Australian Government

Department of Education, Employment and Workplace Relations

Employment Outlook for Construction

SkillsInfo

Making the skills connection

A09-232

Contents

Introduction

Construction is the fourth largest employing industry in Australia, employing 983 100 people (or 9.1 per cent of the total workforce) as at February 2009. The Construction industry is strongly influenced by economic cycles and therefore can be susceptible to skill shortages as well as oversupply for some skills. In recent years the Construction industry, in line with the strong economy, has experienced sustained and robust employment growth.

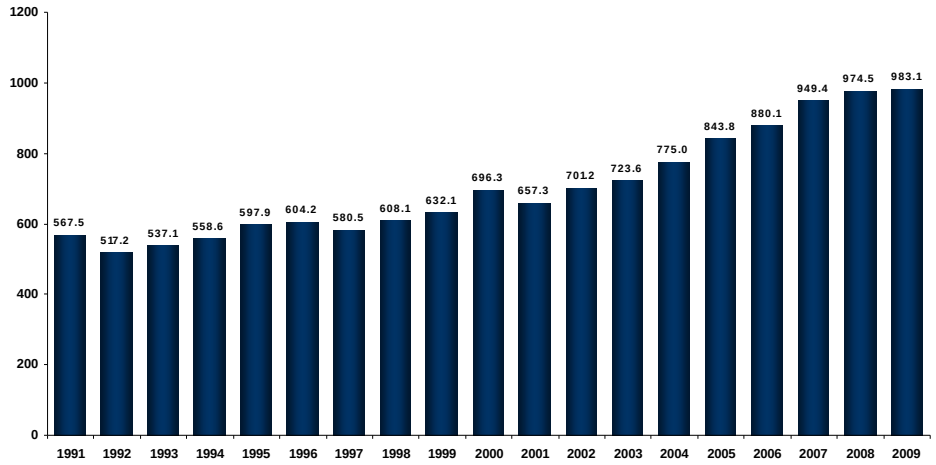
The industry is divided into seven sectors: Residential Building Construction, Non-Residential Building Construction, Heavy and Civil Engineering Construction, Land Development and Site Preparation Services, Building Structure Services, Building Installation Services, Building Completion Services, and Other Construction Services.

The discussion below focuses on employment characteristics, trends and prospects in the Construction industry, and highlights sectors where job growth is strongest. The analysis of characteristics includes workforce ageing, employment share by gender, educational profile, weekly earnings, average hours worked, regional and occupational employment.

Employment Growth

In recent years, employment in the Construction industry has shown strong and sustained growth (see Figure 1). In the five years to February 2009, employment in Construction rose by 208 200 or 26.9 per cent to 983 100. This represents an average annual growth rate of 4.9 per cent in the past five years, the fourth strongest growth rate of all 19 broad Australian and New Zealand Industrial Classification (ANZSIC) industries.

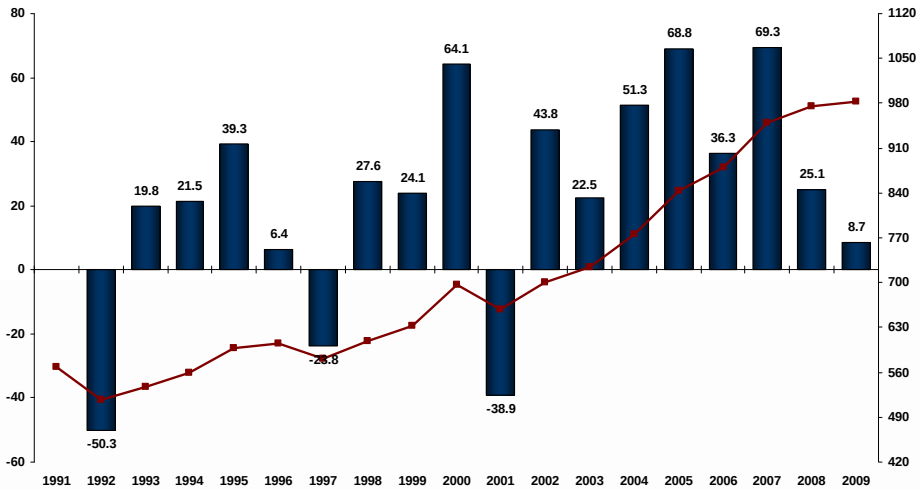
Figure 1: Employment Level ('000) - February 1991 to February 2009



Source: ABS Labour Force Survey (DEEWR Trend data)

Employment in the Construction industry is influenced strongly by economic cycle and demand factors within the domestic economy. During the recessionary period of the early 1990s, employment in the industry experienced a marked fall (see Figure 2). In the year to February 1992, employment decreased by 50 300. More recently, in the year to February 2001, Construction employment fell in response to the introduction of the GST (down by 38 900). The residential property boom of the late 1990s and early 2000s stimulated employment in Construction as house prices rose strongly, reflecting solid economic and population growth. Together with low interest rates, these factors led to strong investor and developer confidence in the residential housing market. Employment in the Construction industry has risen for eight consecutive years and nine of the last ten years. Such consistent and strong growth is unprecedented.

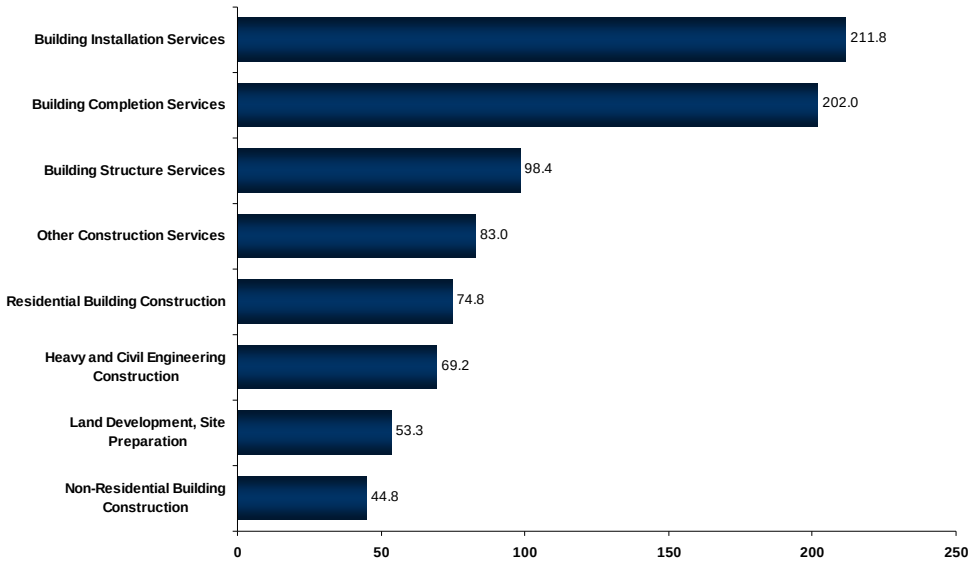
Figure 2: Employment Level (line RHS) and Annual Change ('000) - year to February (cols LHS)



Source: ABS Labour Force Survey (DEEWR trend data)

When employment in the Construction industry is broken down into specific sectors, the main contributors to employment can be identified. Figure 3 shows that Construction employment is dominated by Building Installation Services, which accounted for 211 800 workers (or 25.3 per cent of the industry's employment) in February 2009. Building Completion Services employed a further 24.1 per cent or 202 000 workers, and Building Structure Services contributed a further 98 400 (11.8 per cent).

Figure 3: Construction Sectors - Employment Level ('000) – year to February 2009



Source: ABS Labour Force Survey (DEEWR trend data)

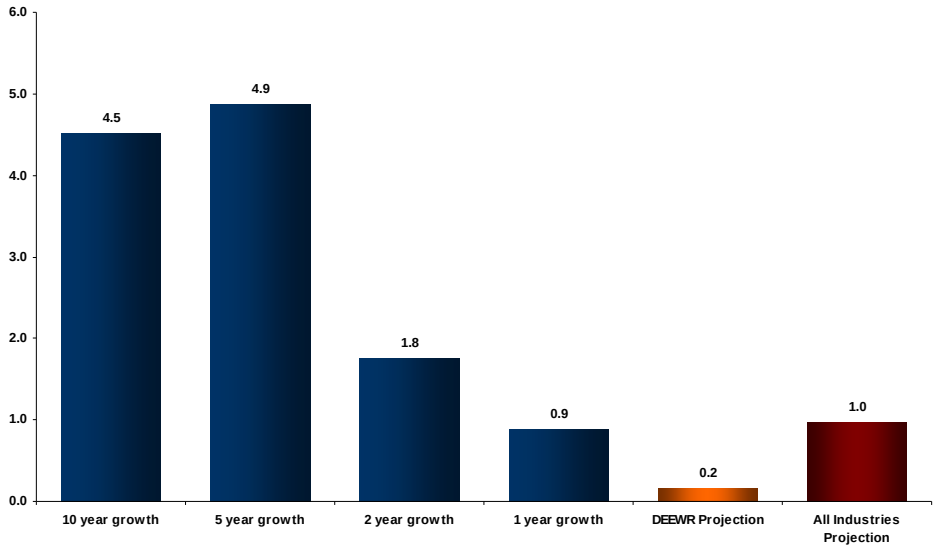
Employment Prospects

DEEWR prepares annual updates of employment projections for industries for the next five years. These are based in part on the Monash model developed by the Centre of Policy Studies at Monash University, but also take into account recent employment trends and prospective industry developments. It should be noted that a certain degree of uncertainty is attached to these employment projections.

In the five years to 2013-2014, employment in the Construction industry is expected to grow at an average rate of 0.2 per cent per annum (see Figure 4). This compares with an average annual growth rate of 1.0 per cent across all industries over the same period. Projected job growth for the Construction industry is more subdued than the growth experienced in the past five years.

The Construction industry has flow through effects to other industries, including Manufacturing, Retail Trade and Wholesale Trade. While slower growth may limit the growth stimulus to these industries, this must be viewed in the context of the very strong growth in Construction already realised.

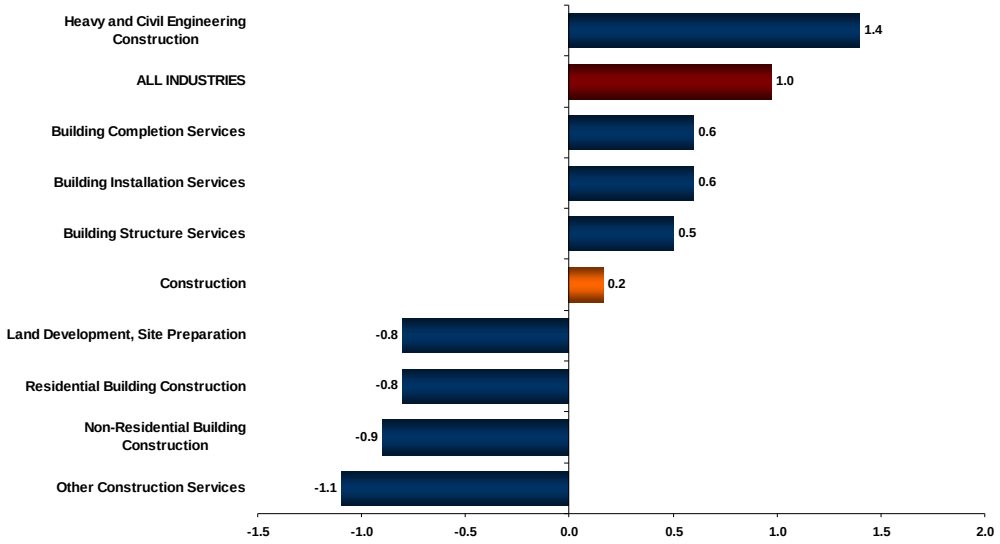
Figure 4: Recent and Projected Employment Growth (% pa) - to February 2009 (past) and 5 years to 2013-2014 (projected)



Source: ABS Labour Force Survey (DEEWR trend data); DEEWR projections

Employment growth forecasts for the Construction industry vary across sectors (see Figure 5). Heavy and Civil Engineering Construction is projected to have the strongest employment growth within the industry (up by 1.4 per cent per annum). Building Completion Services, Building Installation Services and Building Structure Services are also expected to grow over the five years to 2013-2014 (by 0.6 per cent, 0.6 per cent and 0.5 per cent respectively).

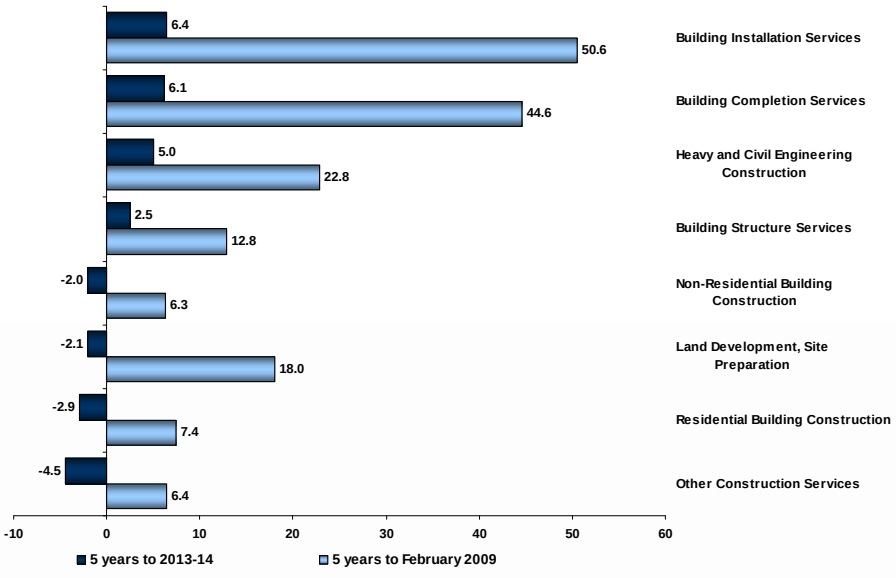
Figure 5: Construction Sectors - Projected Employment Growth (% pa) - to 2013-2014



Source: DEEWR projections

In the five years to February 2009, as shown in Figure 6, the largest job gains have been in Building Installation Services (50 600 new jobs) and Building Completion Services (44 600). In the five years to 2013-14, the largest employment gains are expected to be for Building Installation Services (6400 new jobs), Building Completion Services (6100) and Heavy and Civil Engineering Construction (5000).

Figure 6: Construction Sectors - Recent and Future Employment Growth ('000) - 5 years to February 2009 (past) and to 2013-14 (projected)

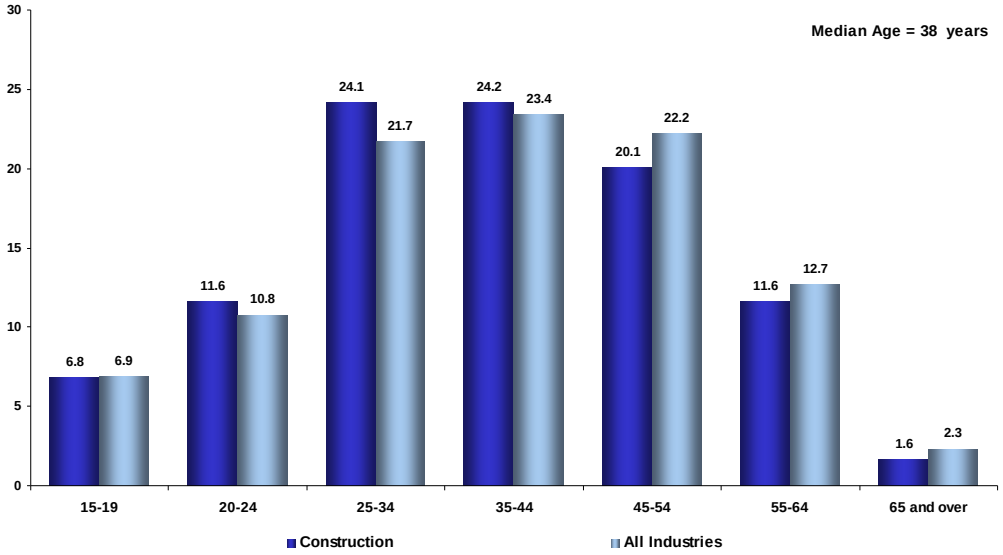


Source: ABS Labour Force Survey (DEEWR trend data); DEEWR projections

Workforce Ageing

The Australian workforce is becoming skewed to older age groups as a result of an ageing population. However, the Construction industry has a higher share of prime aged workers between the ages of 25 and 44 years in comparison to all other industries. The percentage of mature age workers in the Construction industry is below the share of mature age workers in all industries. Workers aged 45 to 54 years account for 20.1 per cent compared with 22.2 per cent for all industries, workers aged 55 to 64 years account for 11.6 per cent compared with 12.7 per cent and those aged 65 years and over represent 1.6 per cent of the Construction industry workforce compared with 2.3 per cent for all industries.

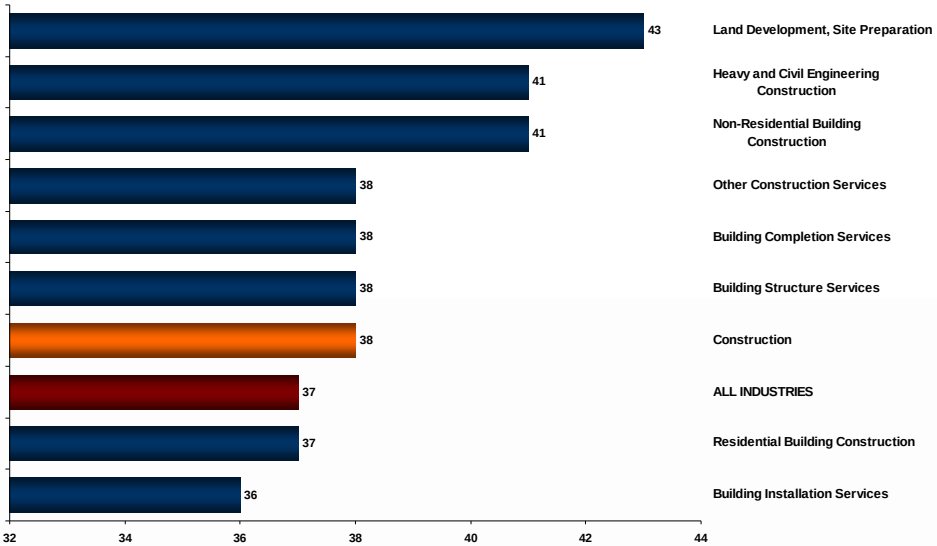
Figure 7: Employed by Age compared with All Industries (% share of employment) - 2008



Source: ABS Labour Force Survey

Within the Construction industry, Land Development and Site Preparation had the highest median age of 43 years, closely followed by Heavy and Civil Engineering Construction and Non-Residential Building Construction (both 41 years) (see Figure 8). Building Installation Services had the youngest median age of 36 years.

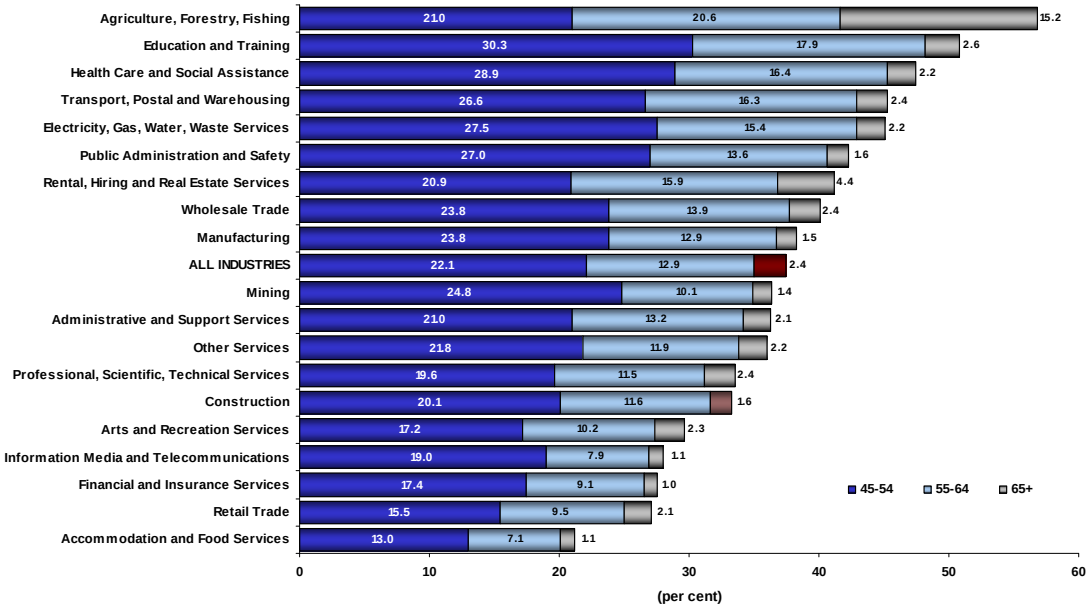
Figure 8: Construction Sectors - Median Age in years – 2008



Source: ABS Labour Force Survey

The Construction industry has a relatively low share of workers aged 45 years and over. In 2008 one third (33.3 per cent) of workers in the industry were aged 45 years and over, which was lower than the average of 37.4 per cent for all industries (see Figure 9). Merely 1.6 per cent of Construction workers were aged 65 years and over, reflecting the physical nature of work in most occupations in Construction.

Figure 9: Mature age workers (45+ years) - % share of employment - 2008

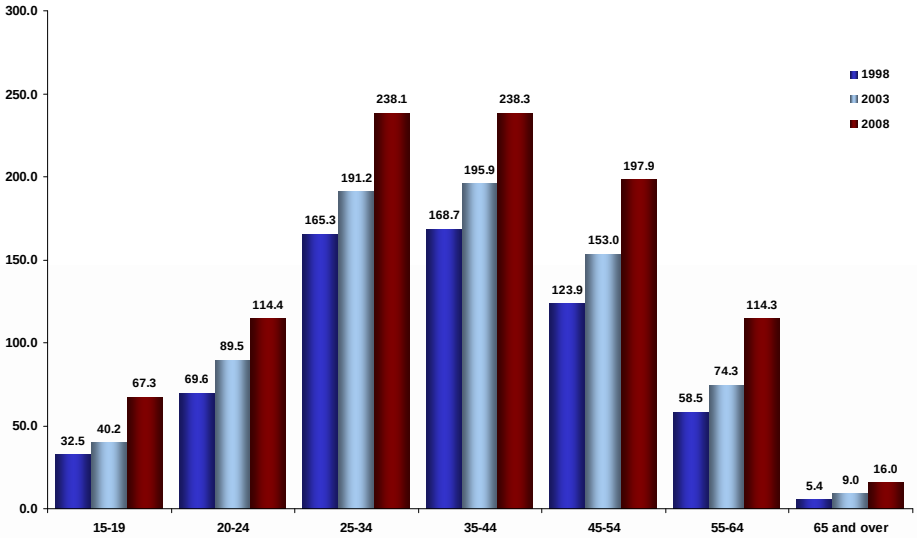


Source: ABS Labour Force Survey

Figure 10 shows employment by age group for three calendar years: 1998, 2003 and 2008. This provides a guide to the changes in the employment mix by age group in the industry. As the Australian workforce experiences an increase in the median age of the population, it is important that there is a supply of prime age and mature age workers entering the workforce.

In the 10 years to 2008, all of the age groups in Construction experienced strong employment growth (see Figure 10), with the largest gains for workers aged 45 to 54 years (74 000) and 25 to 34 years (72 800). Although workers aged between 15 and 19 years represent a smaller proportion of the Construction workforce, they also experienced strong growth (34 800 workers) over the same period.

Figure 10: Employment by Age ('000) 1998, 2003, 2008



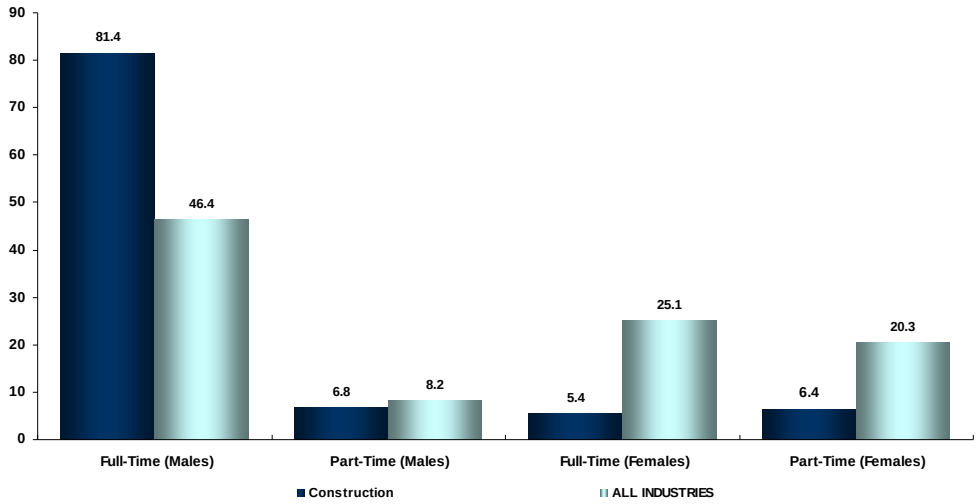
Source: ABS Labour Force Survey

Employment by Gender and Full-time/Part-time

The Construction industry workforce is predominantly male, as males account for 81.4 per cent of industry employment. Construction has the lowest share of female employment of all 19 broad ANZSIC 2006 industries. In the year to February 2009, females accounted for 11.8 per cent of the industry workforce, compared with the average of 45.4 per cent for all industries (see Figure 11). Such a large disparity reflects in part the physical type of work in Construction, and the traditional role that males have played in the industry.

The Construction workforce constitutes predominantly full-time workers. Less than one fifth (13.2 per cent) of the workers in the industry were employed on a part-time basis, compared with the all industries average of 28.5 per cent.

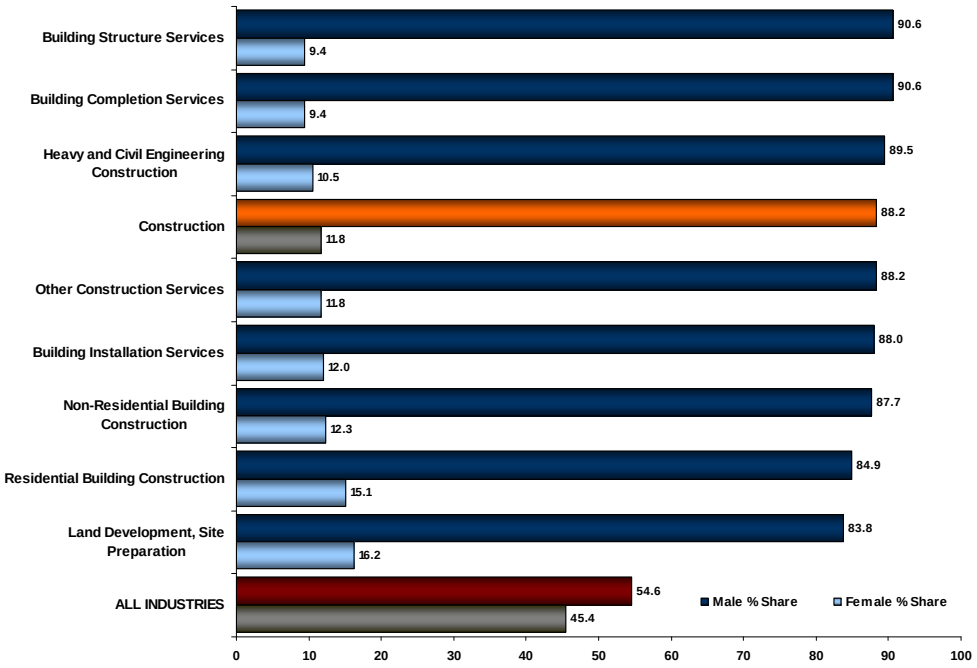
Figure 11: Employment by Gender Full-time / Part-time (% share) - year to February 2009



Source: ABS Labour Force Survey

As shown in Figure 12, Building Structure Services employed the highest proportion of males (90.6 per cent). The industry sectors employing higher proportions of females are Land Development and Site Preparation, and Residential Building Construction (16.2 per cent and 15.1 per cent respectively).

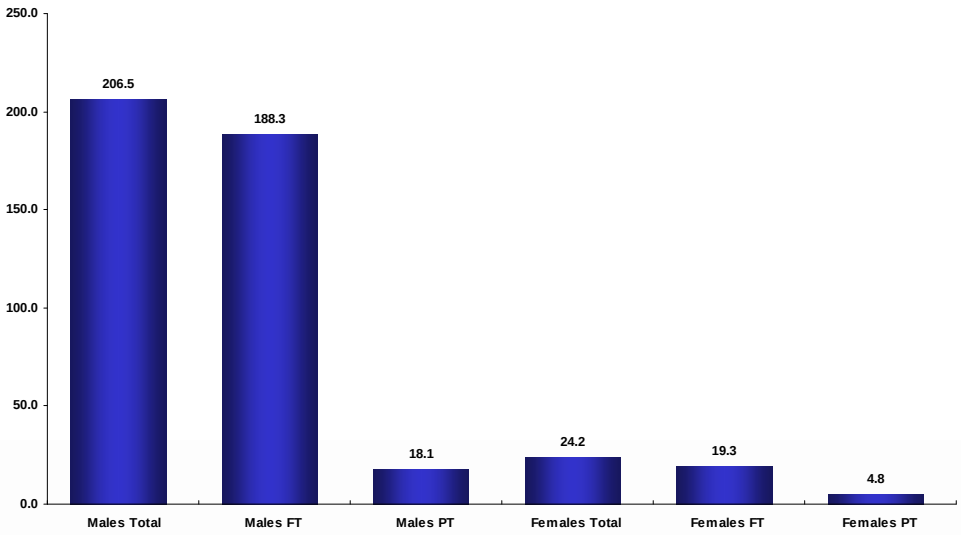
Figure 12: Construction Sectors - Employment by Gender (% share) - year to February 2009



Source: ABS Labour Force Survey

In the five years to February 2009, employment growth for males in Construction has surged (up by 206 500, see Figure 13), with nearly all of this growth attributable to male full-time workers (188 300). Employment has also increased for female workers over the same period (up by 24 200).

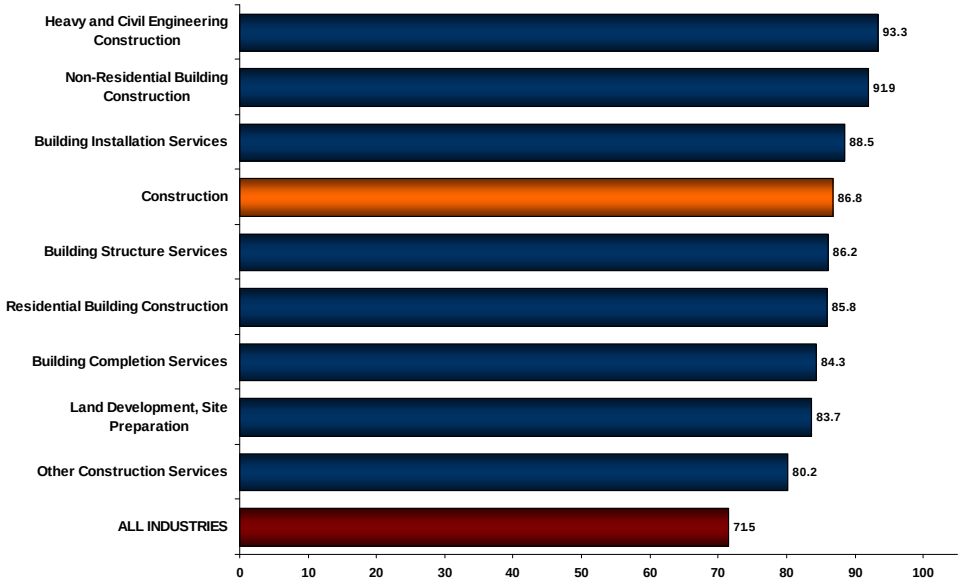
Figure 13: Employment Growth (five years) by Gender and Full-time /Part-time year to February 2009 ('000)



Source: ABS Labour Force Survey

All of the Construction industry sectors have a higher full-time employment share than all industries (71.5 per cent, see Figure 14). The highest full-time employment shares can be found in Heavy and Civil Engineering Construction (93.3 per cent), followed by Non-Residential Building Construction (91.9 per cent) and Building Installation Services (88.5 per cent). The lowest share of full-time employment was apparent in Other Construction Services (80.2 per cent).

Figure 14: Construction Sectors - % working full-time, year to February 2009

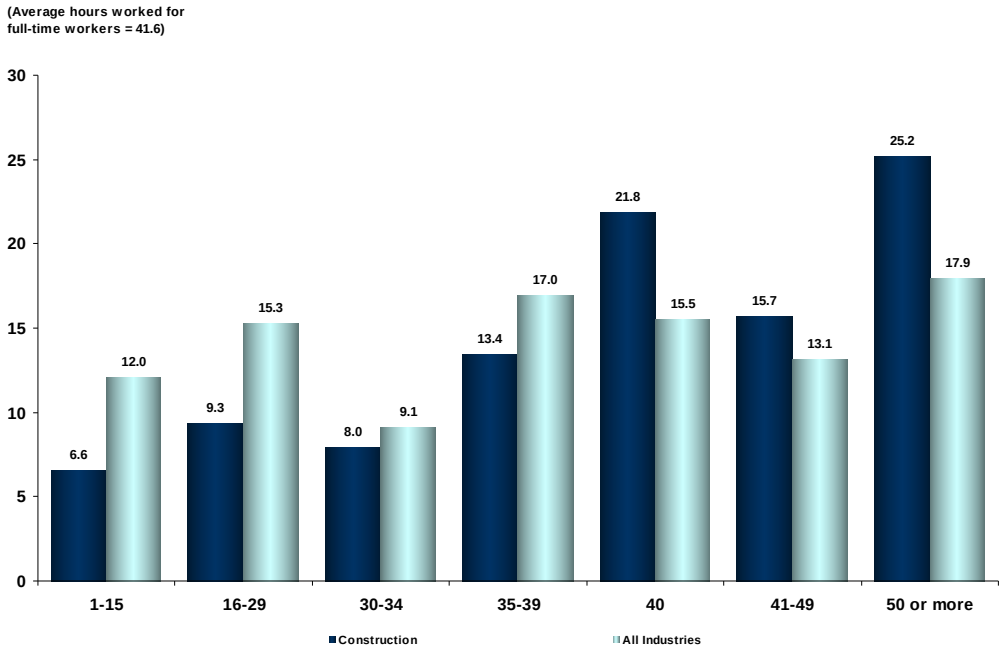


Source: ABS Labour Force Survey

Hours Worked

Figure 15 shows that average full-time weekly hours in the Construction industry were slightly longer than the average for all industries (41.6 hours compared with 41.3 hours for all industries). The Construction industry has a higher proportion of workers with average weekly hours of 40 than the all industries average (21.8 per cent compared to 15.5 per cent), and of 50 hours or more (25.2 per cent compared to 17.9 per cent).

Figure 15: Hours of Work (% share) - year to February 2009

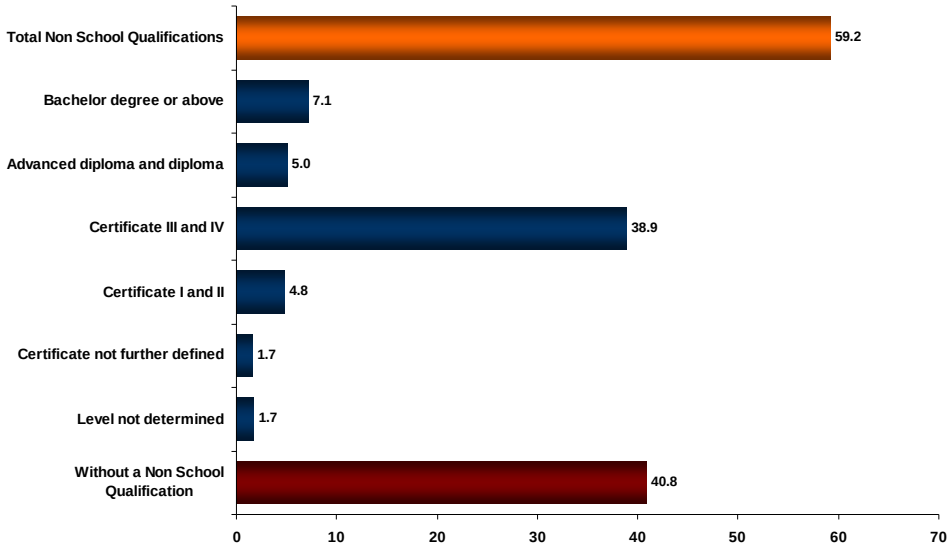


Source: ABS Labour Force Survey

Educational Profile

Construction generally has an educational profile close to the all industries average, but plays a vital role in providing job opportunities for low skill workers. In May 2008, 59.2 per cent of workers in the Construction industry had completed a non-school qualification. About four in ten (38.9 per cent) of Construction workers had a Certificate III or IV level qualification. This highlights the vital role that Trades skills play in the Construction industry. Around two fifths (40.8 per cent) of workers were without a non-school qualification, reflecting the diverse range of occupations in the Construction industry.

Figure 16: Educational Attainment - % Share of Employment - May 2008

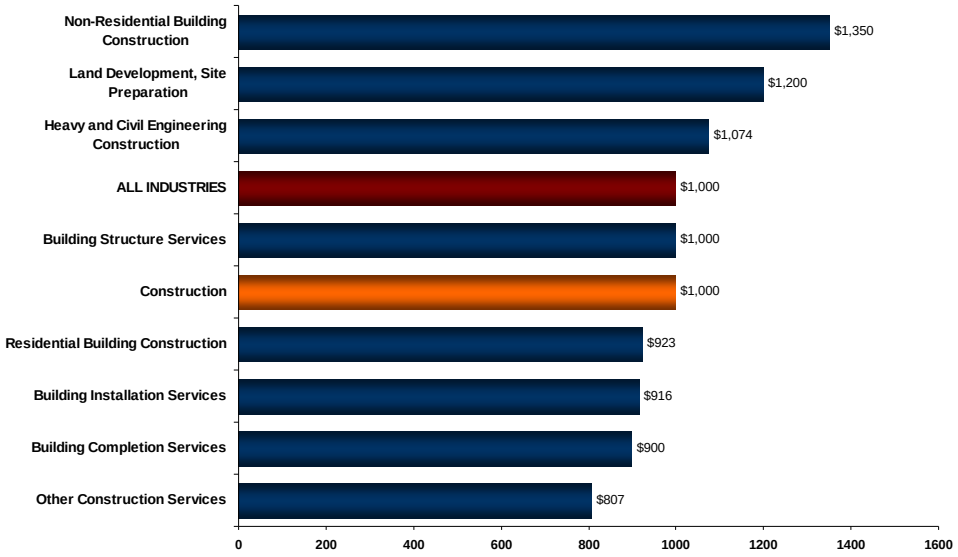


Source: ABS Education and Work, cat. no. 6227.0

Median Weekly Earnings

The median weekly earnings of full-time Construction employees in August 2008 were $1000, equal to the all industries average, as shown in Figure 17. The median full-time weekly earnings of Non-Residential Building Construction ($1350), Land Development and Site Preparation Services ($1200), and Heavy and Civil Engineering Construction ($1074) are above the all industries average. These earnings data are for full-time employees, and do not reflect the earnings of self-employed or contract workers.

Figure 17: Construction Sectors - Median weekly earnings (full-time and before tax) - August 2008

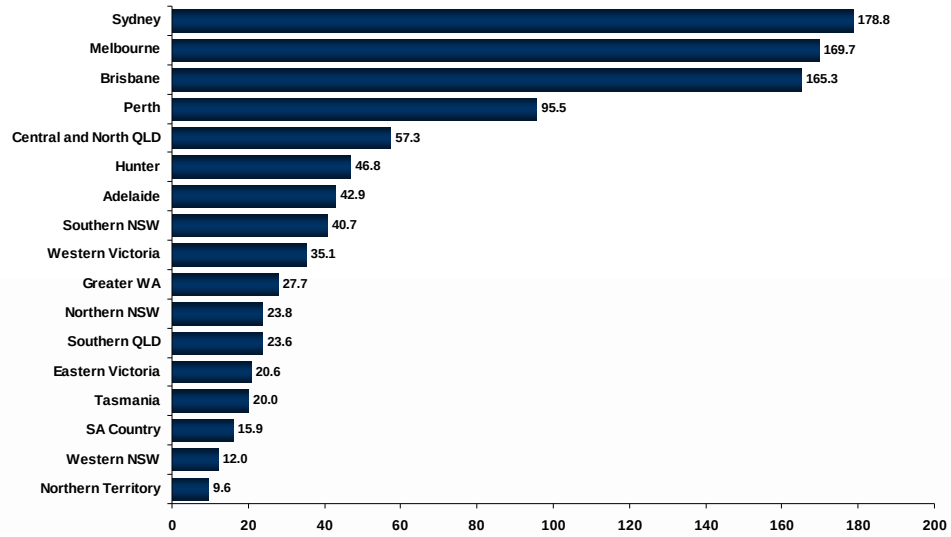


Source: ABS Employee Earnings, Benefits and Trade Union Membership, cat. no. 6310.0

Regional Employment

Employment in the Construction industry generally reflects the population in larger cities, with Sydney employing the largest number of workers (178 800), followed by Melbourne (169 700), Brisbane (165 300) and Perth (95 500).

Figure 18: Main Employing Regions ('000) – year to February 2009

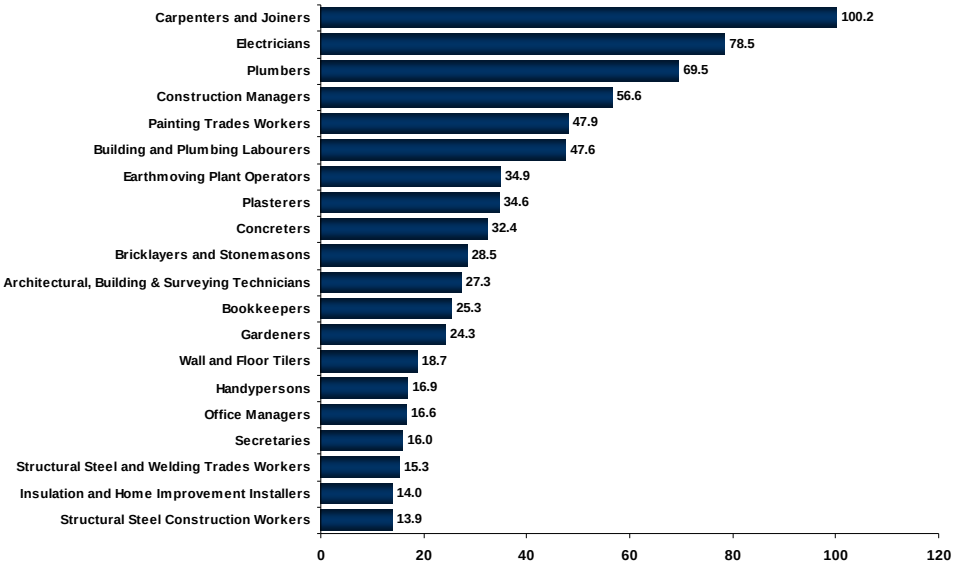


Source: ABS Labour Force Survey

Main Employing Occupations

It is useful, for job seeking, career advice and education and training strategies, to identify key occupations within an industry. The most prominent occupations in Construction tend to be trades, although there are also many job opportunities in support occupations which are not normally associated with this particular industry (see Figure 19). In 2008, the largest employing occupations in the Construction industry were Carpenters and Joiners (100 200) followed by Electricians (78 500) and Plumbers (69 500).

Figure 19: Top 20 Employing Occupations ('000) – year to November 2008



Source: ABS Labour Force Survey

Further information on occupations is available on the Job Outlook website (www.joboutlook.gov.au)

For further information on the Construction industry (or other industries), visit the SkillsInfo website at skillsinfo.gov.au. SkillsInfo provides a range of skills related information for industries and regions. The website offers a broad range of information on employment, careers, education and training and skills issues – including workforce ageing, skills in demand, labour force data, ICT and employability skills, as well as quick links to skills information. Data are sourced mainly from the ABS Labour Force Survey.

SkillsInfo also brings together a large collection of links to external industry and skills related websites.

SkillsInfo
skillsinfo.gov.au