

Victorian Brick and Blocklaying Training Foundation Ltd

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POSTAL ADDRESS
VBBTF LTD.
P.O. Box 42
Holmesglen 3148

Mr Tim Grimwade
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Mr Grimwade,

I refer to Authorisation No A90738 granted to the Clay Brick and Paver Association of Victoria for a period of three years from 3 January 2001.

The authorisation was granted in relation to a scheme to increase the number of trained bricklayers in Victoria.

The Victorian Brick and Blocklaying Training Foundation Ltd (VBBTF) is acting on behalf of the Clay Brick and Paver Association of Victoria (CBPAV) in making application to the ACCC for the following:

- Revoke the current determination (Authorisation No 90738)
- Substitute a new authorisation
- Provide an interim authorisation to cover the period after the current authorisation expires and the date that the new authorisation takes effect.

This application is made in accordance with Section 91C of the Trade Practices Act 1974.

The CBPAV has consented in writing for the VBBTF to act on its behalf. (letter faxed separately)

Parties to the Arrangement

This application for a substitute and an interim authorisation refers to an arrangement involving the current members of the VBBTF as follows:

Boral Bricks Pty Ltd
Boral Masonry Pty Ltd
C and M Bricks Pty Ltd
Daniel Robertson Australia Pty Ltd
Nubrik Pty Ltd
Selkirk Brick Pty Ltd.

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These manufacturing members represent approximately 95% of the segmental walling market being clay and concrete masonry bricks and blocks

The following members are represented on the board as directors but do not collect the levy and do not contribute to the funding of the VBBTF:

Holmesglen Institute of TAFE
Housing Industry Association – Victoria
Master Builders Association of Victoria

Four of the above member companies are also the members of the CBPAV ie

Boral Bricks Pty Ltd
Daniel Robertson Australia Pty Ltd
Nubrik Pty Ltd
Selkirk Brick Pty Ltd

The same four companies are the listed as parties to the original arrangement which is referred to in the existing authorisation No 90738.

There are no other parties engaged in the current arrangement other than listed above and there are no other members of the VBBTF and the CBPAV.

A number of parties who are not currently members of the VBBTF may also give commitment to financially support the VBBTF scheme and may also become party to the arrangement. These include:

- Victorian clay brick manufacturers located in country Victoria
- Smaller concrete and masonry block manufacturers
- Manufacturers of clay bricks and concrete masonry blocks located interstate who supply the Victorian market

The Arrangement

The VBBTF seeks a substitute authorisation for the current authorisation A90738 and applies to increase the amount of the levy from \$1.00 per thousand bricks sold to \$2.00 per thousand bricks sold applicable to both the market and to the contribution from member brick and block companies.

We advise that the planned arrangement as stated in the current authorisation has now been implemented as follows:

- 1 The original manufacturing members of the VBBTF (ie.CBPAV members) has grown to include concrete masonry manufacturers.
All members are listed above.

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- 2 The arrangement was to impose a members levy of \$2.00 per thousand bricks sold. The levy has been in place since 1 July 2003 with \$1.00 collected from the market (brick purchasers) and \$1.00 contributed by the manufacturing member companies. There has been wide industry and market support for the levy based scheme and there have been no reports of non payment of the levy. Manufacturing members have signed an agreement to collect the levy, make a matching contribution and commit to the apprenticeship scheme.

This renewal seeks authorisation to apply a total members levy of up to \$4.00 per thousand bricks sold. Approval for such a levy would enable a levy of up to \$2.00 per thousand to be applied to bricks sold in the market and a matching contribution from manufacturing members of up to \$2.00 per thousand bricks sold.

- 3 The arrangement was to improve the existing training facilities at Holmesglen Institute of TAFE (HIT) by developing a Bricklayer Training Centre (BTC). This commitment is unchanged and funding for this development has been provided for in the VBBTF budget. Growth in bricklayer training at HIT has been supplemented by a recently approved pilot course in bricklaying for year 11 students (themed VCAL).
- 4 The arrangement was to establish a Group Training Company to assist host employers with the cost of employing and training apprentices and trainees. This strategy has been more effectively implemented by the VBBTF providing wages support to host employers through a network of existing Group Training Companies and builders group schemes. This support has encouraged the addition of 21 new apprentices in the first five months of operation. Seven apprentices ceased their contract leaving a net increase of 14 apprentices during the period
- 5 The VBBTF has also applied funding to incentives to young people to complete a pre-apprenticeship course in bricklaying and begin an apprenticeship in the trade. Funding has also been applied to promotional and marketing activities to encourage more people to take up bricklayer training to address the ongoing shortage of qualified bricklayers.
- 6 The arrangement provided for an equivalent levy rate based on approximately 5 cents per square metre to apply to concrete masonry products. This rate has been applied to the current levy.
- 7 The levy was to be held and controlled by the CBPAV. The members now pass the total levy on to the VBBTF on a monthly basis and all income and disbursements are managed on behalf of the VBBTF board of directors.

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- 8 The levy was estimated to raise \$0.45 million - \$1.6 million per annum. The levy for the July – October 2003 period will raise \$262,105 and an annual estimate of \$780,000. This application seeks authorisation to apply a levy to the market of up to \$2.00 per thousand bricks sold and a contribution of up to \$2.00 per thousand from the manufacturing members. This provision will enable funding of ongoing employment and training of apprentices when sales volumes are lower in a possible down turn in the housing market.

Interim Authorisation

The VBBTF is seeking approval for an interim authorisation to continue with the current program of increasing bricklayer training and numbers. The following factors make it extremely important that an interim authorisation be granted:

- The urgency of our application for revocation and substitution to be lodged by 9 December and to allow the Commission time to consider our proposal
- If an interim authorisation was not granted the ceasing of the levy would prevent the funding of wages support to 58 bricklaying apprentices through Group Training schemes putting their apprenticeship employment and training in jeopardy. The cost increase could not be carried by the trade resulting in apprentices being terminated. It would take more than 12 months to recover the lost apprentices and regain confidence in the trade.
- Many young people have begun pre-apprenticeship courses as a result of the VBBTF promised incentives. Without the authority to collect the levy, this incentive program would cease, young people would seek other trades and vocations. Enrolments would be much lower in future. There are currently 37 people who have completed pre-apprenticeships and would qualify for the incentive on starting an apprenticeship.
- The levy and the strategy to address the critical shortage of trained bricklayers has been well publicized over the past six months and well accepted by the building industry. Withdrawing the levy would damage the current market support for the scheme and severely reduce confidence in the VBBTF scheme if and when it was restarted.

Public Benefit

Since 1 July 2003 there has been an increase in apprentice bricklayer numbers (21 indentured with a net increase of 14) through Group Training Companies due to the wages support the VBBTF provides to host employers. There has also been greater interest in pre-apprenticeship courses in bricklaying following our information and promotion nights throughout Victoria.

Our continued promotion of the bricklaying trade and support for training and employment will bring greater numbers of people into bricklaying training to help address the critical shortage in the trade.

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The public benefit which flows from this strategy is already evident and over time will include:

- An alleviation of the skills shortage in Victoria's bricklaying trade
- An alleviation of the cyclical increases in the cost of hiring bricklayers
- A reduction in construction completion times due to the shortage.

The VBBTF was formed to address the severe shortage of trained bricklayers and has the following stated objectives:

- To improve and monitor completion rates for apprentice bricklayers.
- To improve and monitor retention rates within the industry.
- To measure, forecast and plan for bricklayer demand and the number of bricklayers required.
- To train sufficient numbers of bricklayers taking into account completion, retention and retirement rates and industry demand.
- To encourage higher standards of behaviour, productivity, efficiency and quality throughout the industry.
- To gain full acceptance and support from the building community through recognition of the benefits bricklayer training provides.

The following strategy has been implemented by the VBBTF:

- Marketing bricklaying as a trade and career to young people in schools
- Support and encourage greater numbers and quality of people in pre-apprenticeship training courses. A \$400 incentive is in place to complete the pre-apprenticeship course and start an apprenticeship.
- Achieve better monitoring, training and ownership of the apprentices by subsidizing the Group Training Company rates to host employers. A wages support scheme is now operating with a number of Group Training Companies and apprentice numbers are growing.
- Support the employment of apprentice bricklayers under Builders group schemes by subsidizing rates to their host contractors. The support is now being provided.
- Support quality bricklayer training by an involvement in an expanded Bricklayer Training Centre at Holmesglen TAFE. Plans are in place for future expansion.

We believe a revocation and substitution of authorisation 90738 will enable ongoing collection of the levy to fund the above strategy to grow bricklayer numbers and continue to serve the public benefit.

Please advise if further information to support our request is required.

Yours sincerely



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