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**GREAT SOUTHERN
GROUP TRAINING INC.**

Fax

To: The General Manager

From: Peter Adams

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Date: May 12, 2004

Phone:

Pages: 4 Including header

Re:

CC:

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Please accept my submission as follows

Thankyou



Peter Adams



**GREAT SOUTHERN
GROUP TRAINING Inc.**

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

Re:

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

Dear Sir

Great Southern Group Training Inc. (GSGT) is a Western Australian regionally based not-for-profit group training scheme and in that capacity we would like to convey issues that we feel the Commission needs to be aware of before making its final determination.

GSGT employs a significant number of apprentices in the Lower Great Southern area of WA 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
- Cabinet Making
- Electricians

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

- GSGT 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 effectively 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.
- 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.
- 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.
- GSGT developed and is currently delivering a program funded by DET to promote skill shortage trades directly to students. The program known as "COOL" Career Orientation and Outside Learning brings students, teachers, trainers and industry together for obvious mutual benefits
- Demand for apprentices already outstrips supply of available and willing applicants. 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 GSGT 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, GSGT 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 including GSGT 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.

Thank you for your consideration.

Yours sincerely,



Peter Adams
Manager
Great Southern Group Training Inc.

12 May 2004