

Thursday, 15 April 2004

Australian Competition and Consumer Commission
Attention : Ursula Everett
P O Box 1199
DICKSON ACT 2602

Dear Sirs,

**Re: Clay Brick and Paver Institute and Concrete Masonry Association of Australia
Application for Authorisation A90895**

With reference to your letter regarding further information in support of our application for an authorisation to increase the bricklayer training levy, I would advise the following:

1. a) In the application I indicated the NSW scheme had fallen short of the targeted figure; however, this was not related to the scheme not working in the way we had envisaged but due to the excessive amount of workers compensation premium payable. As indicated in the application, these premiums amounted to \$217,000 or 40% of the authorised levy amount, (since making the application we have been advised that the re-assessed premium for 2003-2004 will be \$258,000).
- b) When the levy was first introduced the premiums were nowhere near the present figure and we believed the targeted figure for new apprentices was achievable but as the workers compensation premiums increased we had no alternative other than to cap the number of apprentices employed. In fact, there are always between 20 and 30 contractors waiting for an apprentice.
- c) We are certain that the numbers of apprentices will increase in the States due to the industry sector we are targeting. That sector is the housing industry where bricks are laid by small contracting teams of 2 or 3 bricklayers who have traditionally not employed apprentices, either directly or through group schemes, due to the cost, paperwork and time involved when compared to the productivity of an apprentice, particularly in the first year of employment.
- d) In NSW we attacked the problem in two ways:
 - by providing our apprentices with a six-week training program focussing on trowel skills which, on completion, makes them a more productive proposition for a contractor, and
 - by apprenticing the trainees to the Brick Industry Group Training Company and subsidising their on-costs, meaning host contractors pay only for the time the apprentice is actually working on site.

By using the levy to subsidise apprentice on-costs we have been able to open up an area of apprentice employment that had previously been closed and value-add to the pool of apprentices rather than drawing from the existing pool employed in the commercial and multi-residential sectors of the building industry.

- e) The above statement is also supported by the fact there are group training companies that have been in the market for many years and they support a minimal number of bricklaying apprentices. To use NSW as an example, the Housing Industry Association group scheme employs apprentices of which only are bricklayers. (Contact was made with the HIA who were to provide the actual figures. At the time of mailing they had not been received; however we will forward those verbally as soon as they are available.) This scheme

is not supported by any subsidy to host contractors. The Brick Industry Group Training Company which uses the existing \$1 levy to subsidise the apprentice has 165 employed in the same industry as the HIA scheme.

- f) Additionally, the Brick Industry Group Training Company has entered into mentoring arrangements with two major builders in NSW, Mirvac and The Clarendon Group. The Mirvac scheme, which started three years ago, has turned full circle with one of the apprentices completing his apprenticeship, setting up his own contracting team with Mirvac, and hosting an apprentice from the group training company. This would not have been possible without the levy and subsidy.
- g) We believe these facts support our contention that introduction of the levy and subsidisation of apprentice on-costs has had a significant influence on the number of apprentice bricklayers in the market.

2. In NSW the levy is collected in the following way -

- a) At the conclusion of each month the Clay Brick and Paver Association of New South Wales contacts each of its members to ascertain their sales figure for that month and raises a tax invoice for the amount of levy payable and a matching amount from the member. The member then pays the invoice amount directly into the account of Brick Industry Group Training Company as the employer of the apprentices and administrator of the levy.
- b) From the levy, the group training company (as the employer, through the payment of wages) covers the cost of annual leave and loading, sick leave, public holidays, and superannuation through the normal wage process. It also covers payment of workers compensation premiums, tool insurance and off-site training costs from the levy direct to the supplier.
- c) The group training company is fully audited by P F Fisher and Company and a copy of the full audit report for the year 2002-2003 is attached. So that the industry is updated on the progress of the scheme a flyer is distributed to over 10,000 builders and contractors (copy attached) and on that flyer the income and expenditure statement is printed. However, if any participant in the scheme requires further information we are more than willing to provide it so expenditure of the levy is as transparent as possible.

I hope this information is sufficient for your deliberations; however should you require anything further please do not hesitate to contact me.

Yours faithfully,

R. F. Rushton,
Administration Manager