



"When You Need a Hand"
ABN 15 088 677 011

PO Box 578, Cloverdale WA 6985
Email: perthoffice@skillhire.com.au
Ph: (08) 9477 1900 Fax: (08) 9477 1911

Fax

To: General Manager – Adjudication Branch From: Bob Hodnett

At: Australian Competition and Consumer Commission At: Skill Hire - Perth

Email: Email: bobh@skillhire.com.au

Phone: (02) 6243 1111 Phone: (08) 9477 1900

Fax: (02) 6243 1211 Fax: (08) 9477 1911

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RE: AUTHORISATION NO. A90895 – CLAY BRICK AND PAVER INSTITUTE

Please find following copy of WA Group Training Scheme Inc and Skill Hire Pty Ltd submission. Original copy shall follow in todays mail.

Regards,

Bob Hodnett



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28 May 2004

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

Dear Sir

**RE: AUTHORISATION NO. A90895 – CLAY BRICK AND PAVER INSTITUTE
PRE-DECISION CONFERENCE**

Please find enclosed WA Group Training Scheme Inc and Skill Hire Pty Ltd draft comments for your perusal prior to the pre-decision conference to be held at the Commission on Friday 4 June 2004.

Yours sincerely

Bob Hodnett
Operations Manager
Skill Hire

The West Australian Group Training Scheme Inc. & Skill Hire

ACCC Submission

RE: THE CLAY BRICK MANUFACTURERS ASSOCIATION LEVY

The determination draft handed down by the ACCC in regards to the application for the Clay Brick Manufacturers Association to apply a levy to bricks, brick pavers and concrete has serious detrimental consequences for Skill Hire & WAGTS, and many other companies involved in the employment of apprentices in bricklaying in Western Australia.

Given the latest statistics available from the Western Australian Department of Education and Training, we jointly employ more than 43% of all bricklaying apprentices employed in Western Australia, that is, approximately 130 bricklaying apprentices.

These apprentices are employed in the metropolitan area, in Geraldton 400 kilometres north of Perth, to Bunbury, Busselton and Margaret River 300 kilometres to the south of Perth. Skill Hire operate a network of offices in every major regional centre in the Mid West and South West of Western Australia.

Should the determination remain in its current form, Skill Hire & WAGTS and group training companies who have been active in the employment of bricklaying and brick paving trainees and apprentices, be denied access to the funds raised by this levy, will be forced out of the market in a very short space of time.

It is unrealistic to expect that bricklaying subcontractors will remain loyal to apprentices currently hired to them when they can make savings of \$243 per week per apprentice if they take on an alternative apprentice hired out under the levy arrangement.

This draft determination will result in significant suspensions of apprenticeships by group training apprentices employed by companies like Skill Hire & WAGTS who have made long term commitments to the industry, should one group training organization be anointed as the sole beneficiary of the brick training levy.

It is possible that this new group training company may seek to pick up any suspended apprentice who falls into this category. However, in the process of suspension, the apprentice may become disillusioned with the industry and seek an alternative career path. The pastoral care and working relationship with the group training field officer, developed over the term of indenture, would have been severed and the close relationship between host hirer and group training company is lost. In this scenario the industry and the apprentice and the existing group training company are all losers. Worse still, the upheaval and possible change of group training company by apprentices does not add numbers to the bricklaying industry.

Pricing:

It is no secret that bricklayers, even in these times of shortage, have had little in the way of significant increases in the prices they command from builders in the last decade. In contrast, the last ten years has seen the cost of employing apprentices rise by about 65%, with further increases now that the Western Australian Industrial Relations Commission have followed suit with the recent \$19 per week decision handed down by the Australian Industrial Relations Commission for low paid workers.

Subcontractor host hirers are particularly sensitive to price/ labour costs and will respond very quickly should the opportunity arise to make a saving of \$243 per week per apprentice. While Skill Hire & WAGTS have a very committed group of host hirers who have been working with us for many years, this relationship will not stand up to a commercial decision of such magnitude.

Price difference will ruin Skill Hire & WAGTS's ability to operate in this market, destroying a network that stood the test of significant downturn in the industry only three years ago.

Price comparison on hire out rates on a 38 hour week for a first year apprentice:

Skill Hire & WAGTS

38 hours x \$ 13.00 per hour = \$494

Charge includes accruals for superannuation;
Worker's compensation, annual leave, leave
loading, safety, travel allowance, sick days,
Tafe training days, down time, inclement
Weather, tool allowance

Scheme in receipt of levy

38 hours x \$6.61 per hour = \$251.18

Levy proposes to pay 100% of super-
annuation, worker's compensation,
annual leave, down time, inclement
weather, Tafe training, down time,
sick days

Price difference between two competitors: \$242.82 per week.

A recent quote from NSW Brick Industry Training School Manager, David Gill, in a publication called Building Industry Connection, demonstrates what this means in simple economic terms:

"Since the levies scheme was introduced in NSW almost four years ago, contractors across the state have been lining up to take on apprentices – which is not surprising given the subsidies, worth around \$20,000 per apprentice, to offset costs such as worker's compensation, tool insurance, off site training fees and superannuation.

The problem, however is finding enough kids. It's never been an issue for us to find host employers – the bigger problem for us is getting the right applicants." (Page 68 Building Industry Connections. Attachment 1)

These statements from a manager involved in the current scheme in NSW support what Skill Hire & WAGTS is contending. If a single or even two group schemes in Western Australia have access to the brick levy funds over all others, subcontractors will be queuing up for apprentices from that scheme and others will be unable to hire out our existing apprentices. At a saving of \$242 per week for a first year apprentice, competition from other group schemes will be short lived.

The current submission before the ACCC would mean that a first year apprentice employed under this scheme will receive about \$9,700 in subsidies in the first year i.e. \$242 per week times 40 weeks on the job.)

Our loyal and long serving host hirer database is likely to shift allegiance as soon as an apprentice is available on this levy, leaving us with a long list of suspended apprentices who would also be seeking transfers to the group training company accessing the funds. Host hirers will encourage apprentices to leave us in favour of being indentured by the company that has access to the cheaper rates.

Marketing and recruitment:

The submission regarding the extension of the levy to the ACCC, with all respect, to the ACCC simplifies the complex issues in the recruitment of apprentices in the building industry. It presents an simplistic argument that price alone will improve the number of apprentices in the brick laying industry. The Manager of the NSW Brick industry Training School, David Gill, confirms this in the publication, Building Industry Connection that this is not the case and attracting appropriate candidates to apprenticeships is the real issue in filling apprenticeship vacancies. He is quoted as saying:

"The problem, however is finding enough kids. It's never been an issue for us to find host employers – the bigger problem for us is getting the right applicants." (Page 68 Building Industry Connections. Attachment 1)

It seems that, even with this levy, the NSW scheme faces similar problems to any other group training scheme filling bricklaying apprenticeship vacancies in Australia.

The Building Construction Industry Training Fund (BCITF) in Western Australia have recently agreed to spend \$250,000 between January and June 30th this financial year, with \$500,000 per year to be spent for each of the next three years for promotion of apprenticeships in the building industry.

A committee represented by key construction industry employment groups, unions and training providers all agree that the current view held by parents, teachers, career vocation officers and many students is that the building trades are often the career choice you make if other alternatives do not work out or are not an option. The image and promotion of construction apprenticeships is a significant problem throughout all trades in the construction industry.

The BCITF has committed \$1.75 million to the promotion of apprenticeships in the construction industry over the next three and a half years, with the wholehearted support of the key stakeholders in the industry.

This group recognize that a key issue for increasing apprenticeship numbers is attracting candidates to the industry. Skill Hire & WAGTS concur with this view and are an active member of the BCITF promotions steering committee that has set an agenda to promote and enhance the image of construction apprenticeships through the media and school visitation programs.

The Western Australian Department of Training has attended a number of the BCITF Career Promotion committee meetings. The view of the department is similar to that of the BCITF and it is also committing a large amount of funds to promotion of apprenticeships in general, not specifically for the construction industry.

Such a huge commitment of money toward the promotion of apprenticeships is a fair indicator of what key stakeholders in Western Australia thinks is a major problem facing the industry when it comes to attracting people to the jobs we have available.

Price will not be, and can not be, the sole determining factor in increasing the number of apprentices employed. Price will determine where sub contractors go if they can only get the price from one group training company, but it is problematical that the numbers will increase

because the price is cheaper. It is more likely existing apprentices will change group training employers rather than result in any dramatic increase in numbers.

Barriers to employing bricklaying apprentices.

Skill Hire & WAGTS and most group training companies in Western Australia expect prospective apprentices to complete a four to five month pre apprenticeship course before we employ them in the industry. There are several reasons why this is the standard for industry in Western Australia at the moment.

1. Skill Hire & WAGTS's host hirers want an apprentice who is productive from the day we send them on site. While not expecting a tradesperson, a new apprentice must have some knowledge of what is expected on site, some basic hand skills and at a minimum some occupational health and safety training.
2. The time spent at a pre apprenticeship course lessens the time spent off the job once these students have completed their pre apprenticeship. The time saved equates to cheaper cost to the host hirer and keeps the hourly rate that Skill Hire & WAGTS charge for the apprentice down. i.e. an apprentice who has completed a pre apprenticeship will spend up to eight weeks less time off the job.
3. Students have to pay about \$660 to complete this course, and that turns many prospective apprentices away. Recently, the HIA group scheme in Western Australia suggested to the BCITF promotions committee that they pay this fee for students because they felt that by paying this fee on behalf of students, group training companies could find it easier to recruit new apprentices.

Effectively, host hirers will not pay higher rates for apprentices who have not completed a pre apprenticeship.

This levy would alleviate a major obstacle group training companies face in recruitment. The submission suggests that all of the job training would be paid for in the first year and 75% of all off the job training would be covered in the second year of an apprenticeship. That would mean that any group training company that had access to these funds could recruit an interested person off the street and offer an apprenticeship, albeit with a heavy off the job component in the first two years. The levy would cover the time spent off the job in training, while keeping hire out rates down.

Pre apprenticeship training is valuable and will still continue for many prospective apprentices, despite this levy. The levy could be used for payment of the \$660 required to attend a pre-apprenticeship course.

Any group training company in Australia will be able to increase its numbers if the levy is available to assist in this major barrier to the employment of prospective apprentices.

Skill Hire & WAGTS lose 30 -40 prospective apprentice applicants per year because applicants either do not want to attend a four to five month training course before they start work, or the applicant does not have the \$660 for the pre apprenticeship training course.

Access to this levy to cover start up costs would allow good applicants to begin work immediately.

Mature age apprentices

Last year the Western Australian Industrial Relations Commission in the State wage case decided that mature age apprentices would be paid a minimum adult apprentice wage. Demand for adult apprentices from Skill Hire & WAGTS's host hirers has been subdued since that decision was handed down with less recruitment in this age bracket because of the lack of demand from host hirers.

This is due to the increased labour costs incurred by employing adult apprentices. We say this demonstrates the impact variations in labour costs have on apprenticeship employment levels and strengthens our arguments in connection with wide access by employers to the levy.

Skill Hire & WAGTS would increase its intake significantly in the mature age bracket if we were able to access funds generated by this levy.

When Skill Hire & WAGTS advertise for new apprentices in the bricklaying sector, about two thirds of all applicants are mature age. Given the lack of demand because the prices we must charge to cover costs, it has been impossible to indenture all mature age applicants.

These applicants are the type of apprentice Skill Hire & WAGTS want to employ. They are 21 years and over, have recognized the need to get some qualifications behind themselves and have generally had enough of moving from casual job to casual job. These applicants are motivated, mature, and physically capable of handling the job and normally have a driver's licence. Host hirers gain excellent productivity from such apprentices and prior to the adult apprentice wage decision handed down last year, these people were in heavy demand.

In effect, these mature age persons know what they want, are keen to learn, usually pick up the trade within 3 years or less and see an apprenticeship as an investment in their and their families future.

If Skill Hire & WAGTS were able to access the levy funding for these apprentices we would increase our apprentice numbers by 30 in a very short space of time simply by being able to provide host hirers with better rates. We have a waiting list of mature age people who Skill Hire & WAGTS would employ immediately if we had access to the levy funds.

In comparison to other potential apprentices, the mature age sector is obviously the most price sensitive. The difference between hiring an 18 year old first year apprentice and a mature age apprentice is approximately \$250 per week. The proposed levy will double that labour cost differential.

All group training companies are facing difficulties in employing for adult apprentices in Western Australia and all companies would find it much easier to employ these apprentices and get them working in the market if they had access to these funds.

A new group training company with exclusive access to the funds would probably take more time to achieve the aims. An existing group training company that is the only beneficiary of the brick laying levy would also be able to achieve greater penetration of the mature age market with the benefit of the subsidies but would also take a great deal more time to develop markets across Western Australia.

Regional Offices:

Skill Hire & WAGTS have a large investment in its infrastructure for the pastoral care, meaningful employment and training of its apprentices and ongoing recruitment for the industry. We have field officers dedicated to this role in every regional office in the state.

Will the sole beneficiary of a brick training levy simply set up office to replace our role in regional centres. More likely, the apprentices will be administered centrally from the metropolitan area resulting in a deterioration of service to regional centres.

Similarly, the role our field officers play in day to day issues could not be dealt with from afar. If this happens, apprentices who stray from the "straight and narrow" are more likely to be lost to the industry.

The alternative for an anointed company would be to set up office in these regional centres. Skill Hire & WAGTS, like all other group training companies located in regional centres, must be eclectic in their nature. A business in a regional centre can not survive on bricklaying apprentices alone. We work in business administration, metals, carpentry and joinery, mechanical, electrical and plumbing apprenticeships and traineeships. Would the group training company with access to levy be able to utilize their price advantage in the market to gain a position in the market and force us out of these areas as well?

Funding outcomes:

The basic premise of the bricklaying levy is that the funds will attract more apprentices to the bricklaying industry.

Lower hire out rates, particularly for mature age apprentices, combined with marketing, innovative training programs and full utilization of all existing group training companies and direct indenture networks may well achieve that aim.

To suggest that the existing group training companies operating in Western Australia have failed in their pursuit of bricklaying apprenticeship numbers and a new entrant to the market would do a much better job, is drawing a long bow.

A new group training company or an existing company that receives the funds in preference to others operating in the market, would certainly crowd the market and place pressure on those who have made a considerable investment in the industry already. To suggest that this company can come in to the market and provide a magic elixir based on the fact that it is the only one with access to the funds is nonsense.

The BCITF have recognized that employment of apprentices in such a large state relies heavily on the combined efforts of many different means of employment. It provides subsidies of \$9000 over a four year term to all group training companies and every employer who directly indentures a construction apprentice. This policy supports the view that outcomes, not businesses should be the focus of the funding. That is Skill Hire & WAGTS's view of how this money needs to be distributed.

Imagine a scenario where one bricklayer is employing an apprentice with a group training company not provided the benefit of the levy and another is on the same site using an apprentice from the company receiving the levy. This scenario will occur and will be the cause of great antagonism when it does occur.

Why should one tradesperson be eligible for the levy and one not? Both are making a contribution to the employment of apprentices, both are contributing to the sales achieved by the brick manufacturer and one is at a serious disadvantage in the marketplace. A levy distributed to all involved in the employment of can only be of benefit to the industry.

Western Australia has an infrastructure that can support greater numbers through its three industry specific group training companies, its many regionally based group training companies and the 67 employers who choose to direct indenture their bricklaying apprentices

The case for NSW and Victoria under the proposed levy

In comparing apprenticeship numbers in Western Australia to those in NSW and Victoria, one could suggest that the brick laying group training scheme in NSW and Victoria has been abject failures.

Western Australia has almost twice the numbers of bricklaying apprentices and given the relative size of the comparative markets, one would have to say that existing group training companies in Western Australia are doing well.

The Australian Bureau of Statistics figures give a good comparison of apprentice employment percentages in NSW and Western Australia. Drawing from 2002/03 census figures, there are 256,000 people working in the construction sector in NSW and there are 165 bricklaying apprentices. This equates to about 0.06% of the construction sector population engaged in bricklaying apprenticeships. In Western Australia there are 79,000 people involved in the construction industry with 290 apprentices involved in bricklaying apprenticeships, equating to 0.3% of the construction population. Based on these numbers one would suggest that the Western Australian market is doing five times better than the NSW model.

The infrastructure for construction apprenticeship employment and training in Western Australia is markedly different from the circumstances that prevail in NSW and Victoria where this levy is already operating. There were no designated group training companies in either of these states for construction when the levy was introduced and that is clearly not the case in Western Australia.

Skill Hire & WAGTS employ more than 43% all bricklaying apprentices in Western Australia. Our group schemes have also established a training centre in Perth for the delivery of off the job training for bricklaying and carpentry apprentices. This training centre is also used for pre-employment training courses, provided to do level one training as an introduction to bricklaying. The recruitment, advertising and costs for these courses are currently borne by Skill Hire & WAGTS as we attempt to improve the quality and quantity of apprentices entering the bricklaying apprenticeships available in Western Australia.

The Housing Industry Association also operates a group training scheme and has a significant number of bricklaying apprentices employed in the metropolitan region of Western Australia.

In addition, Great Southern Group Training employ bricklaying apprentices in the Great Southern region, South West Group Training do the same in the Bunbury region and Mid West Group Training provides that service in their region.

The submission claims that the levy has worked very well in NSW since its introduction. The employment of 165 apprentices since its inception is better than the previous circumstances, but those numbers fall well short of the target of 300. For a state the size of NSW, Skill Hire & WAGTS would contend that those numbers are disappointing. In fact those numbers are only marginally better than those of Skill Hire & WAGTS in Western Australia. We operate in a smaller market and with the combined numbers Western Australian group training companies are already doing considerably better than NSW.

Victoria's numbers are considerably smaller with about 80 bricklaying apprentices in the state. Again, the state had no designated building construction group training levy.

By comparison, Western Australia is doing much better. Our industry does have the benefit of a Building Construction Industry Training Fund that already subsidised rates for apprentices. The numbers employed in Western Australia are reflective of two things.

1. Funds from the BCITF have helped encourage employment of apprentices.
2. A network of companies with equal access to funds encourages more players to enter the industry and contribute to the growth of employment of bricklaying apprentices.

Price/labour costs are one factor in encouraging employment in the construction industry and price/labour costs alone can not achieve all the aims as set out in the submission to the ACCC for the extension of the bricklaying levy into other states including Western Australia.

The position in Western Australia

Skill Hire & WAGTS have had some informal, preliminary discussions with a representative of the Clay Brick Manufacturers Association. In those discussions, the Association did not commit to the establishment of a new group training company for the purposes of distributing the funds via the levy.

More likely, the Association could seek to create a partnership with one or possibly two unnamed group training companies, to distribute the funds in Western Australia. What is not clear in those discussions is whether or not the selected company/(ies) would be the only group(s) who would access the funds.

That position is of great concern to Skill Hire & WAGTS and the group training industry in Western Australia. The point we are trying to deliver in this submission is that development of bricklaying apprentices can be improved but only when with the efforts of everyone currently involved in the employment of apprentices in Western Australia.

Selection of one or two companies over all others who are currently making a contribution to those numbers does not make any sense. To the contrary, distribution and application of these levies in such a manner may well hinder the increase of numbers, particularly in regional Western Australia.

Skill Hire & WAGTS have no doubt that if we were the only beneficiaries of the funds that we could create huge problems for every other group training company in Western Australia. Given such an edge in the market, we believe we could create a monopoly in a very short space of time, forcing others out of the market. We don't see that as a healthy thing for the development of apprenticeship employment in the State and would not want to be in a position where we are forcing existing apprentices from other group training companies out of work, or alternatively have them transfer their apprenticeship to Skill Hire & WAGTS because their host hirer wants to access our better rates. We would not seek to do this but feel the shift in market force would happen by default.

Skill Hire & WAGTS acknowledge the good work done by existing group training companies in many locations through out the State. The benefit of a network of companies operating over a vast expanse of the state, in the metropolitan and regions to improve the employment of apprentices is the best way to achieve improved numbers of bricklaying apprentices throughout Western Australia.

The draft determination states in Point 6.3 that a new group training company may crowd out the existing group training companies if they were to be the only one that received the funds. The implied consequence is that new apprentices would be employed through the use of the levy and that Skill Hire & WAGTS and others would maintain their existing apprentices, with a possible smallish impact to the negative.

Skill Hire & WAGTS's contention is that we would not be able to maintain our current levels of apprentices in the face of such competition and would significantly reduce our number of apprentices and our recruitment efforts very quickly. In short, the new group training company may well increase their numbers, but at the expense of apprentices already employed in the industry.

Similarly, if Skill Hire & WAGTS were the only group training company in receipt of the funds, we would expect we could increase our numbers quickly, probably at the expense of other group training companies.

Point 6.32 of the draft determination

"..... the current shortage of apprentice bricklayers clearly indicates that existing training programs are not producing sufficient bricklayers to meet industry demand."

In the current employment climate a case could be made in Western Australia that we are not meeting full demand. However, in Western Australia, we believe we are not as far behind demand as this submission might like to present.

Three years ago the building industry in Western Australia had been through a significant downturn. Every group training company put off a large number of apprentices because supply for apprentices exceeded demand very significantly. A large number of apprentices, including bricklaying apprentices, lost their jobs.

This levy suggests that group training companies in receipt of the funds might get relief from down time should they not be able to be placed. That single factor would give everyone in the industry a great deal more confidence in employing a greater number of apprentices.

Down time in a down turn is a very costly exercise and can send a company broke very quickly. Indeed, a number of group training companies throughout Australia have gone into administration during downturns solely on the basis of down time commitments. This risk factor inhibits group training companies from going too strongly above their ability to place apprentices in the market.

Unemployment rate:

The current unemployment rate is at a record low. This certainly has an effect on the quality and quantity of applicants available at this point in time. Circumstances change and when the job market changes, there will be more applicants and probably less jobs available in the bricklaying industry.

In the mean time, marketing to people that apprenticeships in the bricklaying industry are a career path for a lifetime in the building industry must be pursued. The funds raised from this levy, combined with marketing promotions from the BCITF (\$500,000 per year for the next three years) and the Department of Education and Training apprenticeship advertising campaign, must be vigorously pursued to attract applicants to the bricklaying industry.

Many industries are experiencing difficulty attracting applicants to their industry. Bricklaying is not on its own in experiencing shortages at this point in time.

Public benefit.

Skill Hire & WAGTS, and many other group training companies in around Australia, have responded to calls from governments at a Federal and State level, to promote and develop apprenticeships. Successive governments have spent considerable sums of money developing a network of group training companies around the country because they see the value of group training.

This submission acknowledges the value of group training, but suggests that a new group training company, with no infrastructure, no established host hirer network and no experience in dealing with the complex issues of apprenticeship pastoral care will provide something to the market that existing companies can not do.

There is no question in our minds that distribution of the levy exclusively to one or two group training companies will ultimately result in a domination of the market by those companies in receipt of the funds. The considerable efforts of governments will be lost as existing group training companies opt out of the market because they can't compete.

Most disturbing, existing apprentices will lose jobs in favour of new, cheaper apprentices who are hired out by a group training company employing apprentices under the terms of this submission.

The upheaval that will occur in the system will be momentous. Many government departments including New Apprenticeship Systems, Department of Workplace Relations, Apprenticeship and Traineeship Support Networks will be overloaded with requests for suspensions, transfers and complaints from unhappy parents and apprentices.

There can be no public benefit in not providing this levy equitably to all groups involved in the employment of apprentices in the bricklaying industry.

This has recently been confirmed by the federal Minister Education, Science and Training, Brendan Nelson, when issuing the new national training strategy. The building and metals trades face the same difficulties in attracting sufficient young persons to either and face looming skills shortages in the next decade.

Money available

Back of envelope calculations suggest that there could be as much as \$2,000,000 per year generated from the levy for Western Australia alone, taking in to account the levy and the funds that are matched by industry contributions. That leaves plenty of scope for all people involved in apprentice employment to be involved and should most definitely provide all companies with the stimulus to attract more apprentices.

Given the large sums of money available, there is room for all group training companies to share the available funds.

One could suggest that it would be difficult to expend the sort of money being generated if all the funds were directed to one group training company.

The draft also suggests that administration costs for a new group training company would be paid for out the money put into the fund by the industry contribution. Costs in NSW exceed \$270,000 for this purpose. If the funds were to go to everyone, these dollars would be utilised for employment of bricklaying apprentices rather than administration. Skill Hire and WAGTS would contend that this would be better use of money which could be generated from a bricklaying levy.

Brendon Nelson's vision for shorter apprenticeships

The Federal Minister for Education, Mr Brendon Nelson, had his department complete a national review of shortages and has clearly identified that there will shortages in the bricklaying and wet trades sectors in the coming years.

The Minister has announced there will be initiatives to assist in combating these shortages, one of which will be a shortening of the time served in bricklaying apprenticeships in an effort to attract more apprentices and have them qualified more quickly. This levy could well dovetail with the initiatives the Federal minister pursues.

However, should the ACCC approve the draft determination in its current form and group training companies such as Skill Hire and the Western Australian Group Training Scheme exit the bricklaying sector, this decision could have the opposite effect.

It could be that there is no nett increase in the number of apprentices employed in the areas this levy is setting out to fund. More likely there will simply be a shift of who is employing apprentices and it's quite possible that the levy could have a negative impact on the number of apprentices employed in the industry.

If the decision remains as it is in the draft determination, with one group scheme being the recipient of the funds, then it seems to be at odds with the initiatives the Federal Minister seeks to implement.

Western Australian Developments

The Building & Construction Industry Training Council is also looking at "fast tracking" certain trades in the building and metals industries with a particular focus on wet trades. This includes bricklaying.

Whilst the levy would financially assist any one or two group training companies in receipt of the funds with the shortened or fast track bricklaying apprenticeships facilitating speedier training, the upshot is there will be no net increase in the numbers of bricklaying apprentices in Western Australia. To the contrary numbers may actually decrease given there will be no training of this type carried out in the regional areas.

New Apprentices.

The submission fails to articulate whether the funds would only be used for new apprentices attracted to the industry. This is a very important point that needs clarification.

Should the levy be directed to one group training company that already has bricklaying apprentices, they would receive a significant edge in the market from the first day of operation of the levy. Given the lack of detail on this point, one has to assume that the funds would be available for all apprentices in a group training scheme that is receiving the levy.

Transfers of apprentices and pressure on other schemes would be immediate and detrimental to their presence in the bricklaying apprenticeship market.

Summary

Skill Hire and the Western Australian Group Training Scheme support the notion of a brick levy for the development of employment and training of bricklaying apprentices.

However, in supporting the levy, there are many issues that can have a huge impact on existing group training schemes and the apprentices they employ at this moment.

Skill Hire and WAGTS contend that:

- The brick levy should be distributed evenly to all group training companies involved in the employment and training of apprentices in this industry sector.
- A new group training company will not achieve results more effectively than the existing network.
- Direction of the funds to selected, existing group training companies, to the exclusion of others will result in significant upheaval in the industry and an exit from the industry of those who cannot compete.
- The brick levy should fund outcomes and not one specific business. It should not matter who does the employing and training of apprentices, rather that there are more apprentices in the industry because of the existence of the levy.
- Apprentices will be suspended from existing group training companies not receiving the levy and they will seek transfers to the group training company in receipt of the funds. (If they stay in the industry after being suspended.)
- Existing host hirers will seek to deal exclusively with the company that has discounted rates. eg: approximately \$242 per week per first year apprentice.
- There should be enough funds available for all existing group training employers to benefit from the fund.
- Skill Hire and the Western Australian Group Scheme, who employ over 43% of all bricklaying apprentices in Western Australia, would have to suspend existing apprentices and exit the bricklaying sector if we are not in receipt of the brick levy

In order to suspend an apprentice, one has to pay a minimum of 10 days downtime, and then place the person on any annual leave that has been accrued before making a submission to The WA Department of Training, requesting the suspension. The suspension may or may not be accepted by the Department and even if accepted, could take another 10-day period. This would add to an additional financial burden to the group schemes affected, which could have a detrimental effect on the viability of these companies.



Frank Allen
CEO
WAGTS



Bob Hodnett
Manager
Skill Hire