



## Australian Government

### Department of Education, Science and Training

Our Ref :  
Your Ref : C2000/1208

Mr Tim Wade  
General Manager  
Adjudications Branch  
Australian Competition & Consumer Commission  
PO Box 1199  
Dickson ACT 2602

Dear Mr Wade

I refer to your letters dated 5 and 10 December 2003 seeking a written submission from the Department of Education, Science and Training regarding the likely public benefits and effects on competition of the Victorian Brick and Blocklaying Training Foundation (VBBTF) application to the Australian Competition & Consumer Commission (ACCC) seeking authorisation to increase their current training levy from \$1.00 per thousand bricks sold to \$2.00 per thousand bricks sold.

I note that the ACCC has agreed to grant interim authorisation to an increase in the training levy to allow due consideration of the merits of the VBBTF application.

The Department agrees with the VBBTF's claims regarding the public benefits which will flow from an increase in the current levy. The Department is unable to comment on whether there might be any detriment to competition and/or the public caused by the levy arrangements. The Department provides the following comments on the levy arrangements.

#### **MERITS OF THE VBBTF APPLICATION**

##### **Industry involvement**

Industry involvement in the collection of the training levy includes the following manufacturing members of the VBBTF:

- 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

The above manufacturing members of the VBBTF are recognised by their industry as leaders in the manufacture of clay and concrete masonry bricks and blocks in Victoria.

The following VBBTF member companies are also the members of the Clay Brick and Paver Association of Victoria (CBPAV) which originally collected the levy on behalf of the industry:

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

### **Other stakeholders**

The following organisations are represented on the VBBTF board as directors but are not involved in the collection of the levy and do not contribute to the funding of the VBBTF:

- Holmesglen Institute of TAFE
- Housing Industry Association (HIA) - Victoria
- Master Builders Association (MBA) of Victoria

The Department believes that it is significant that leading industry employer organisations, the HIA – Victoria and MBA of Victoria, are members of the VBBTF. The involvement of Holmesglen Institute of TAFE is also significant because the building and construction industry has well established links with the education and training programmes provided by Holmesglen.

### **Industry support for the levy**

The Department understands from discussions with the industry that there is wide industry support and commitment for a levy based scheme and manufacturing members of the VBBTF have signed an agreement to collect the levy and make a matching contribution to support the training of bricklaying apprentices. In the past the VBBTF has also funded the payment of incentives to young people to encourage them to complete a pre-apprenticeship course in bricklaying which in turn leads to the commencement of an apprenticeship in the bricklaying trade. It is the Department's understanding that the VBBTF will continue to fund the payment of incentives. The levy has also been used for promotional and marketing activities to encourage more people to take up bricklayer training to address an ongoing skills shortage for bricklayers. The VBBTF has indicated that it will continue to fund these activities.

The levy has also been used to improve the existing training facilities at Holmesglen Institute of TAFE, specifically by developing Holmesglen's Bricklayer Training Centre.

The Department has been advised that commitment to an industry based levy is unchanged and funding for the development of initiatives to increase the take-up of bricklayer training has been allocated in the VBBTF budget.

There is evidence that these initiatives are having a positive effect with evidence of growth in bricklayer training at Holmesglen supplemented by funding being provided for a recently approved pilot for school-based vocational training in bricklaying for students who are completing a Year 12 qualification.

The Department believes the VBBTF initiative in support of bricklayer training are commendable and recognises that they are vital to the success of national initiatives aimed at addressing skills shortages for bricklayers.

## **Skills shortages**

In their publication, Job Outlook 2003, the Department of Employment and Workplace Relations reported strong growth in demand for construction tradespersons, including bricklayers, resulting from recent low interest rates and the First Home Owners Scheme. This has resulted in a broadening of skills shortages for all construction trades with national and state - wide shortages evident for bricklayers in Victoria.

## **COMPATIBILITY WITH AUSTRALIAN GOVERNMENT INITIATIVES**

### **National Industry Skills Initiative**

The Department through the National Industry Skills Initiative has been working with the building and construction industry to help it meet its current and emerging skill needs.

The industry through an industry lead Working Group has already considered and reported on a number of the issues identified by the VBBTF, including the need to attract people, especially young people to work in the industry, improving the industry's image, the retention of skilled workers, recognising the skills of existing workers, offering long term career opportunities, making training more relevant to the industry and ensuring that employers are committed to training and skills development.

A building and construction industry Task Force was subsequently established to implement an action plan to address the above issues. The Department believes that VBBTF's proposals to support bricklayer training are compatible with the Task Force's action plan.

### **Group Training**

Group Training Organisations (GTOs) employ apprentices and trainees, and then place them with host employers, usually small to medium sized enterprises.

The capacity of GTOs to rotate New Apprentices through several host employers has meant that many small and medium sized businesses, otherwise unable to employ a New Apprentice in their own right, are now able to participate in skilling their workforce. This capacity is particularly useful in an industry such as building and construction, where peaks and troughs in business demand, and varying skill needs at different stages of the building process, may make it difficult for a company to employ a New Apprentice of their own. The changing nature of the building and construction workforce, with its increasing use of subcontractors working on specialised aspects of the construction process, is likely to lead to a greater reliance on GTOs for the supply of a skilled workforce.

The Department notes that the VBBTF intends to continue its current support of Group Training Organisations (GTOs) through subsidy arrangements. The Department believes this is an important industry initiative given the unpredictable nature of employment and training in building and construction, particularly for bricklayers. The VBBTF's support will assist many small businesses that find it difficult to commit to employing and training bricklaying apprentices. The VBBTF's proactive approach will help address emerging skill shortages and missed opportunities for the employment and training of young people.

### **Skill Centres**

The Department also notes that the establishment of the Bricklayer Training Centre at Holmesglen is consistent with the current Skill Centre Programme which is funded and managed through the Australian National Training Authority (ANTA). The Holmesglen Bricklayer Training Centre is an example of an industry-based centre which receives industry funding and also meets the Skill Centre Programme's stated outcomes of assisting in the diversification of the training market and improving industry access to training facilities.

## **Group Training New Apprenticeships Targeted Initiatives Programme**

The Group Training New Apprenticeships Targeted Initiatives Programme (TIP) is an Australian Government administered programme to assist GTOs to provide additional New Apprenticeships opportunities in areas that have been identified as critical, challenging and under serviced. The programme is specifically designed to target areas with identified national skills shortages and support industry skills development initiatives.

The Department anticipates that approximately 3,000 additional New Apprenticeships outcomes will be generated by projects targeting skills shortages, including in the building and construction industry.

The VBBTF's training strategy, built around an industry funded training levy, is a good example of an industry adopting a proactive approach to the provision of education and training opportunities designed to target an area with identified national and state-wide skills shortages.

### **BUILDING AND CONSTRUCTION INDUSTRY TRAINING LEVIES**

Training levies which support a broad range of training needs are well established in the building and construction industry and are generally well received by all stakeholders. The VBBTF manufacturing members training levy is similar to training levies operating elsewhere in the building and construction industry. These levies are generally used to support a range of industry training initiatives, including:

- apprenticeships and other forms of entry level training;
- additional training to upgrade the skills of those already working in the industry;
- training to meet occupational safety and health requirements;
- recognition of prior learning and/or recognition of current competencies for the purposes of employment in the industry;
- improving the consistency and quality of training; and
- the accreditation of training packages relevant to the industry.

For some background information about the operation and role of industry funded training levies visit [http://www.bcitf.org/link\\_funds.htm](http://www.bcitf.org/link_funds.htm).

The Department encourages industry to take action to address its skills development needs and believes that the VBBTF's training levy initiative is a good example of an industry collectively contributing to an agreed strategy to address identified national and state-wide skills shortages for bricklayers.

Yours sincerely

Signed

Mary Johnston  
A/g Group Manager  
Vocational Education and Training Group

15 January 2004

## **Some background information on the VBBTF – for information only**

The VBBTF has implemented a scheme where it provides wages support to host employers through a network of existing Group Training Organisations (GTOs), including building industry GTOs supported by the HIA and MBA, assisting host employers with the cost of employing and training apprentices and trainees. The VBBTF has advised the Department that this support has led to an addition of 14 apprentices currently undertaking bricklayer training in the first five months of operation of the scheme.

The VBBTF estimate that the levy will raise \$0.45 million - \$1.6 million per annum and from the period July - October 2003 was estimated to have raised over \$262,000 of an annual estimate of nearly \$800,000. The VBBTF are confident that the increase in the levy will enable funding of ongoing employment and training of apprentices to continue when sales volumes are lower because of a predicted down turn in the housing market.

The VBBTF identifies the following factors for consideration by the ACCC when it is considering their request:

- Cessation 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 commenced pre-apprenticeship courses in an anticipation of the payment of incentives through the VBBTF.
- The VBBTF advise that 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 skills shortages of bricklayers have been well received 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.

Since 1 July 2003 there has been an increase in the number of apprentice bricklayers in training (21 indentured with a net increase of 14) through Group Training Companies due to the wages support the VBBTF provides to host employers. The VBBTF reports that there has been greater interest in pre-apprenticeship courses in bricklaying following information and promotion nights throughout Victoria. The VBBTF believe continued promotion of the bricklaying trade and support for employment and training will increase the numbers of people into bricklaying training and help address skills shortage in bricklaying.

The VBBTF claims that 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; and
- A reduction in construction completion times due to the shortage of bricklayers.

The VBBTF was formed to address skills shortages for 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; and
- 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 available for people who complete the pre-apprenticeship course and start an apprenticeship.
- Achieve better monitoring, training and ownership of the apprentices by subsidising 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 by building industry group training schemes by subsidising 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.