The Construction and Property Services Industry Skills Council (CPSISC) comprises key industry players, including peak industry bodies and employer unions that represent the 1.8 million strong construction and property workforce operating within 526,000 associated enterprises.

The construction and property services sectors collectively employ 16 per cent of the Australian workforce. Construction is the third largest contributor to gross domestic product (GDP) in the Australian economy, at nearly eight per cent, with property services contributing another 3.5 per cent.

The combined weight of these sectors dictates their place as a critical driver for the economy, and their contribution is never far from the minds of those with their hands on the central economic policy levers of the country.

CPSISC is one of 11 Industry Skill Councils (ISC) nationally, and we are the national ISC responsible for the building, construction and property services industries. ISCs bring together industry, educators and governments and unite them on a common industry-led agenda for action on skills and workforce development.

2016–26

Continuing economic uncertainty has impacted upon our industries. Consecutive CPSISC Environmental Scans have indicated weak consumer confidence. With around 152,000 dwelling commencements, residential construction numbers have been lower in the past financial year than their average over the past ten years.

Property services, which are contingent on economic flows from the construction sector, have also encountered lower activity levels with tighter margins in recent years. Improvements in forecast activity outlined below do substantiate the need to continue to invest in training, and particularly Australian Apprenticeships.

To further understand the future outlook for construction and property services (CPS) and the economy, CPSISC commissioned the Centre for International Economics (The CIE) to independently develop a research document to inform and augment demand forecasts for the construction and property services sectors.

The Future Forecasts: Construction and Property Services Skills 2016–26 report released in May 2013 focuses on current issues and the following findings:

• A Grattan Institute report revealed that Australia is set to expect budget deficits for potentially the next decade — avoiding structural deficits and improving the structural position of the budget is a must.
• Australia needs to meet infrastructure challenges, with social and ageing infrastructure pressures looming.
• There is widespread acknowledgement that construction, as an engine room industry, needs the budget position to improve over coming periods.
• Forecast improvements across the CPS sectors are vital to alleviating the likely emerging structural budget deficit.
• By 2025–26, the projected demand for CPS skills across Australia will be 150,000 persons higher than in 2011–12, representing a 15 per cent increase for these select sectors. The report shows that a recovery in the construction sector, particularly the residential sector, is expected to increase demand across CPS sectors by 45,000 persons or 4.5 per cent in 2015–16 compared to 2011–12.
• These 45,000 additional persons do not directly replace the gap caused by recent shortfalls in apprenticeship flows and aged attrition trends occurring over the next decade, which indicates a slightly larger skills gap will actually need to be filled.
• Beyond 2016, the CPS sectors will continue to provide stable and sustained employment growth through to 2025–26 compared to other sectors of the economy.
• A better result can be achieved given the right policy settings that promote growth in the construction and property services sectors.

Amidst global economic challenges, CPSISC is working with industry to ensure that it facilitates policies to assist industry to be ready for forecast improvements in activity by 2016. Australian Apprenticeships are acknowledged to be vital to meet skill needs into the future. The difficulty is that there has been an annualised drop-off of up to 30 per cent in apprenticeship commencements, which impacts on future capacity. Australia needs to support Australian Apprenticeships to meet the future demands, especially in the construction industry.

To access Future Forecasts: Construction and Property Services Skills 2016–26, go to the CPSISC website or contact Nick Proud, CPSISC Director of Policy and Research, on (02) 6253 0002.