

The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602



**GROUP
TRAINING
AUSTRALIA
(WA) INC**

Application for Authorisation Lodged by the Clay Brick & Paver Institute for itself and on behalf of the Concrete Masonry Association of Australia

As the peak body representing group training companies in Western Australia, we would like to convey issues that we feel the Commission needs to be aware when reaching its final determination.

Members of Group Training (WA) employ a significant number of apprentices (metropolitan and regional) in the building and construction industry and allied trades including:

- Brick Laying
- Carpentry and Joinery
- Wall and Ceiling Fixing
- Plastering
- Plumbing and Gasfitting
- Painting and Decorating
- Wall-Floor Tiling
- Cabinet Making
- Electricians

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Market share of in training figures at June quarter 2003 indicate that 42.16% of apprentices in the WA construction industry are employed through Group Training. Of those employed, 226 bricklaying apprentices are currently in training across the state with a further 67 employed in direct indenture arrangements.

This compares to some 165 apprentices in NSW, three years after implementation of the brick levy strategy and 80 apprentices in Victoria nearly 12 months later.

Though we acknowledge brick/block laying as a national skills shortage trade, the number of apprentices in training in WA far exceeds numbers in Victoria and New South Wales where the brick levy arrangement has been operating for some time.

For this, and other reasons detailed below the environment in WA differs from other states and should be considered by the Commission when making a determination that will apply nationally.

Key Points

- Group Training Australia (WA) fully supports any initiative that increases the number of apprentices and or trainees.
- Brick/block laying is acknowledged as a skill shortage area in WA

- WA has a group training network that services the building and construction industry in both metropolitan and regional areas.
- In fact, WA has group training companies ("GTC's") specifically focussed on building and construction trades unlike Victoria for example.
- Like Tasmania, South Australia and Australian Capital Territory, Western Australia has a Building Construction Industry Training Fund ("BCITF") that places a levy on construction activity for the purpose of funding training opportunities in the industry. The amount of the levy varies from one jurisdiction to another. Queensland also has a training board but it is funded from reserves of long-service leave.
The Construction Forestry Mining and Energy Union (CFMEU) and Master Builders Association are lobbying new South Wales, Victorian, Northern Territory and Federal Governments to introduce training levies for the industry. The states and territory are considering paying but the Federal Government has refused.
- The BCITF supports training with funding and also takes a role of promoting the careers available in the building and construction industry. The BCITF makes up to \$9000 available to companies who employ apprentices in WA. This is 9000 dollars more than employers in Victoria and NSW receive which is likely a major factor when comparing the number of bricklaying apprentices in WA with those states.
- Unfortunately it is clear in WA that even with the options of group training companies focussed on providing an excellent service to the industry and BCITF support, we are still experiencing a skills shortage. This demonstrates that cost to host employers is only one part of the skill shortage problem.
- WA group training companies operating in the building and construction industry, the BCITF and the Department of Education and Training are working together to explore how to attract people to apprenticeships, through new marketing initiatives, piloting innovative projects, additional funding for training etc.
- Demand for apprentices already outstrips demand. The proposal intends to "*subsidise employment and administration costs to (host) employers*". This will further increase demand for apprentices, when the problem actually facing the industry is attracting people to the brick/block laying trade in the first instance.

Our concerns

The major concern for the Association and it's members is that the ACCC will endorse the setting up of a new Group Training Company in WA who will exclusively receive the levy raised by the brick manufacturers.

This would establish a competitive edge over existing group training companies because the additional brick levy funds would allow for a reduced charge out rate that existing companies could not match. This would not, as stated by the ACCC in the draft determination, "*improve the quality of these (existing) services*" when the basis for introducing a levy suggests the determining factor for employers is cost rather than quality.

Though not opposed to competition, the Association acknowledges that any negative impact on the existing market would reflect poorly on the trade, industry and the state. That is why we have an expectation that all group training companies be given the same opportunity to access the brick levy fund.

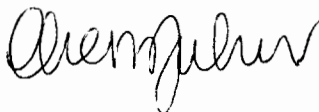
Unless work is done to market the trade to potential apprentices and the number of people entering the trade increases, it is possible that existing group training companies will lose their existing apprentices to a new entrant who is offering host employers a cheaper rate. This would simply be a shuffling around of apprentices within the system rather than building numbers, and would not meet the objectives of the proposal.

Should the ACCC endorse the collection of the brick levy across the nation, we would strongly suggest that the applicants consider using some of the funds raised to promote the trade as a career option.

Further, we suggest that authorisation be conditional on the levy being equally distributed to any organisation employing brick laying apprentices. By doing so, an incentive is provided to everyone operating in the industry to increase the number of brick/block laying apprentices in training.

For your consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cheryl Jahour', written in a cursive style.

Cheryl Jahour
Coordinator

6 May 2004