



The Residential Building Workforce

Key Points:

- 🕒 The residential building industry employs 1,003,200 people.
- 🕒 There are 708,771 workers employed in construction roles within the industry, and a further 294,429 people employed in non-construction roles.
- 🕒 Of those in construction roles:
 - 🕒 345,829 are estimated to be predominantly engaged in detached home building, and around 362,942 are predominantly engaged in construction of multi-unit dwellings.
 - 🕒 460,910 of those in construction roles are employed in construction trade occupations. It is likely that many of these workers will work across a range of new dwelling types, and renovations work. Some may also work across residential and non-residential construction projects.

Industry Workforce

HIA estimate that there are around 1 million workers engaged in the residential building industry at the beginning of 2020. This estimate includes, builders, employees of building companies, trade contractors, employees of trade contractor businesses residential land developers.

Given the size of residential building industry, it is important that businesses and policy makers are well informed about the nature and scale of employment in the residential building industry, separately from the broader building and construction industry. HIA has undertaken an analysis of the ABS data to present an accurate estimate of the number of workers engaged directly within the residential building industry.

The ABS reports that there are nearly 1.2 million people employed in construction (in early 2020), this is based on occupations classified within the 'construction division' of the Australian and New Zealand Standard Industrial Classification (ANZSIC). This figure is often erroneously used to represent the workforce of the entire construction industry, of which the residential building industry is a part.

The ANZSIC system groups workers engaged in similar productive activities and these groups are referred to as industry 'divisions'. The 'construction division' is one of the 19 industry divisions within the ANZSIC system. The ANZSIC classification of 'construction division' only includes workers who are engaged in construction work, the definition is as follows:

The 'construction division' includes workers mainly engaged in the construction of buildings and other structures, additions, alterations, reconstruction, installation, and maintenance and repairs of buildings and other structures. Those engaged in demolition or wrecking of buildings and other structures, and clearing of building sites are included in this Division. It also includes those engaged in blasting, test drilling, landfill, levelling, earthmoving, excavating, land drainage and other land preparation.

There is a misalignment between the narrow scope of the roles within the ANZSIC 'construction division' and the wide range of occupations that exist within the residential building industry.

HIA's estimate aims to reflect the true size and diversity of the residential building industry's workforce. The occupations of many workers within the residential building industry are grouped in other divisions within the ANZSIC system. This estimate is derived from ABS labour force data but is not directly comparable with the ANZSIC 'construction division' reported by the ABS.

HIA's estimate excluded workers within the 'construction division' whose occupation is unrelated to residential building and includes workers from other ANZSIC divisions who are employed by builders and trade contractor businesses.

While construction workers are a major part of the industry workforce, there are many other non-construction occupations within the residential building industry. For example, architects and structural engineers are integral to the industry but are counted in the ANZSIC system's 'Professional, Technical and



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Scientific division'. Similarly, managers, accountants and in-house legal counsel within a building company's head office are also counted within the 'Professional, Technical and Scientific Division', while administrative workers are counted within the 'Administrative and Support Services Division', and sales staff are counted within the 'Rental, Hiring and Real Estate Services division'.

There are also workers classified within the 'Manufacturing Division' that provide direct input into construction. For example, timber frames and trusses are typically assembled off-site and the workers undertaking the assembly are considered to be engaged in 'manufacturing' rather than construction. In contrast, the workers who take delivery of the timber frames and trusses on-site and erect them are counted within the 'construction division'. The workforce making pre-fabricated buildings are also counted within the 'manufacturing division'.

HIA's estimate of the residential building industry's workforce is the sum of two components: the number of workers engaged in construction roles and the number of workers engaged in non-construction roles.

Construction roles:

The estimated number of workers in construction roles within the residential building industry is a proportion of the total construction workforce reported by the ABS (as defined by the ANZSIC system). This proportion is based on the share of total private gross fixed capital formation for building and construction that pertains to residential building. A second step multiplies this by a factor which aims to adjust the proportion to reflect the notion that residential building is more labour intensive than other segments of the construction industry.

Non-construction roles:

These estimates were made using a bottom-up analysis, using information provided by a cross section of businesses within the industry. Inter alia, the non-construction workforce of the industry is comprised of workers undertaking exterior/interior design, structural engineering, drafting, contract administration, accounting, finance, sales, client relationship and business management roles.

A large share of the construction roles within residential building industry is comprised of skilled trade workers operating small independent contracting businesses. In many instances these small businesses employ a business partner or bookkeeper to undertake business administration tasks. It is estimated that workers employed by trade contracting business are present in the industry workforce at a ratio of around one employee to every four skilled construction trade workers.

Estimate of the Residential Building Industry Workforce

	Construction roles	Non-construction roles	Total
New South Wales	248,389	105,978	354,367
Victoria	207,481	83,844	291,325
Queensland	141,894	58,393	200,287
South Australia	36,734	13,956	50,690
Western Australia	45,052	19,303	64,355
Tasmania	12,629	5,616	18,245
Norther Territory	3,400	1,778	5,178
Australian Capital Territory	13,193	5,560	18,753
Australia	708,771	294,429	1,003,200

This estimate has sought to only include those workers who are directly engaged by builders, trade contractors and residential land developers. There are many other workers who are engaged in the industry's supply chain who not represented in this estimate.

A large share of the output of the forestry industry is dependent on demand from the construction industry and forestry workers are counted within the 'agriculture, forestry and fishing division' and the workers quarrying sand and gravel for construction are counted within the 'mining division'.



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Manufacturing in Australia's has faced structural challenges over the last decade but many inputs into residential building are manufactured domestically. Workers manufacturing the array of manufactured wood products used in construction are counted within the 'manufacturing division', this includes manufactured wood based materials through to finished joinery.

Those manufacturing polymer products (e.g. PVC products, paints, rubber carpet underlay) are also counted within the 'manufacturing division', along with those making glass products (e.g. windows), ceramic products (e.g. bricks, roof tiles, pavers, porcelain sanitary ware), cement, lime, plaster board, ready-mix concrete, other concrete products, structural steel products, metal roofing and guttering, electrical cabling, lighting, and domestic appliances. There is also a distribution network of wholesalers and retailers who are supported by freight and logistics workers.

The residential building industry is also dependent on the supply of services. While we have included professionals employed by residential builders, many building companies consult with external professional service providers, such as legal, accounting and auditing services. The sector also is dependent on the services of the financial sector to access capital and manage risk. There are regulated insurance requirements in residential building that require specialised insurance products. The workers engaged in providing these services to the residential building industry are counted within the 'financial and insurance services division'.

There are a wide range of occupations in the residential building industry beyond construction roles, and an extensive supply chain that supports it. The assumption that occupations included within ANZSIC's 'construction division' is a comprehensive account of the construction industry workforce is grossly flawed, and is a substantial underestimate of the actual workforce.