

Australian  
Master  
Bricklayers  
Association  
Incorporated

# **SUBMISSION**

## **Application for Revocation of A90738 and its Substitution by A90887**

**Lodged by**

**The Victoria Brick and Blocklaying Training Foundation Ltd for  
itself and on behalf of the Clay Brick and Paver Association of  
Victoria**

An agreement between VBBTF and CBPAV members to increase the  
current training levy on the sale of clay brick and pavers sold in Victoria

**Dated 28<sup>th</sup> July 2004**

**BACKGROUND:**

**Australian Master Bricklayers Association Inc.:**

The Australian Master Bricklayers Association Inc. (AMBA) is an industry based organization set up by bricklayers for bricklayers who have identified various issues that need to be addressed within their industry one of which is the critical shortage of bricklaying apprentices. AMBA is also a representative body for all bricklayers in Victoria. A primary focus of our organization is to promote and encourage new bricklaying apprenticeships in Victoria.

AMBA members are engaged in both the housing and commercial sectors but predominately the housing sector.

**Re: Authorisation A90738 and its proposed Substitution by A90887:**

AMBA members disagree with the submission provided by the applicants.

AMBA is 100% in favour of any levy that is used *effectively and fairly* in the promotion and creation of new bricklaying apprenticeships in the State of Victoria. However there have been concerns amongst members who are contributors to the levy and employers of apprentices that because of its exclusivity it is not a fair and equitable scheme. It is disappointing to say the least than any initiative to address the critical shortage of bricklaying apprentices would be to the exclusion of the employers who account for 90% of total employment of bricklaying apprentices on a direct employment basis.

It is worth noting and as stated in documentation by the Commission the increase in training numbers as a result of the scheme to date have been slight. Group Training Companies have only increased the number of apprentices by 14 since the introduction of the scheme whereas in the same period of time 120 + apprentices were employed direct without any support from this scheme. Imagine what could be achieved if those employers were provided with some funding. If some financial support could be given to employers who employ apprentices direct it will be then and only then that the numbers of apprentices in the bricklaying industry will increased.

Group training companies were employing on average 20 to 30 apprentices per year before the scheme was introduced and funding made available to them from the VBBTF. Therefore our members are of the view that funding Group Training Companies has not had a great impact on increasing the bricklayers numbers.

The cost of employing an apprentice through a GTC is up to \$1600.00 per month more expensive compared with employing direct, based on the State Award supplied by the Australian Industrial Relation Commission on the 7<sup>th</sup> July 2004.

While we are loathe to use the term 'discriminated against' this seems to be the most appropriate way to describe the treatment employers of bricklaying apprentices who do not use GTC are being treated by the VBBTF. Therefore it is difficult for our Organisation to comprehend any initiative to address the critical shortage of bricklayers in our industry while denying our members access to funding the main employers of bricklaying apprentices.

AMBA is seeking responses to the questions listed below relation to this scheme:

1. If the approach is used by the VBBTF to advancing the number of apprentice Bricklayers in Victoria and similar schemes throughout Australia then why do we have a critical shortage in all States where these schemes have been operating for many years?
2. How much money is being collected by the levy?  
**The AMBA & NFBMEA could Guarantee there would be an extra apprentice for every \$ 5,000. Collected.**
3. How many extra apprentices have been employed through VBBTF scheme?
4. Why are we discriminated against because we employ direct?
5. Why is Holmesglen TAFE College receiving funding when it is a Government funded Institution? And by how much?

[The Australian Industrial Relations Commission has published a statement which outlines the scope of the state awards referred to in this order: see Print P3249.] Cottage Industry

Year	% of Level 7	Hourly \$	Weekly \$
1st 3 months	37.4	5.33	202.54
Next 9 months	47.4	6.76	256.88
2nd year	66.2	9.44	358.72
3rd year	85.9	12.25	465.50

- 10 Days per year - public holidays.
- 20 Days Annual Leave.
- 8 Days sick Leave. ( first year apprentice 1.Day for every six weeks to a maximum of 8Days) then each year after 8Days per year from the 1<sup>st</sup> January.
- 32 hours in any calendar month for inclement weather.
- Supperanuation contribution 9%
- Registered with Co-Invest Long service.
- Registered with Workcover

A pay slip must supply information on hourly rate, gross pay, net pay, tax contribution and supper contribution.

The calculations are taken on the first 12 months of the full \$ 256.88 per week  
 1<sup>st</sup> year Apprentice wage including 9% Supperanuation

\$ 14,841.96 per year if implementing the first 3 months at a lower rate - \$652.08  
 \$ 285.43 per week  
 \$ 7.51 per hour

2<sup>nd</sup> year Apprentice wage including 9% Supperanuation

\$ 20,726.50 per year  
 \$ 398.58 per week  
 \$ 10.49 per hour

3<sup>rd</sup> year Apprentice wage including 9% Supperanuation

\$ 26,895.56 per year  
 \$ 517.23 per week  
 \$ 13.62 per hour

The following table is based on 52 weeks per year;

Year	Rate Per Hour	Per Week	Tax Deducted	Gross	Super
1 <sup>st</sup>	\$ 6.76	\$ 256.88	\$ 25.00	\$ 231.88	\$ 28.50
2 <sup>nd</sup>	\$ 9.44	\$ 358.72	\$ 48.00	\$ 310.72	\$ 39.86
3 <sup>rd</sup>	\$ 12.25	\$ 465.50	\$ 74.00	\$ 391.50	\$ 51.73

**Employing Direct**

Working on 36 weeks per year for 3 years on site:

- 8 weeks Trade school
- 4 weeks Annual Leave
- 2 weeks public holidays
- 2 weeks inclement weather

1<sup>st</sup> year \$9.00 per hour ..... \$ 342.00 per week

2<sup>nd</sup> year \$12.24 per hour ..... \$ 465.12 per week

3<sup>rd</sup> year \$15.89 per hour ..... \$ 603.82 per week

\$ 5500 government Incentives have been factored in to these rates.

**Note:** further reductions will apply if a pre apprenticeship course has been undertaken.

Up to \$4137.84 can be deducted for an 8 week pre-apprenticeship  
 With 3 months taken off their time ..... 2years and 9 month apprenticeship

Up to \$7254.48 can be deducted for a 16 week pre-apprenticeship  
 With 6 months taken off their time ..... 2 years and 6 month apprenticeship

If the Apprentice has undertaken an 8 week pre apprenticeship

Total third year wage would be \$20,171.67

If the apprentice has undertaken a 16 week pre apprenticeship

Total third year wage would be \$13,447.78

The \$5500 Government incentive has been factored in to 156 weeks \$35.26 per week  
 8 week pre app 144 weeks \$ 38.20 per week + factor of \$ 2.94 per week  
 16 week pre app 130 weeks \$ 42.30 per week + factor of \$ 8.04 per week

The only Government department that would give me answer to the awards above was the  
 The Australian Industrial Relations Commission also added that an apprentice could not be  
 stood down for any reason however under special circumstances (hardship) the apprentice can  
 have his apprenticeship suspended.

**GROUP TRAINING COMPANY RATES supplied by a Melbourne based GTC on the 23<sup>rd</sup> July 2004**

*Based on 36 weeks on site:*

\$5500.00 Government Incentive included	With the VBBTF incentives Included	
<b>1<sup>st</sup> Year Bricklaying Apprentice</b>		
\$ 14.50 + GST = \$ 15.95 per hour	\$ 12.65 + GST = \$ 13.92 per hour	
\$ 606.10 per week	\$ 528.96 per week	
\$ 2424.40 per month	\$ 2115.84 per month	
<b>2<sup>nd</sup> Year Bricklaying Apprentice</b>		
\$ 19.40 + GST = \$ 21.34 per hour	\$ 17.70 + GST = \$ 19.47 per hour	
\$ 810.92 per week	\$ 737.86 per week	
\$ 32243.68 per month	\$ 2959.44 per month	
<b>3<sup>rd</sup> Year Bricklaying Apprentice</b>		
\$ 23.78 + GST = \$ 26.16 per hour	\$ 22.55 + GST = \$ 24.80 per hour	
\$ 994.08 per week	\$ 942.40 per week	
\$ 3976.32 per month	\$ 3769.60 per month	
<b>Employing Direct</b>	<b>Employing through GTC</b>	<b>Extra per month</b>
1 <sup>st</sup> Year \$1368.00 per month	1 <sup>st</sup> Year \$ 2115.84 per month	\$747.84
2 <sup>nd</sup> Year \$ 1860.48 per month	2 <sup>nd</sup> Year \$ 2959.44 per month	\$1098.96
3 <sup>rd</sup> Year \$ 2415.28 per month	3 <sup>rd</sup> Year \$ 3769.60 per month	\$1354.32

Note: The extra cost over and above employing direct incorporates the VBBTF incentives.

The following formula is based on a 1 year working calendar for a team of bricklayers, plus labourer:

	Days
Days in the year	365 per person
	<u>104</u> - Saturdays and Sundays
=	261
	10 - Public Holidays
=	251
	20 - Annual Leave Per person
=	231
	10 - 5 days wet 5 heat
=	221
	5 - Sick
=	216

Actual Working 216 Days for 1 year 1st January to 31<sup>st</sup> December.

216 working days to make your wages for 52 weeks for 1 person  
Profit has not been added in this equation

#### FOR THIS EXERCISE 3 BRICKLAYERS AND 1 LABOURER

\$ 180.00 per day X 4 men = \$ 720.00 per day X 5 days per week = \$ 3,600.00 per week

\$ 3,600.00 X 52 weeks per year = \$ 187,200.00 Total gross wages

\$ 187,200.00 ÷ 216 actual working days = \$ 866.66 per day

An average of 400 bricks per day per bricklayer = 1200 bricks laid per day

\$ 722.22 per thousand rate to cover wages

Wages of \$180.00 per day X 5 days = \$ 900.00 per week

Take away Tax obligations with threshold of \$259.25

= \$ 640.75 net per week per man

#### CHARGE OUT RATE : WAGES ONLY

\$ 866.66 per day for 4 men = \$ 216.66 per man per day.

\$216.66 ÷ 8 hours = \$27.08 per hour + 10% GST = \$ 29.78 per hour

Wages only + Obligations of \$ 6.36 per hour = \$ 36.14 per hour

CHARGE OUT RATE TO COVER ALL EXPENSES \$ 41.00 p/h

**FOR THIS EXERCISE 2 BRICKLAYERS AND 1 LABOURER**

\$ 180.00 per day X 3 men = \$ 540.00 per day X 5 days per week = \$ 2,700.00 per week

\$ 2,700.00 X 52 weeks per year = \$ 140,400.00 Total gross wages

\$ 140,400.00 ÷ 216 actual working days = \$ 650.00 per day

An average of 400 bricks per day per bricklayer = 800 bricks laid per day

\$ 810.25 per thousand rate to cover wages

Wages of \$180.00 per day X 5 days = \$ 900.00 per week

Tax obligations with threshold on \$900.00 is \$259.25 per week = \$ 640.75 net per week per man

**CHARGE OUT RATE : WAGES ONLY**

\$ 650.00 per day for 3 men = \$ 216.66 per man per day.

\$216.66 ÷ 8 hours = \$27.08 per hour + 10% GST = \$ 29.78 per hour

Wages only + Obligations of \$ 6.36 per hour = \$ 36.14 per hour per man.

**OBLIGATIONS**

Public Liability Insurance \$ 3000.00 ÷ Bricks laid 216 days.....	\$ 11.60 per thousand
Co-Invest .....	\$ 10.00 per thousand
Superannuation \$78.75 per man per week.....	.\$ 63.20 per thousand
Income protection.....	\$ 11.75 per thousand
Workcare 8.5% of wages .....	\$ 41.40 per thousand
20% Profit.....	\$ 36.13 per thousand
<b>TOTAL OF OBLIGATIONS.....</b>	<b>\$174.08 per thousand</b>

3 Bricklayers 1 Labourer \$722.22 + \$174.08 = \$ 896.30 per thou  
+ 10%GST of \$ 89.63 = **\$984.93 per thousand**

2 Bricklayers 1 Labourer \$810.22 + \$174.08 = \$ 984.30 per thou  
+ 10%GST of \$ 98.43 = **\$1082.46 per thousand**

If supplying Sand Cement and Lime...add.....\$ 72.00 per thousand

**NOTE:** The above formula is based on a wage of \$ 46,800 per year gross per man  
+ 20% profit = \$ 9360.00  
**Total \$ 56,160.00 less tax \$ 17,893.20 = \$ 38,266.80 net. The ongoing cost and replacement of tools, equipment, maintained vehicles and fuel is also a valid and sustainable justification when costing**

The National Federation of Bricklayers & Masonry Employers Association (NFBMEA) who spend millions of dollars on purchasing bricks and blocks per year are in the same predicament as our members i.e. unable to access funding through the scheme. They employ 120 apprentices. Mr. Don Mackenzie Secretary of the NFBMEA, has an apprentice representing Australia in the upcoming World Skills Competition.

The Australian Master Bricklayers Association Inc and The National Federation of Bricklayers & Masonry Employers Association are commitment to the industry.

Whilst Builder in the State of Victoria are offering an average rate of \$750.00 per thousand to bricklaying contractors then one can understand why the 90% of those contractors are unable to employ apprentices through a GTC as it makes it far too expensive.

It is the opinion and expressed view of our members that employing through GTC will not lift the number of apprentices in Victoria and definitely not lift the standards. Therefore the funding must be made available to all employers not just a select few.

In light of the above AMBA formally requests that the Commission holds a pre-determination conference regarding this matter.



**AMBA's Comments/Responses to Draft Determination;**

**Re: Application for Revocation of A90738 and its Substitution by A90887  
Lodged by Th Victoria Brick and Blocklaying Taining Foundation Ltd for itself  
and on behalf of the Clay Brick and Paver Association of Victoria**

1. In response to the introduction;  
AMBA does not support the scheme as it does not support the bricklaying industry as a whole and believes that any initiatives to progress any area of the industry should include and provide opportunities for all bricklayers and employers of apprentices and not just the select few.
2. In response to item 2.10;  
AMBA refutes the content of this item based on information available to us. The housing sector employs a vast majority of bricklaying apprentices.
3. In response to 2.11;  
Identified by AMBA and one of the main areas of the industry requiring attention. AMBA sights compulsory registration/licensing of the bricklaying industry as a key to achieving the best outcome in this area, as it would give relevance to the term qualification within our industry.
4. In response to 2.14;(dot point 5, 6 and 7)
  - Employing a qualified bricklayer is less expensive than employing a 3<sup>rd</sup> year apprentice through a Group Training Company (GTC cost \$26.50 p/h)
  - Not true
  - Not necessarily so.
5. In response to 2.15;  
This is not true or accurate and the reasons are overstated.
6. In response to 2.17;  
Not true - there is evidence of some host employers using apprentices as laborers, and thereafter being stood down as GTC are unable to place them. In some cases the GTC process lacks consistency for apprentices.
7. In response to 2.18;  
The scheme is not likely to have a great impact if it does not apply the initiative to the whole of the industry.
8. In response to 2.22;  
The objective of the scheme may not be achieved if it does not apply the initiative to the whole of the industry.
9. In response to 3.8;  
This could be achieved if all employers of bricklaying apprentices were able to access the funding.
10. In response to 3.10;  
While the applicants may believe they consulted with industry prior to deciding on the most appropriate way to implement the authorised agreements the general feeling amongst members of AMBA is that their views and the opinions expressed during a meeting in Ballarat with the applicants have no been considered.

11. In response to 3.28;  
AMBA considers that the extra subsidy for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year apprentices provided by VBBTF is not having any impact on the number of bricklaying apprentices in Victoria because of the requirement that they must go through a GTC. Based on information available to us GTC were employing on an average 17 bricklaying apprentices per year before the applicants scheme commenced.
12. In response to 3.30;  
“The subsidy only applies to apprentices who have not been directly employed by a bricklayer....” how can the applicants scheme be deemed as a genuine attempt to address the skill shortages in our industry when it excludes bricklayers who employ apprentices direct?
13. In response to 3.35;  
AMBA suggest that the focus of the applicants should be on the industry as a whole.
14. In response to 3.41;  
If our members were able to access the funding available through the applicants’ scheme they too could increase bricklaying apprenticeship numbers.
15. In response to 5.9;  
AMBA believes that the success of the scheme could be realised if a practical approach was applied and subsidy was made available to all of our members.

**Conclusion:**

AMBA believes the success of this scheme cannot be realised considering the applicants current approach and its alienation of bricklayers who employ apprentices direct.

AMBA formally requests that the Commission hold a pre-determination conference, as there are other issues they wish to express regarding this issue.