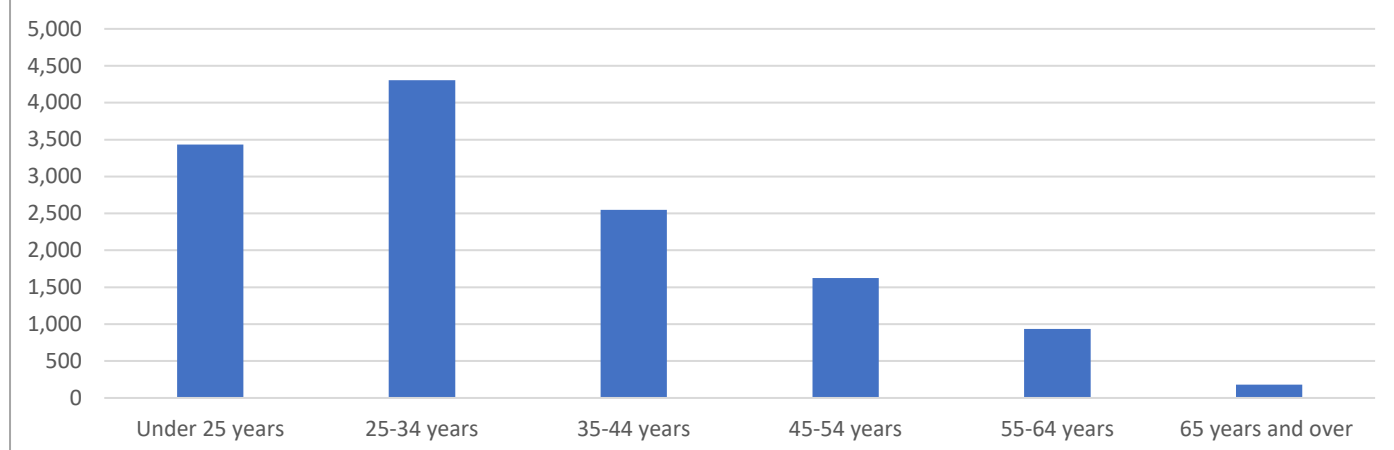
The three-month (1 April 2021 - 30 June 2021) turnover rate in positions is shown below. Note that a portion of those exiting their positions move to other positions in the same Industry and are then represented as New Workers.

QUARTERLY TURNOVER RATES		
NEW WORKERS	RETAINED WORKERS	EXITING WORKERS
12.7%	79.0%	8.3%

2.5 Age of workers

The median age of workers in the Building and Construction Industry at 30 June 2021 was 31.8 years. Across the Industry, just over 1 in 14 workers were within ten years of the notional retirement age of 65 years.

Age distribution of workers in the Building and Construction Industry, 30 June 2021



2.6 Median wages

Wages are a reflection of hours worked. It is not possible to determine which workers within the Authority database are employed full-time, however general information is available from the 2016 Census of Population and Housing. In 2016, 84 per cent of those employed in the Construction Industry worked full time, compared to 72 per cent of all workers in the ACT economy. The Census also showed that the median Industry income was similar to the median income of all ACT workers.¹

The median annual gross total wages for workers, per position, in the Building and Construction Industry as at 30 June 2021 was \$59,992.

Employers report gross ordinary wages for workers. Gross ordinary wages are the ordinary remuneration of an employee before tax is deducted. Ordinary remuneration, for a person, means the amount paid or payable to the person for work other than any amounts for:

- a. Overtime; or
- b. Expenses incurred by the person; or
- c. The use of materials, equipment or a motor vehicle provided by the person.

2.7 Median wages by age

As at 30 June 2021, the age cohorts with the highest median pay rate were those 25-34 years of age, followed by those in the 45-54 years of age cohort.

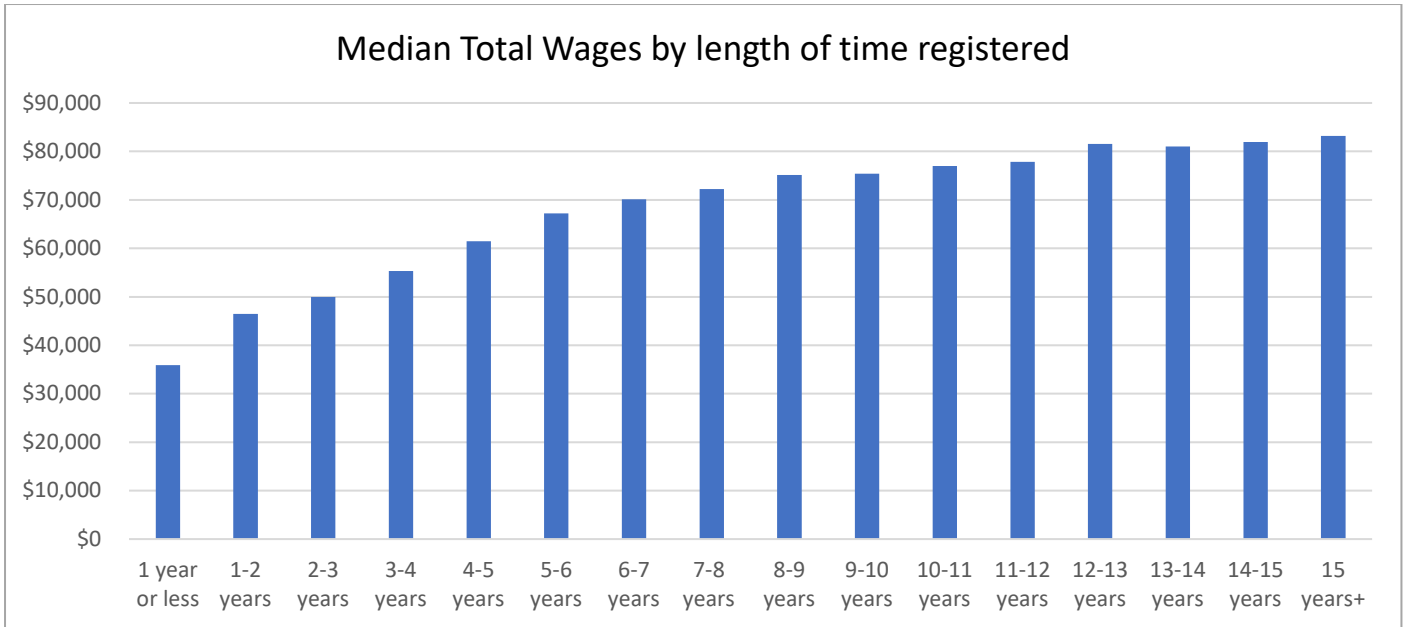
	Median Total Wages	Median Employee Wages	Median Apprentice Wage	Average Daily Pay
Under 25 years	\$58,008	\$72,800	\$42,400	\$248.00
25-34 years	\$63,232	\$66,560	\$34,732	\$271.25
35-44 years	\$59,280	\$62,140	\$35,568	\$262.20
45-54 years	\$60,116	\$62,876	\$31,096	\$272.71

¹ Australian Bureau of Statistics 2016, Census of Population and Housing (2016), TableBuilder. Findings based on use of ABS TableBuilder data

55-64 years	\$51,240	\$64,812	\$29,916	\$275.12
65 years and older	\$3,764	\$3,292	NA	\$232.00

2.8 Median wages by length of time registered

Those with less than one year of service in the Building and Construction Industry had the lowest annual gross total wage (\$35,872). There is an association with length of time registered with higher wages.



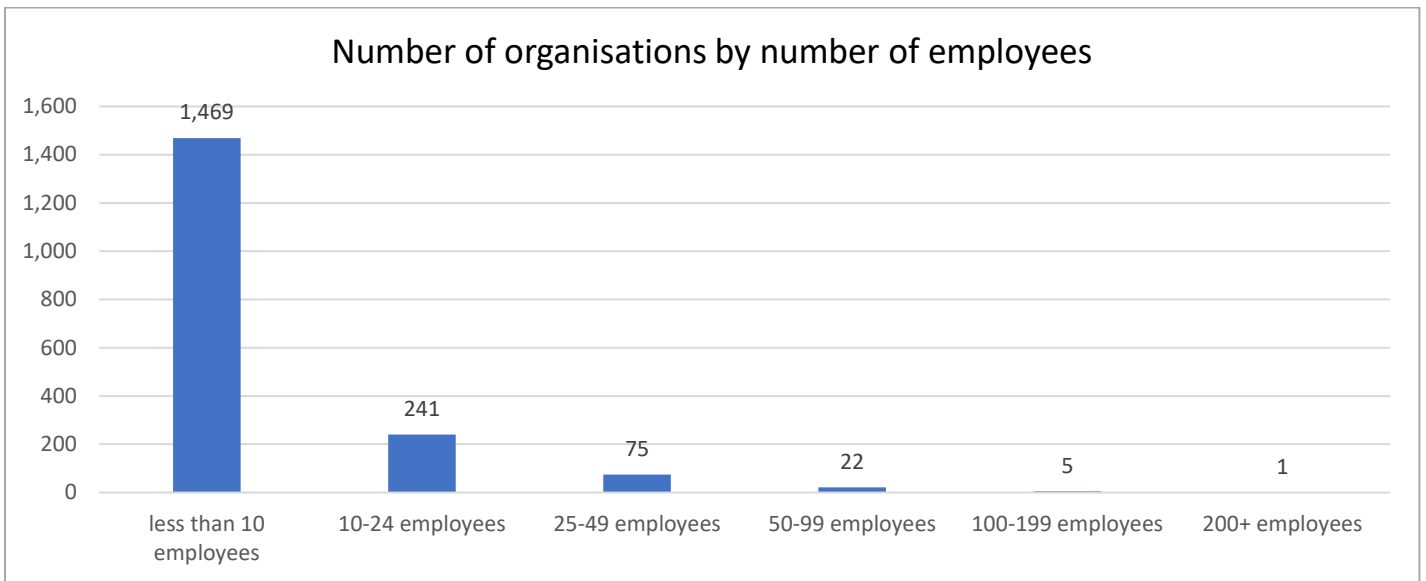
Length of time registered	Median Total Wages	Median Employee Wages	Median Apprentice Wage	Average Daily Pay
1 year or less	\$35,872	\$42,576	\$29,640	\$224.00
1-2 years	\$46,464	\$55,328	\$36,784	\$220.40
2-3 years	\$49,980	\$58,832	\$41,600	\$302.43
3-4 years	\$55,328	\$61,128	\$45,448	\$240.00
4-5 years	\$61,464	\$62,720	\$45,168	\$263.25
5-6 years	\$67,184	\$68,640	\$46,160	\$280.00
6-7 years	\$70,152	\$70,816	\$44,324	\$286.35
7-8 years	\$72,224	\$73,008	\$46,200	\$300.93
8-9 years	\$75,144	\$75,604	\$55,328	\$307.72
9-10 years	\$75,392	\$75,952	\$48,608	\$309.77
10-11 years	\$77,000	\$77,120	\$55,504	\$312.90
11-12 years	\$77,824	\$78,048	\$51,320	\$314.09

12-13 years	\$81,556	\$81,644	\$53,912	\$325.62
13-14 years	\$81,016	\$81,016	N/A	\$323.00
14-15 years	\$81,920	\$82,992	N/A	\$332.40
15 years or more	\$83,200	\$83,200	N/A	\$332.22

2.9 Organisation size

As at 31 August 2020, there were 4,154 registered employers in the Industry, with 1,813 recording service for at least one employee in the April-June 2021 quarter. The mode (most frequent) number of employees per organisation was less than 10, with 81 per cent of all positions being held by an organisation of this size.

The median number of positions per employer was 7.



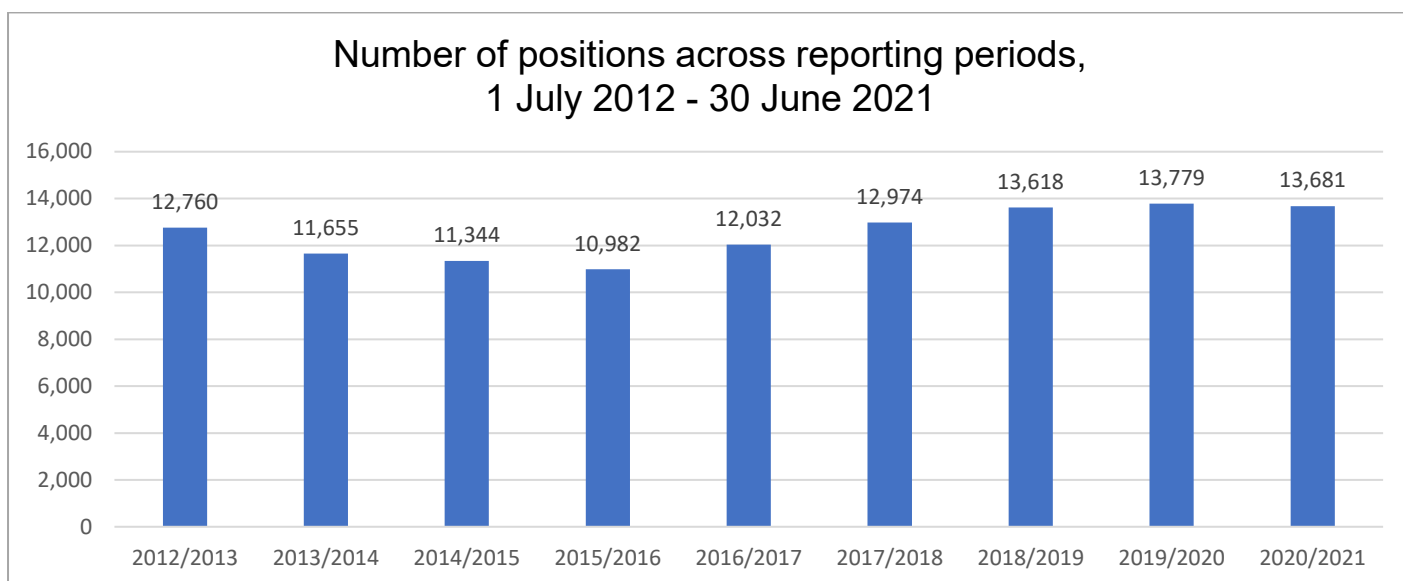
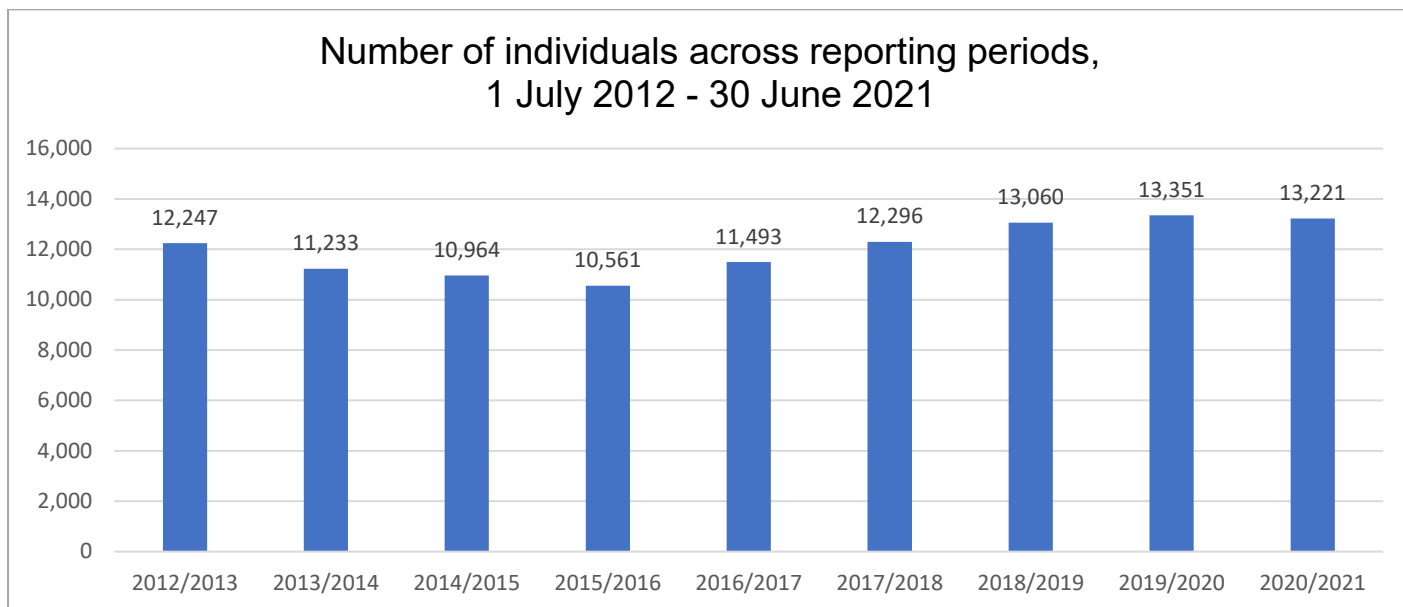
Just over 9 per cent of positions in the Industry were held by the top ten largest employers, while the proportion of positions held by the top 20 largest employers was 14 per cent.

3. Time series analysis

The time series analysis seeks to identify trends within the overall Industry and various sub-sectors. Yearly figures were determined by averaging the results of the four quarterly reports.

3.1 Number of positions and registered individuals in the industry

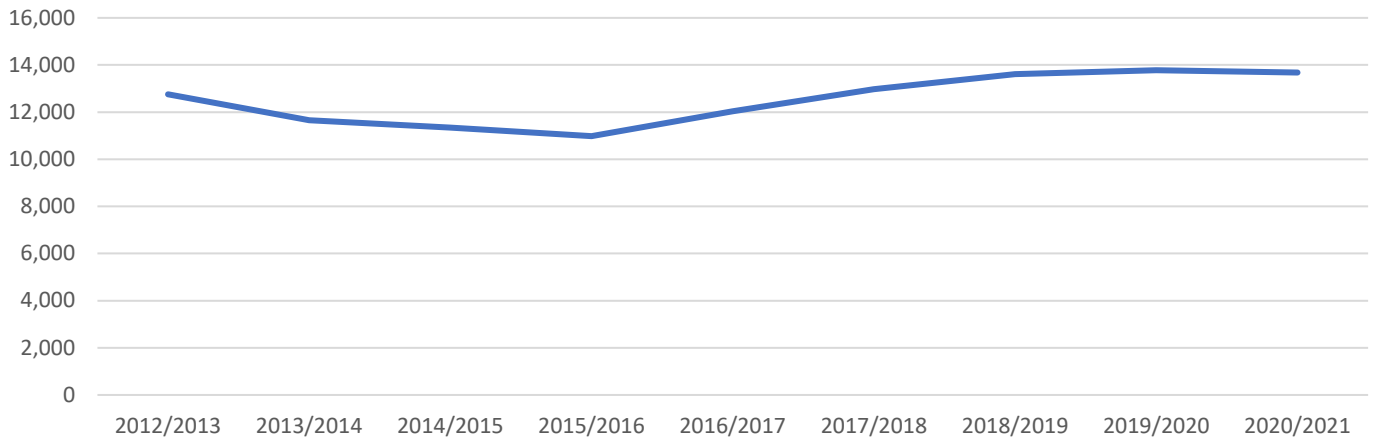
The number of individuals and positions reported by registered employers was highest in the reporting period of 2019/2020.



3.2 Growth rate of registered positions

Overall, there was a 7 per cent increase in the number of positions within the Building & Construction Industry between 1 January 2012 and 30 June 2021.

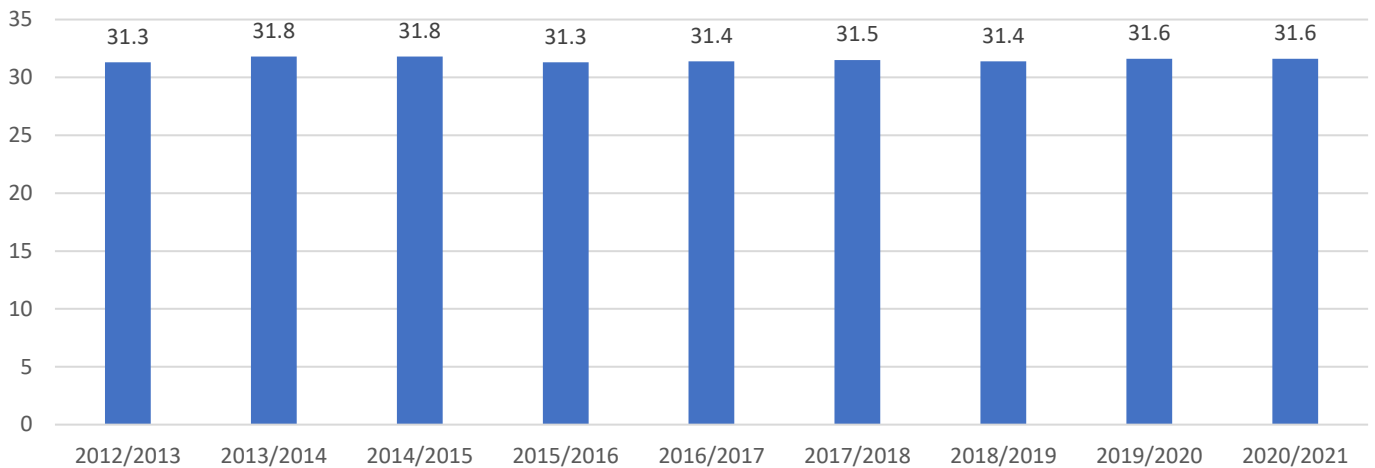
Number of positions in the Building & Construction Industry,
1 July 2012 to 30 June 2021



3.3 Median ages

The median age of workers in the Building & Construction Industry remained steady at 31 years of age, between 1 July 2012 to 30 June 2021.

Building & Construction Industry, median ages,
1 July 2012 to 30 June 2021



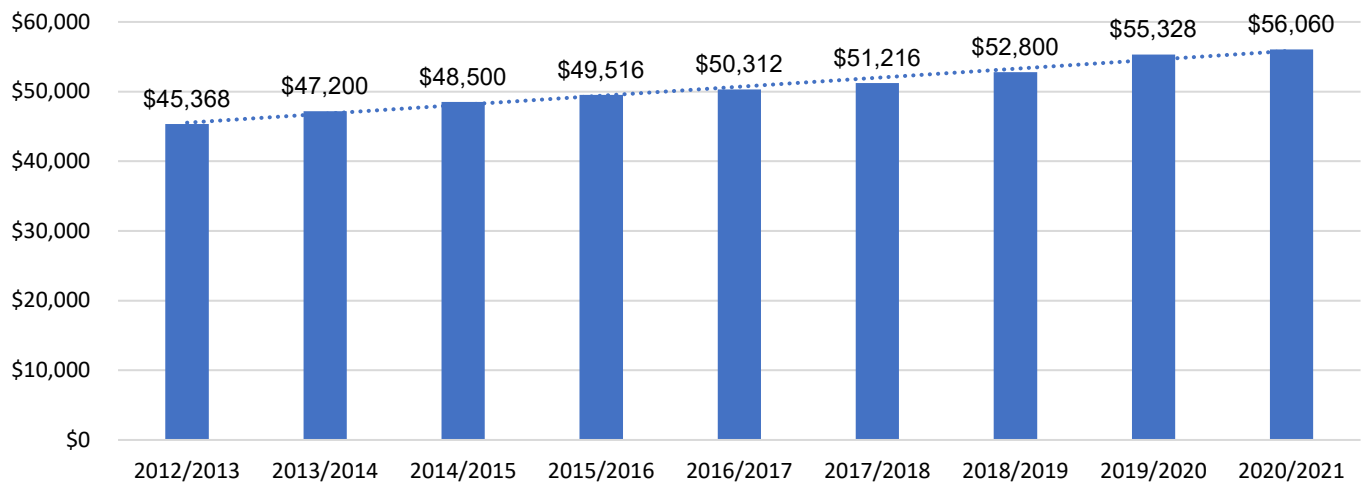
3.4 Wage growth over time

At an industry level, median ordinary industry wages per position grew between 1 July 2012 to 30 June 2021.

The figures should not be interpreted as a percentage increase in hourly wages, only as an increase in total ordinary wages. The Authority does not collect data on actual hours worked by registered workers, so it cannot be determined whether median working hours increased or decreased over time.

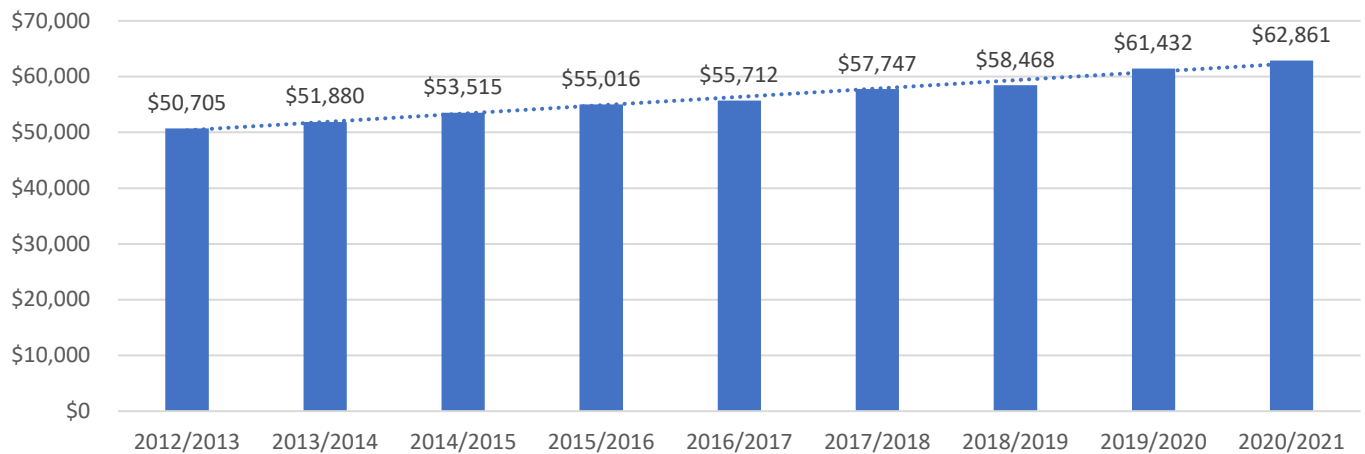
Figures are shown on a per position basis, they do not represent individual workers as some individuals hold more than one position and therefore receive more than one wage.

Median Industry ordinary wages, 1 July 2012 to 30 June 2021



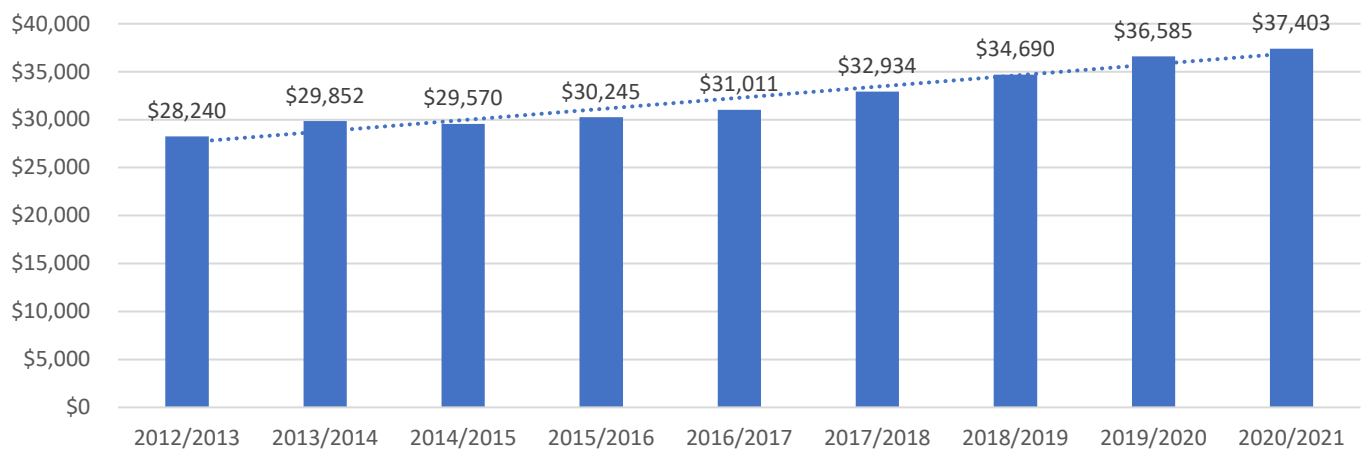
Median Industry ordinary wages increased by 24 per cent from \$45,368 in 2012/2013 to \$56,060 in 2020/2021.

Median employee ordinary wages, 1 July 2012 to 30 June 2021



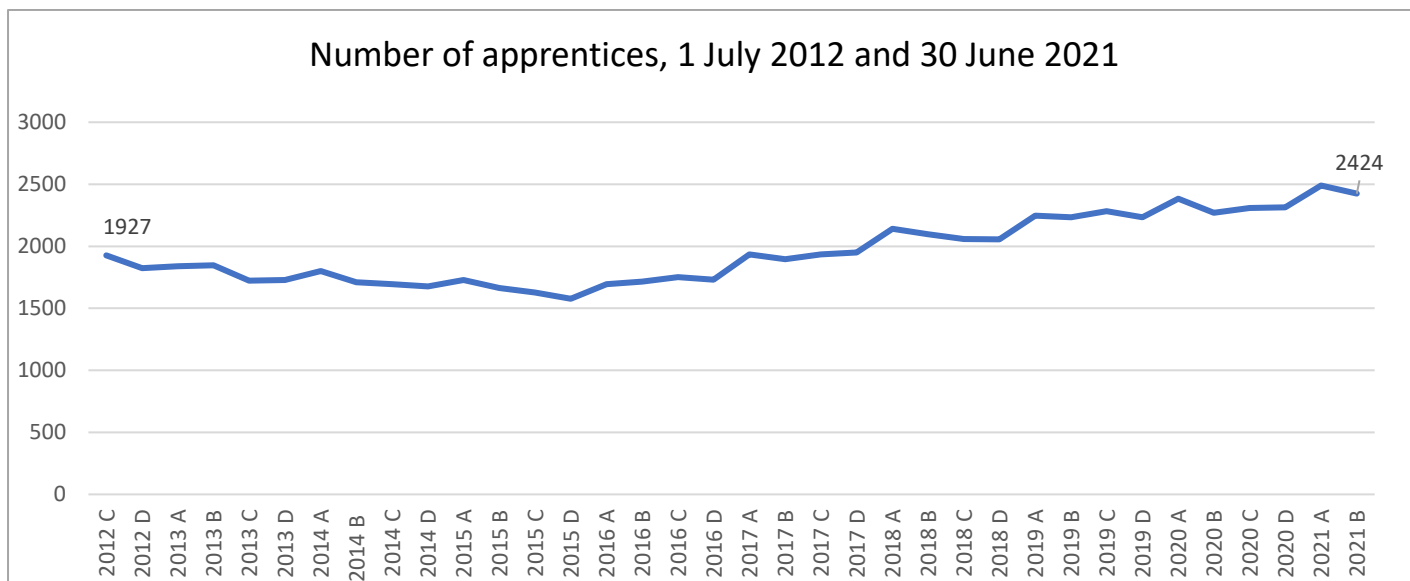
Median Industry employee ordinary wages increased by 24 per cent from \$50,705 in 2012/2013 to \$62,861 in 2020/2021.

Median apprentice ordinary wages, 1 July 2012 to 30 June 2021

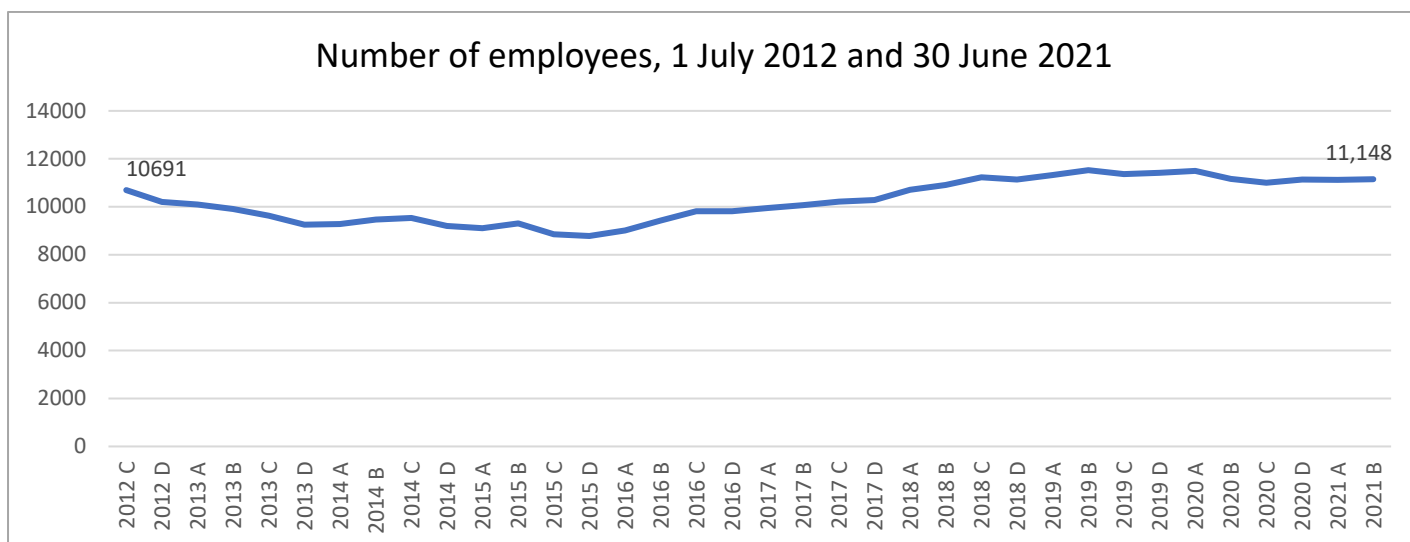


Median apprentice wages increased by 32 per cent from \$28,240 in 2012/2013 to \$37,403 in 2020/2021.

3.5 Workforce composition

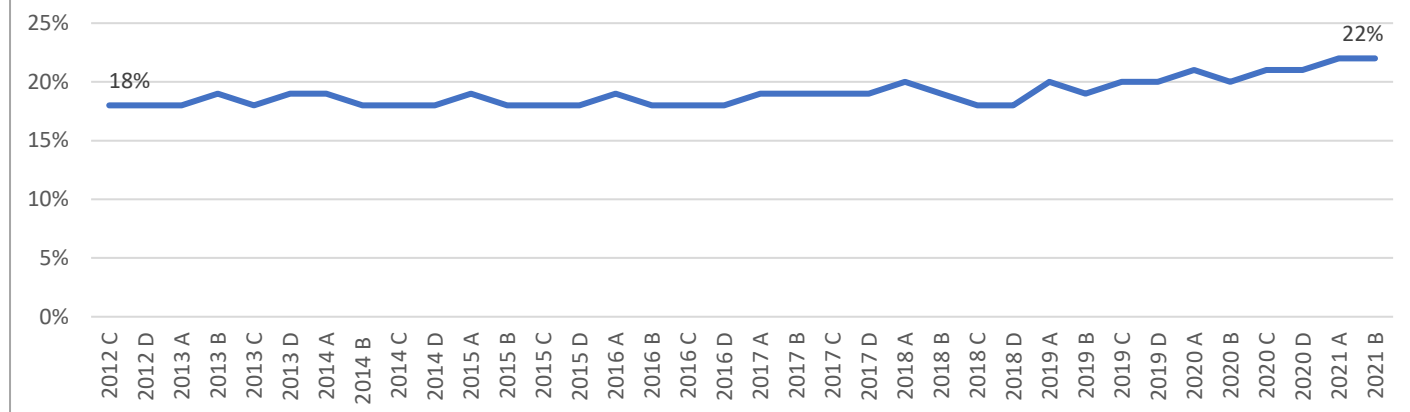


Over the ten-year period from 1 July 2012 to 30 June 2021, the number of apprentices increased by 26 per cent, from 1,927 to 2,424. During the same time period, the number of employees increased by 4 per cent.



Apprentices occupied 18 per cent of Industry positions in 1 July 2012, and this proportion increased to 22 per cent by 30 June 2021.

Apprentices as a proportion of total workforce, 1 July 2012 and 30 June 2021



3.6 Organisational size

Over the nine-year period, there were 4,154 unique employers recorded and not all employers remained active throughout the reporting period.

Between 1 July 2012 and 30 June 2021, the number of employers increased by 12.5 per cent (from 1,687 to 1,897 employers). During the same time period, the number of positions increased by 7.2 per cent (from 12,760 to 13,681 positions).

The median number of positions per employer remained fairly stable.

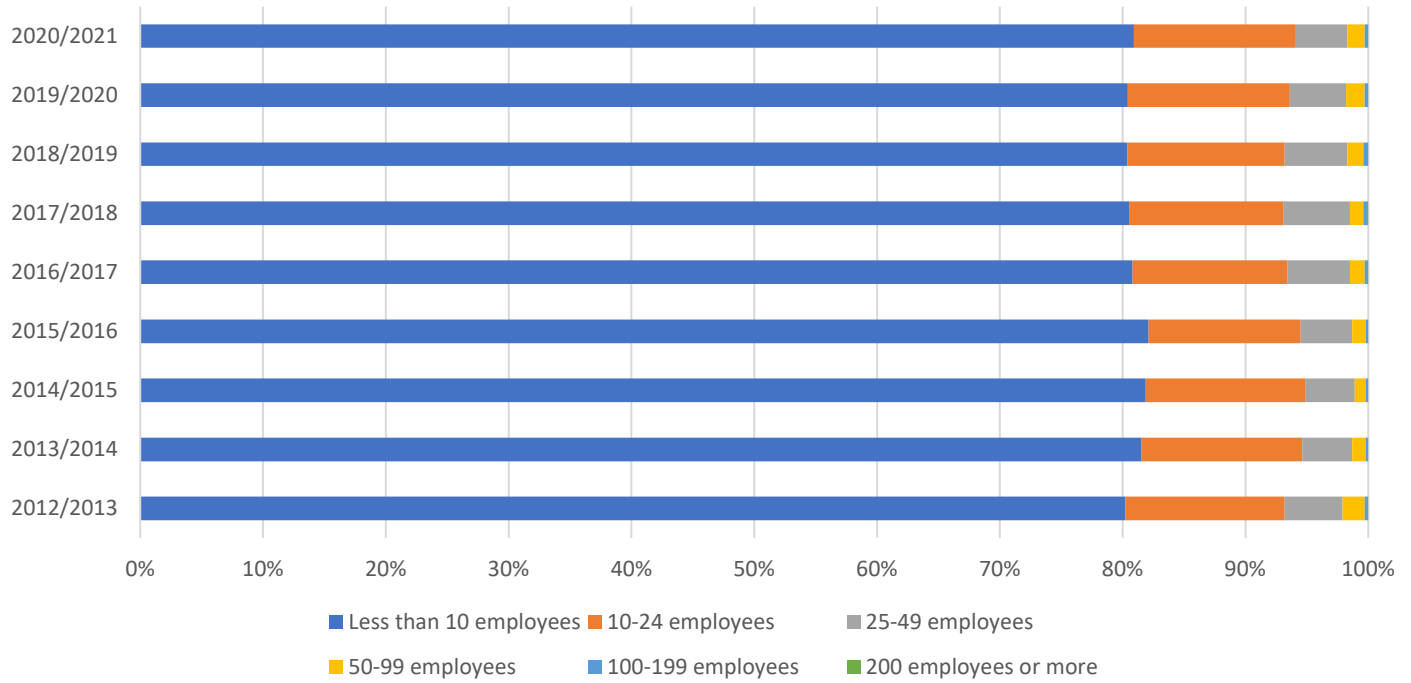
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Number of employers	1,687	1,713	1,715	1,628	1,681	1,755	1,815	1,859	1,897
Number of positions	12,760	11,655	11,344	10,982	12,032	12,974	13,618	13,779	13,681
Median number of positions per employer	13.2	14.7	15.1	14.8	14.0	13.5	13.3	13.5	13.9

Number of employers by number of workers recording service									
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Less than 10 employees	1,353	1,399	1,419	1,337	1,360	1,415	1,459	1,496	1,536
10-24 employees	219	224	205	202	211	221	233	246	250
25-49 employees	80	70	73	69	85	94	93	85	79
50-99 employees	31	18	16	18	20	19	24	27	26
100-199 employees	3	4	3	3	4	6	7	6	5
200 employees or more	1	0	0	0	1	1	0	0	0
Total	1,687	1,713	1,715	1,628	1,681	1,755	1,815	1,859	1,897

Proportion of employers by number of workers recording service									
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Less than 10 employees	80.2%	81.7%	82.7%	82.1%	80.9%	80.6%	80.4%	80.5%	81.0%
10-24 employees	13.0%	13.1%	13.1%	12.4%	12.6%	12.6%	12.8%	13.2%	13.2%
25-49 employees	4.7%	4.1%	4.1%	4.2%	5.1%	5.4%	5.1%	4.6%	4.2%
50-99 employees	1.8%	1.1%	0.9%	1.1%	1.2%	1.1%	1.3%	1.5%	1.4%
100-199 employees	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%	0.3%	0.3%
200 employees or more	0.1%	0%	0%	0%	0.1%	0.1%	0%	0%	0%

Over the nine-year period, the proportion of employers with less than 10 employees remained stable at around 80 per cent.

Proportion of employers by number of workers recording service



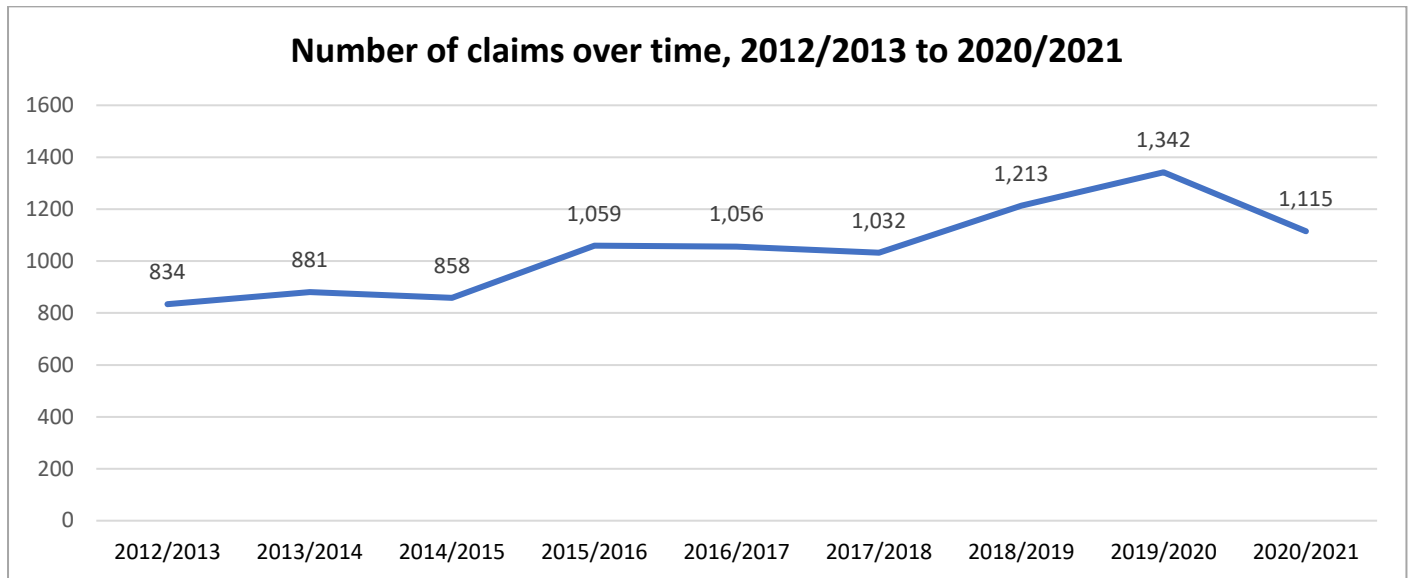
The proportion of positions held by the largest employers remained fairly stable over the nine-year reporting period. Around 1 in 12 employees worked for one of the top 10 employers, while around 1 in 7 employees worked for one of the top 20 employers.

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Proportion of positions held by top 10 largest employers	8.2%	8.3%	7.9%	8.4%	9.3%	9.4%	8.0%	8.2%	8.2%
Proportion of positions held by top 20 largest employers	13.5%	13.5%	12.8%	13.6%	14.4%	14.4%	13.0%	13.3%	13.3%

4. Claims under the Scheme

4.1 Total number of claims over time

An examination of claims data from the long service leave benefit scheme reveals that there was a total of 9,390 claims between 2012/2013 and 2020/2021, peaking at 1,342 claims during 2019/2020.

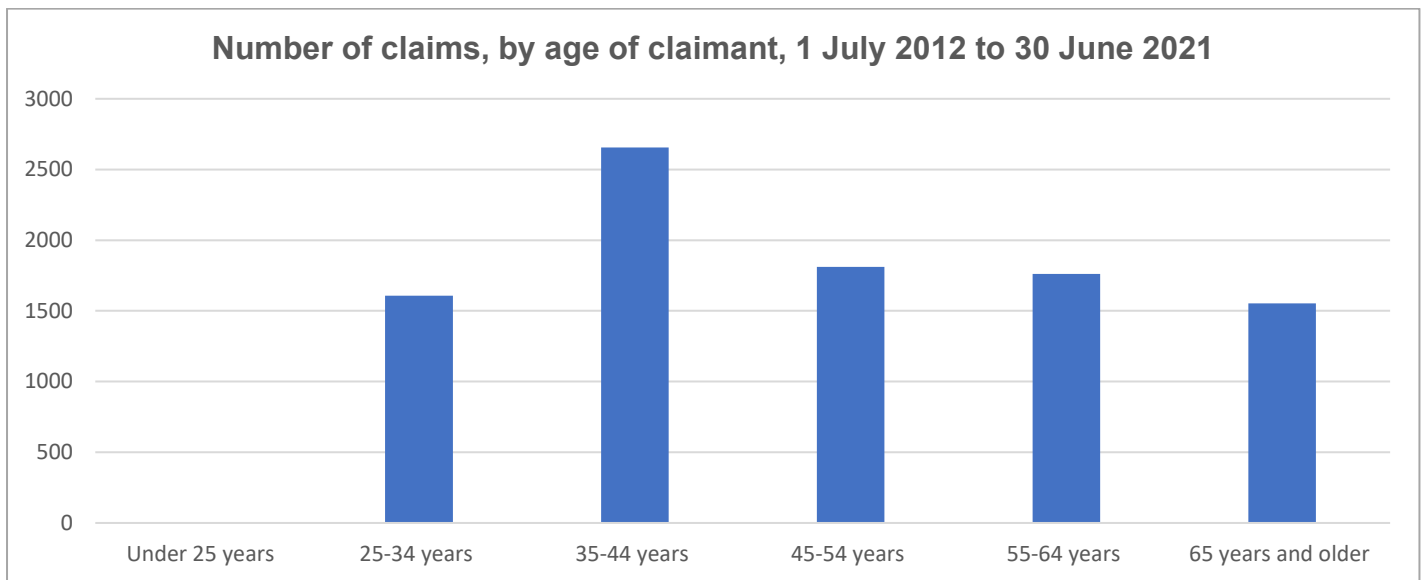


The total amount of leave claimed under the scheme was 330,949 days, with \$90,581,398 (gross) being paid out in benefit entitlements.

4.2 Claims by age bracket

Under 25 years	2
25-34 years	1,607
35-44 years	2,656
45-54 years	1,811
55-64 years	1,761
65 years and older	1,553
Total	9,390

Workers in the 35–44-year cohort were the most highly represented group among claimants, with more than 1 in 4 claimants being a worker from this age group.



4.3 Claims by type

AP	Additional Payment	2
AR	Aged Retirement MR	497
AT	Aged retirement bona-fide redundancy	35
CC	Contributing sub-contractor	5
CP	Ceased permanently	1,501
CR	Ceased perm. Red/inv/early Ret	82
DT	Deceased	145
ER	Early Release Entitlement	52
IC	Interstate Ceased Permanently	304
IL	Interstate payment 10yrs+	960
IP	Interstate Payment	33
LL	Long Service Lump Sum Payment	1,382
LP	Long Service Leave Payment	1,957
LR	Long Service Red/inv/early Ret	205
LS	Long Service Leave	2,074
RF	Refund to employer	56
TI	Totally incapacitated	93
TR	Total incap Red/inv/early Ret	7



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