



Australian Government

Department of Education, Science and Training

Our Ref :
Your Ref : PRISM 188820

The General Manager
Adjudications Branch
Australian Competition & Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Sir/Madam

I refer to Ms Stephanie Chenoweth's letter, dated 23 December 2003, seeking a written submission from the Department regarding the likely public benefits and effects on competition of the Clay Brick and Paver Institute (CBPI) application, for itself and on behalf of the Concrete Masonry Association of Australia (CMAA), to the Australian Competition and Consumer Commission (ACCC) seeking authorisation to increase their industry based training levy from \$1.00 per thousand bricks sold to \$2.00 per thousand bricks sold.

The Department understands that the application proposes the collection of a common levy from CBPI and CMAA members and other voluntary participating non-members to fund an industry based training initiative. The stated aim of the initiative is to increase the number of training and employment opportunities for apprentice bricklayers and assist the industry to overcome identified skills shortages for bricklayers in New South Wales, Queensland, South Australia and Western Australia.

The Department agrees with the CBPI claims regarding the public benefits which will flow from a training 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 proposed levy arrangements.

MERITS OF THE CBPI APPLICATION

Industry involvement

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

- The Austral Brick Company Pty Ltd in New South Wales & Queensland
- Bristle Limited in Western Australia
- Boral Bricks Pty Limited in New South Wales, Queensland and Western Australia
- CSR Building Products Limited in New South Wales, Queensland and South Australia

The following members of the CBPI operate plants in New South Wales and will also be involved in the collection of the levy:

- AJ Baker (Wingham) Pty Limited
- Bulli Brick & Tile Co. Pty Limited
- Glen Innes Brickworks
- Willis Bricks (Wagga) Pty Ltd

In addition the following members of the CMAA have agreed to collect the levy:

New South Wales

- Baines Masonary Block Pty Ltd
- Boral Masonry NSW
- C and M Rocla
- Coffs Harbour Concrete Block & Brick
- Cowra Concrete Products
- Master Masonry
- Narrabri Block & Paving Centre
- Paveloc Industries Pty Ltd
- Rivcrete Brick & Block Pty Ltd

Queensland

- Boral Masonry Qld
- GB Masonry
- Gympie Blockworks
- Pioneer Building Products
- Scott Brickworks Townsville

South Australia

- Best Masonry Bricks & Pavers Pty Ltd
- Boral Hollostone Masonry (SA) Pty Ltd
- C&M Rocla
- Tudor Pavers Pty Ltd

Western Australia

- BGC Blokpave
- Boral Masonry WA
- Modular Masonry (WA) Pty Ltd

The above manufacturing members of the CMAA are also recognised by their industry as significant manufactures of clay and concrete masonry bricks and blocks.

Industry support for the levy

The Department notes that the CBPI has suggested that the ACCC consult with the Housing Industry Association (HIA) and Master Builders Australia (MBA) to ascertain their support for the training levy. The HIA and MBA are the major national representative bodies for building and construction industry employers. The Department can confirm that the builder members of the HIA and MBA are major employers of apprentice bricklayers and are supportive of the training levy.

The Department believes, following discussions with industry representatives, that there is wide industry support and commitment for a levy based scheme and manufacturing members of the CBPI and CMAA have agreed to collect the levy and make a matching contribution.

In the past the CBPI has funded the training of apprentice bricklayers in New South Wales at the Brick Industry Group Training Company. The Brick Industry Group Training Company currently employs 165 apprentices who are mainly placed with host employers in the housing industry sector. These employers are generally small to medium enterprises operating as small contracting teams and would otherwise be unable to employ an apprentice full-time.

The Department believes the collection of the levy has had a positive effect on the growth in bricklayer training and notes that the CBPI envisages that similar arrangements for apprentice bricklayer training will be established in Queensland, South Australia and Western Australia. The Department notes that the CBPI envisages the use of established group training companies to deliver the training.

The Department believes the CBPI initiative is commendable and recognises that it is 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 all states and territories.

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 in the CBPI application. This includes the need to attract people, especially young people, to work in the industry as a first step towards addressing a broadening of skills shortages in the building and construction trades.

A building and construction industry Task Force was subsequently established to implement an action plan to address the industry's skills needs. The Department believes that the CBPI proposal to support bricklayer training is 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 from small to medium sized enterprises.

The capacity of GTOs to rotate apprentices through several host employers has meant that many small and medium sized businesses, otherwise unable to employ an apprentice in their own right, are now able to participate in developing the skills of their industry's 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 an apprentice on 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 skilled workers.

The Department notes that the CBPI intends to continue its support for the employment of apprentice bricklayers by the Brick Industry Group Training Company, a New South Wales based GTO, through the payment of a wages subsidy to their host employers. The CBPI envisages the introduction of similar arrangements in Queensland, South Australia and Western Australia.

The Department believes this is an important industry initiative given the unpredictable nature of employment and training in the housing industry sector of the building and construction industry, particularly for bricklayers. The CBPI's support will assist many small to medium enterprises that find it difficult to commit to the employment and training of apprentice bricklayers.

The CBPI initiative will help address emerging skill shortages as well as missed opportunities for the employment and training of young people in the housing industry sector of the building and construction industry.

Skill Centres

The Department also notes that the establishment and operation of the Brick Industry Group Training Company is consistent with the current Skill Centre Programme which is funded and managed through the Australian National Training Authority (ANTA). The Brick Industry Group Training Company is an example of an industry-based centre which receives industry funding and also meets the Skill Centre Programme's stated outcome 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 training 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 apprenticeships and traineeships will be generated by TIP projects targeting skills shortages, including in the building and construction industry.

The CBPI'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 and is 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 and skills development needs are well established in the building and construction industry and are generally well received by all stakeholders. The CBPI 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

The Department encourages industry to take action to address its skills development needs and believes that the CBPI'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