

Master Builders Australia

Submission to the Australian Competition and Consumer Commission

on

*Draft Determination dated 5 June 2014 – Australian Brick and
Blocklaying Training Foundation & Ors Application for authorisation
A91418*

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1 Introduction

- 1.1 Master Builders Australia is the nation's peak building and construction industry association which was federated on a national basis in 1890. Master Builders Australia's members are the Master Builder state and territory Associations. Over 124 years the movement has grown to over 32,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association that represents all three sectors, residential, commercial and engineering construction.
- 1.2 The building and construction industry is a major driver of the Australian economy and makes a major contribution to the generation of wealth and the welfare of the community, particularly through the provision of shelter. At the same time, the wellbeing of the building and construction industry is closely linked to the general state of the domestic economy.

2 Purpose of Submission

- 2.1 In the Draft Determination dated 5 June 2014 the Australian Competition and Consumer Commission (ACCC) proposes to re-authorise the Australian Brick and Blocklaying Training Foundation (ABBTF), Think Brick Australia and the Concrete Masonry Association of Australia and their members to impose a levy of up to \$2 per 1,000 clay bricks and 10 cents per square metre on concrete masonry walling products, and for members of Think Brick Australia and the Concrete Masonry Association of Australia to agree to match the levy. The funds will be used for programs to address the skill shortage in bricklaying. The ACCC proposes to grant authorisation for a further 10 years.
- 2.2 The ACCC has sought a submission from interested parties before making its decision final and this submission is Master Builders' response to the Draft Determination. It follows on from our comprehensive submission dated 8 May 2014 at the consultation stage of the application for authorisation.

3 Support for the Work of the ABBTF

- 3.1 Whilst Master Builders expressed a number of concerns about the terms of the application for authorisation lodged by ABBTF in our submission dated 8 May 2014, Master Builders expressed support for the work of the ABBTF, a

matter we reiterate at the outset of this submission. Indeed, when the Commonwealth Government recently increased the building trade categories eligible for skilled migration to Australia, inclusive of bricklayers, Master Builders welcomed this move, saying:

People coming on skilled visas respond to longer term structural demand in the economy. They are also more likely to be mature tradespeople interested in establishing businesses that train and employ young Australians.

Prior to 2012, around 200 bricklayers a year came under the skilled independent migration scheme, with many going on to be leaders of the industry.¹

- 3.2 Master Builders supports the granting of the application for authorisation and supports the terms of the Draft Determination, given that supplementary materials lodged by the ABBTF² have assuaged the concerns Master Builders expressed in the submission dated 8 May 2014, subject to the comments below.

4 Registered Training Organisations (RTOs) and Ongoing Funding

- 4.1 At paragraph 19 of the Draft Determination the ACCC notes Master Builders' concerns regarding ABBTF's association with the RTO Bricklayer Training Australia (BTA). Master Builders notes that, as recorded at paragraph 17 of the Draft Determination, the ABBTF Board has decided to cease this association, after which time BTA will no longer be a controlled entity of ABBTF. Master Builders commends the ABBTF for taking this step. As noted by the ACCC at paragraph 19 of the Draft Determination, where ABBTF funding is allocated to training organisations based on objective criteria and assistance to the BTA, along with other RTOs, is provided on commercial terms, this is unlikely to damage competition between training service providers.
- 4.2 Master Builders believes that the ABBTF practice of allocating funds to a wide range of TAFEs and RTOs to run various programs should continue, but in light of the discussions around BTA, there is scope to increase the

¹ [More Scope for Skilled Migration Welcome](#) Master Builders media release dated 7 June 2014

² See <http://registers.accc.gov.au/content/index.phtml/itemId/1170383/fromItemId/278039/display/submission>

transparency of how such funds are allocated. Similarly, Master Builders believes that the eligibility and conditions under which subsidy payments are made to employers and group training companies could also be more transparent. For example, at paragraph 6 of its supplementary material dated 9 May 2014, the ABBTF indicates that all group training companies which receive funding from ABBTF do so under a contractual agreement to pass the funds to host employers and that the subsidy in effect reduces the charge-out rate which would otherwise be payable. ABBTF also notes that a pro forma agreement is signed by all participating companies. This pro forma agreement should be available to all stakeholders and the public on the ABBTF website.

5 Conclusion

- 5.1 On the basis of the supplementary material provided by ABBTF and taking into account the matters set out in section 4 of this submission, Master Builders believes that the application for authorisation should be granted in the terms expressed in the Draft Determination.
- 5.2 Master Builders will continue to support the work of the ABBTF.
