



Australian
Institute of
Architects

WAGES SUBSIDISATION FOR ARCHITECT REGISTRATION CANDIDATES



PROGRAMME PROPOSAL AND BACKGROUND BRIEFING
AUSTRALIAN GOVERNMENT DEPARTMENT OF
EDUCATION, SKILLS AND EMPLOYMENT.

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PURPOSE

This briefing is made by the Australian Institute of Architects (the Institute) to the Australian Government Department of Education, Skills and Employment.

The briefing outlines a proposal by the Institute to develop a short-term wage subsidy for Architectural practices to employ graduates and students of architecture during the Covid-19 pandemic recovery.

The subsidy would assist to ensure these graduates are not lost to the profession and can gain the supervised experience they need to become registered Architects

ABOUT US

The Australian Institute of Architects (Institute) is the peak body for the architectural profession in Australia. It is an independent, national member organisation with around 12,000 members across Australia and overseas.

The Institute exists to advance the interests of members, their professional standards and contemporary practice, and expand and advocate the value of architects and architecture to the sustainable growth of our communities, economy and culture.

The Institute actively works to maintain and improve the quality of our built environment by promoting better, responsible and environmental design.

PROGRAMME PROPOSAL: ARCHITECTURAL “TRAINEESHIP”

Purpose

The Institute would like to request that the Department of Education, Skills and Employment consider the implementation of a short-term wage subsidy to support Architectural practices to employ graduates and students of architecture during the Covid-19 pandemic recovery.

The subsidy would assist to ensure recent graduates are not lost to the profession and can gain the supervised experience they need to become registered Architects.

The subsidy could be administered in a similar way to apprenticeship or traineeship programs in other areas of the construction industry, which are also targeted to support and deliver supervised on the job training as a prerequisite for practitioner registration.

Need and impact

This initiative is being proposed for a period of up to one year as the construction industry recovers from the impacts of the Covid-19 pandemic.

Institute members have indicated that a substantial slowdown in projects and measurable shifts in employment have been the biggest pandemic driven impacts on practice. With the broader construction sector employing nearly 1 in 10 Australians, the number of projects that have been put on hold or postponed indefinitely indicates that the pandemic will continue to have a significant negative impact on jobs and points to a looming slow-down for the wider construction industry.

There has been a measurable shift in employment status due to the impacts of Covid-19 on the architectural profession with full-time employment decreasing and part-time and casual employment increasing. In this environment, opportunities for recent graduates to join architectural firms as supervised employees, not yet eligible for registration, have also been significantly impacted,

In broad terms, a person in Australia seeking to become a registered architect is required to meet the outcomes required at Australian Higher Education Qualifications Framework Level 9 (AQF9) by completing a three-year architecture undergraduate bachelor’s degree and undertake a further two-year architecture Master’s degree.

Moving from university graduate to registered architect involves demonstrating application of knowledge in skills in architectural practice specified in the National Standard of Competency for Architects (NSCA)¹ that are governed by the Architects Accreditation Council of Australia.

¹See: <https://www.aaca.org.au/the-national-standard-of-competency-for-architects/>

Part of this process requires at least two years of supervised practice and the completion of 3,300 logbook hours of experience across a range of practice areas.

Registration candidates (usually referred to as ‘graduates’) accrue the supervised practice experience required by working for a practice(s). This can occur while still an undergraduate student, between their Bachelor and Masters degrees, or after completion of their Masters degree. The average time from qualification to professional exam is generally at least five years.

This model, which combines learning on the job and formal education, is similar to apprenticeship or traineeship programs in other areas of the construction industry as a prerequisite for practitioner registration or licensing.

The supporting evidence provided in the following background briefing demonstrates three key points:

- Architects are not largely dissimilar to construction trades practitioners in that they require a substantial period of supervised paid employment to develop and verify competent practice alongside completion of formal qualifications as combined mandatory requirements for practice registration.
- The wages of graduates and students seeking supervised paid employment and the wages of early career Architects are not largely dissimilar to their construction trades counterparts. Most importantly, this points towards the feasibility of pursuing a similar level of employment subsidy to that being made available for the Boosting Apprenticeship Commencements wage subsidies expansion announced in the 2020 Federal Budget to support employers and Group Training Organisations to take on new apprentices and trainees.
- Women have overall low representation in the construction trades. However, they are found in much greater proportion in Architecture. As such, targeted subsidies assistance to employ graduates also creates an opportunity to promote women’s participation in the combined design and construction sectors.

Implementation cost

The Institute has modelled the *maximum* outlay for one-year if the initiative were to be taken up at maximum scale with all 1,300 masters graduates from the 2020 cohort seeking immediate employment in a practice.

The modelling demonstrates that a maximum outlay of \$36.4 million would generate a return on investment by the end of the first full fiscal year following its commencement of 132% not including imputed savings to government from the avoidance of unemployment.

There is also the potential to recycle the taxation component in out-years to target markets which may be experiencing demonstrated shortages and may struggle to attract graduates. Further detailed breakdowns of these projections are provided below.

SUPPORTING EVIDENCE

INTRODUCTION

The Architects Accreditation Council of Australia reported that there were 14,086 Registered Architects in Australia as at December 1st 2019² of whom more than 85% are members of the Australian Institute of Architects.

In June 2020 the Australian Institute of Architects conducted a sample survey of 431 members across Australia to determine the effects of COVID-19 on the architecture profession³. The results highlighted a substantial slowdown in projects along with measurable shifts in employment with 11.68% of respondents indicating they had either become unemployed or had a change in their employment status as a result of COVID-19 and 27.27% of respondents indicating that their practice had been forced to lay off or stand down staff. Among these the hardest hit cohort was large practices where 69.39% of respondents reported forced lay-offs or stand downs.

63.18% of respondents indicated that their practice had lost earnings as a result of the pandemic and 63.11% of respondents indicated that government relief initiatives have been extremely or somewhat helpful with a similar percentage indicating they have accessed JobKeeper either themselves or through their employer.

Even where JobKeeper had not been claimed (where turnover reduction did not meet the threshold requirements), the difference between previous years' financial performance of their practices and current year is creating a risk that soon-to-graduate students simply will not be employed by practices. These graduates will be lost to the profession, the broader building and construction sector, and the Australian economy.

There are large amounts of construction stimulus spending which largely can be thought of as “government work”, of which only 53.6% of practices in our Covid-19 survey reported as relying upon. Many government-funded, “shovel ready” construction sector stimulus initiatives require tender selection and on-boarding of funding agreements before full-flowing payments to an Architectural practice.

Home Builder subsidies for projects being undertaken by householders may include projects where an Architect is not engaged. Therefore, augmenting these stimulus measures with a direct employment subsidy scheme is one which will increase the likelihood that graduates do not experience prolonged unemployment nor even never enter the profession.

² <https://www.aaca.org.au/architectural-profession-in-australia-a-snapshot/>.

³ Australian Institute of Architects (2020) Measuring the Impact of the Pandemic. National Covid-19 Member Survey Results. Impacts and Next Steps. See: https://www.architecture.com.au/wp-content/uploads/Measuring-the-impact-of-the-pandemic-report_2020_Australian-Institute-of-Architects.pdf

A persistent myth is that Architecture is a ‘lucrative’ profession. As information presented here shows, many Architects earn only a modest income. Trades professionals potentially benefit much more from weekend penalties with fewer provisions in the Architects’ award for penalty payments. The consequence of this myth is that Architects can be overlooked in terms of targeted employment subsidisation or income supplementation.

There are many reasons why only approximately half of some 1,300 graduates of a five-year combined bachelor and master’s program then complete two years’ supervised practice and undertake the written and oral examination components to gain registration with the relevant State and Territory Architect Board. It is imperative, therefore, that simply not being able to gain a place in a practice due to the Covid-19 pandemic does not result in even fewer graduates, to the effect of the major part of an entire cohort becoming lost to the profession and the design and construction sector.

The information presented in the following sections demonstrate the rationale and feasibility for delivering a short-term employment subsidy program to enable practices to employ the cohort of some 1,300 Masters of Architecture students who are soon to graduate and commence applying for practice positions. The discussion also demonstrates the viability of government investing in this initiative and rapid and significant investment returns on outlays.

FROM EDUCATION TO REGISTRATION

In broad terms, a person in Australia seeking to become a registered Architect is required to:

- meet the outcomes required at Australian Higher Education Qualifications Framework Level 9 (AQF9) by:
 - completing a three-year architecture undergraduate bachelor’s degree
 - undertaking a further two-year architecture Master’s degree
- undergo at least two years of supervised practice.
- complete all elements of the Architectural Practice Exam (APE) with a State/ Territory Architect registration board demonstrating application of knowledge in skills in architectural practice specified in the National Standard of Competency for Architects (NSCA)⁴ that are governed by the Architects Accreditation Council of Australia (AACA). The APE comprises:
 - APE Part 1 the completion of 3,300 logbook hours of experience across a range of practice areas.
 - APE Part 2 written exam

⁴ See: <https://www.aaca.org.au/the-national-standard-of-competency-for-architects/>

- APE Part 3 interview

Registration candidates (usually referred to as ‘graduates’) accrue the supervised practice experience required for the APE Part 1 logbook by working for a practice(s). This can occur while still an undergraduate student, between their Bachelor and Masters degrees, or after completion of their Masters degree. AACA⁵ (2018) notes that the average time from qualification to professional exam is generally at least five years.

This model, which combines learning on the job and formal education, is similar to apprenticeship or traineeship programs in other areas of the construction industry as a prerequisite for practitioner registration or licensing.

Data from the Architects Accreditation Council of Australia reports that 667 Australian trained candidates and 52 overseas trained architects successfully completed the final APE Stage 3 in 2016-17. Of these 719 candidates, 41.2% were female. AACA also reported in 2018 that:

- the number of people completing a second stage (two year Master of Architecture degree) is approximately two thirds of the number of completions for the first stage three year bachelor.
- the number of people completing the Architectural Practice Examination on the basis of an Australian qualification was around half the number of people completing a Master of Architecture degree.

This would suggest that, overall, one third of those completing the first stage three-year bachelor ultimately complete the APE (and therefore become registered). This is considerably higher, nonetheless, than completions as a percentage of enrolments (22.9%) for Constructions Tradeworkers programs from 2015-2019 shown in Table 3 at the section on Women’s participation further below.

CONSTRUCTION TRADES’ AND ARCHITECTS’ PAY

Recently graduated architects without prior experience earn similar rates of pay to 4th year apprentices and Level 1 early career trades professionals. The award rates for Architect graduates (pre-registration) and early career registered Architects are shown in Table 1 and the current award rates for General Building and Construction - Residential work are shown in Table 2.

Notably, while base award rates are somewhat higher for architects once they graduate, the Architects Award does not refer to weekend rates, only overtime and public holidays. However, there are comprehensive penalty rates for weekends in the Building and Construction Award that do not feature in the Architects Award.

⁵ Architects Accreditation Council of Australia (2018). Industry Profile: The profession of architecture in Australia

Most importantly, these comparable rates of pay for early years architects prior to registration indicate that a \$7000 per quarter wage subsidy would represent a substantial proportion of a graduate's wage, and therefore provide a significant incentive. Against the Level 1 – (Masters) entry rate of \$26.97 per hour or \$53,471 per annum, \$7000 per quarter represents a wage subsidy greater than half (52.4%) of the entry annual wage. This means that such a subsidy could have the effect of a feasible employment incentive.

Table 1: Award rates for Architect graduates and early career registered Architects.

Classification	Minimum hourly rate (full-time, part-time and casual employees)
Bachelor's degree with a pathway to a Master of Architecture	
1st year of experience	\$22.92
2nd year of experience	\$24.27
3rd year of experience	\$25.62
Level 1—[Masters] Graduate of Architecture	
Entry	\$26.97
1st pay point	\$28.40
2nd pay point	\$29.82
Level 2(a)—Experienced Graduate of Architecture	
Experienced Graduate of Architecture	\$31.18
Level 2(b)—Registered Architect	
Entry	\$31.18
1st pay point	\$32.15
2nd pay point	\$33.11

Table 2: Award rates for General Building and Construction trades apprentices and early career trades professionals.

Classification	Hourly pay rate
Apprentices⁶	
1st year or stage 1 – did not complete year 12	\$13.52
1st year or stage 1 – completed year 12	\$14.67
2nd year or stage 2 – did not complete year 12	\$15.83
2nd year or stage 2 – completed year 12	\$16.98
3rd year or stage 3	\$19.29
4th year or stage 4	\$22.75
Qualified	
Level 1 (CW/ECW 1) (level a)	\$21.96
Level 1 (CW/ECW 1) (level b)	\$22.38
Level 1 (CW/ECW 1) (level c)	\$22.69
Level 1 (CW/ECW 1) (level d)	\$23.09
Level 2 (CW/ECW 2)	\$23.55

⁶ Apprentice – 4 years – General building and construction – residential work – Started before 1 Jan 2014 – Carpenter and/or joiner (including bridge and wharf), carver, floor sander, letter cutter, stonemason, artificial stoneworker, marble and slate worker or tilelayer

STRENGTHENING WOMEN'S PARTICIPATION

The Australian Institute of Architect's proposal provides an opportunity to strengthen the active participation of women in the profession and in the building and construction industry. Authoritative and iterative source data on the participation of women in vocation education and training in the construction industry is available through the National Centre for Vocational Education Research (NCVER) VOCSTATS database.

Table 3 shows that females, overall, represent less than 5% of either enrolments or course completions for VET Courses for the Construction Trades Workers in the period 2015-19, though they do have a higher completion rate compared to males (35.2% vs 22.3%)

Table 3: Total VET Activity (TV) enrolments vs completions 2015-2019 for Australia for Training Programs classified by occupation according to Australian and New Zealand Standard Classification of Occupations (ANZSO) as "33 Construction Trades Workers"

	Males		Females		Not known		TOTAL
Enrolments	465,725	96.7%	13,660	2.8%	2,480	0.5%	481,865
Completions	104,045	94.5%	4,810	4.4%	1,260	1.1%	110,115
% Completion	22.3%		35.2%		50.8%		22.9%

Data sourced from: <https://www.ncver.edu.au/research-and-statistics/data/databuilder#total-vet-students-courses> on 12-11-20

Identical repeating annual data about higher education graduates, resolved for Masters of Architecture, is not readily available as publicly accessible data. The Australian Government Department of Education, Skills and Employment's - Higher Education Statistics Data Cube does not resolve courses below "Architecture and Building". However, the AACA annual report on 2018 Accredited Architecture Programs in Australia⁷ provides some comparable statistics. The report notes that in 2018 there were 1,298 Master of Architecture Graduates from across the 18 Australian universities. Table 4 details the comparison of enrolments and graduations resolved for male and female gender status (only).

Table 4: Architect Enrolment and graduation proportion data, Australia 2018

	TOTAL	Males		Females	
Enrolments	3,227	1,678 ⁸	52%	1,549	48%
Graduations	1298	714	55%	584	45%
% Graduation	40.22%	42.55%		37.70%	

Data published by Matthewson⁹ also shows that in 2016-17 women represented:

⁷ December 2019. Sourced from <https://www.aaca.org.au/wp-content/uploads/Annual-Report-on-2018-Accredited-Architecture-Programs.pdf>

⁸ Gender numbers based on gender ratios provided.

⁹ Parlour Census Report published October 23rd, 2018 revised 5 November 2018 See: <https://archiparlour.org/> Parlour is a research-based advocacy organisation working to improve gender equity in architecture and the built environment professions

- 41% of the 2017 admissions to the registers of the states' and territories' Architect Registration Boards (*as per the AACA data quoted above*)
- 26.2% of 11,688 registered architects¹⁰ (in 2016) in Australia were women.

However, Matthewson also noted that,

More women than men are not converting their degrees into architecture careers and are leaving the profession very soon after graduating.

This comparative data highlights that architecture is an important profession to focus attention as an opportunity to promote economic inclusion for women. Wages subsidies that enable women who graduate from Masters of Architecture and gain employment in practice will increase the probability that these women progress to registration and onto a professional career in the design and construction sector.

DISCUSSION

Building on current policy approaches.

The Department of Skills Education and Employment's own Job-ready Graduates Higher Education Reform Package 2020 commendably sets the scene to deliver more job-ready graduates, "*and help drive the nation's economic recovery from the COVID-19 pandemic*"¹¹ The discussion paper¹² clearly indicates that the focus of this important reform is on achieving an education qualification.

However, a further important goal that needs to be considered in many occupations is full *job readiness* by becoming licenced or registered as a practitioner in a given occupational category. This increases the probability of achieving stable employment and strong economic participation. Achieving this further and more formidable goal requires the type of policy initiative which addresses the bridge from the education qualification to gaining licencing/ registration to becoming employed in the person's chosen occupation – in other words, the bridge from learning to work.

The data presented here shows that investment made by the Australian Government in the nation's higher education sector could deliver higher returns if more architects were engaged in graduate positions and completed their Architectural Practice Exam and gained professional employment. This is also notwithstanding the significant investment made by the Australian taxpayer to enable a student to complete five years of education to Master's

¹⁰ Adjusted down to remove duplication of those architects registered in more than one jurisdiction.

¹¹ <https://www.dese.gov.au/job-ready>

¹² Australian Government Department of Education, Skills and Employment (2020) Job-ready Graduates Higher Education Reform Package 2020 Sourced from: <https://www.dese.gov.au/document/job-ready-graduates-discussion-paper>

level. Architect practices as employers are also making an investment, in the same way as trades employers do by employing an apprentice or trainee.

A wages subsidy similar to the Apprentices and Trainees wages subsidy (as per the Boosting Apprenticeship Commencements) would be an extremely important initiative to build this bridge from learning to early career - using two outcome measures:

- achieving occupational licencing/ registration
- established employment in a chosen sphere of work that equates to the person's qualification.

Financial modelling of the initiative.

Based on the above previously quoted figure of 1,298 Master of Architecture Graduates in 2018, and the Architect graduate award rate, a 50% employment subsidy for an estimated 1300 Australian trained candidates graduating at the end of 2020 paid for 12 months would cost \$36,400,000.

Given that this investment is matched by the employer, notionally there is an immediate 100 % return. Furthermore, 1,300 employed graduates would also pay \$10,198,598 income tax and \$1,390,246 Medicare levy. In the first full fiscal year following the initiative the taxpayer would gain an immediate total return on investment (ROI) of \$47,988,843 or 132% ROI.

This ROI does not include the additional downstream cost avoidance of an unemployed graduate seeking employment who then proceeds to claim government income support and a healthcare card.

If successful, the taxation component could be recycled in out years to support practices which may experience demonstrated under-supply, such as particular remote or rural locations. This form of recycling would fiscally function in a similar way to a social impact bond or government loans scheme.

In conclusion this is an initiative which has demonstrated merit - it is both feasible and financially viable, even measured at the level of direct outlays and returns, and not imputing the cost savings of the sector being unable to employ graduates so they can achieve registration and gain long-term stable employment.