



INFORMATION SHEET

INSERT SERVICE AREA

HIA Election Policy Imperatives – Part 2

Part two in the series of state election policy imperatives will look at how government can assist in training for a skilled future.

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Policy Imperative #5

EQUITABLE SUPPORT FOR CONSTRUCTION SKILLS

Reform the Construction Industry Training Fund Levy to ensure the resource sector provides a fair contribution to support construction industry skills

The decline in recent years in the number of apprentices in training for building trades is a major concern for the building industry and the Western Australian economy generally. Additional funding is required to ensure the ongoing upskilling of all construction industry members is maintained.

The current exemption for engineering projects by the Mining and Resource Industry from contributing to the Construction Industry Training Fund Levy is unfair and inequitable. The resource sector 'borrows' many skilled tradespeople from the construction sector during boom periods and many do not return to the sector in times of a downturn. This places pressure on training for new entrants to the construction industry, including residential building.

Withdrawing the current exemption that applies to engineering construction projects in the resource sector and applying a tiered levy based on project value, which can be capped, would ensure that the resource industry makes a responsible contribution to the training of the workers it employs and support the ongoing development of the construction industry in Western Australia.

Policy Imperative #6

IMPROVE INCENTIVES FOR APPRENTICES

Provide incentives to support ongoing apprenticeships in residential building through:

- **exemptions for employers' workers compensation premiums, and**
- **subsidised work related vehicle registration charges**

An apprentice is a worker under training and their productivity will inherently be lower than that of a fully trained and experienced worker. Employers who take on apprentices provide a significant level of support for the housing industry and supplement government and private training schemes with much needed mentoring and 'hands on' training for young workers. Much of this training is provided with little return to the business in the short term, but generates a long term benefit for the housing industry and hence the broader economy.

Apprenticeship policies need to provide appropriate incentives for small businesses to consider the employment of an apprentice and counteract the lower productivity.

Exempting the wages of apprentices from an employers' workers compensation premium calculation would provide support to businesses taking on apprentices.

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Direct support for apprentices should also be provided. Reducing the 12-month car registration and Transport Accident Charge renewal fee by 50% would help trade apprentices using their car for work to meet their cost of living whilst on apprentice wages. This is an incentive that comes at relatively little cost to government but would be a significant incentive for attracting apprentices to the industry.

Policy Imperative #7

SUPPORTING GROUP TRAINING ORGANISATIONS

Increase funding for group training organisations in building and construction

Group training organisations (GTOs) play an important role in the residential building industry providing an essential source of workforce development and training.

The model provides flexibility for both the apprentice and the employer by providing mentoring support and exposing an apprentice to a diversity of work opportunities. These organisations offer apprentices a safety net with a network of host trainers available to ensure they experience limited gap periods throughout their apprenticeship. However the cost base is higher than for businesses with directly indentured apprentices due to the mentoring and the human resource support systems that are in place.

Existing funding and incentives for group training organisations is very limited and in recent years there has been a reduction in Commonwealth support which has significantly impacted on the viability of the GTO training model for apprentices.

The building and construction industry relies heavily on GTO schemes in Western Australia. Therefore support for the ongoing operation of GTOs in Western Australia as a viable training option is needed.

Policy Imperative #8

TRAINING FUNDING IN THE VET SECTOR

Industry Registered Training Organisations (RTOs) must be given preference for funding for industry specific training programs

HIA supports a Vocational Education and Training (VET) funding framework that places a high priority on industries that rely on VET qualifications as a means of verifying critical skills and competencies for business and occupational licensing prerequisites.

There are many industry led RTOs operating in Western Australia that offer a range of high quality training and education services. These organisations are underpinned by specific knowledge and expertise in the operation and functions of their relevant industry sector and are motivated by providing their industry with the skills they need to succeed. They are able to provide high quality training courses with industry expert trainers at a competitive rate.

A successful funding framework for vocational education and training must be based on an open and competitive market place that treats all training providers the same way regardless of public or private ownership. An open and competitive market allows the user a choice of the course and training provider, without limiting their access to Government funding. In simple terms, the funding is attached to the student rather than the Registered Training Organisation (RTO).

Policy Imperative #9

SUPPORTING ADULT APPRENTICES

Implement targeted incentives for businesses that take on adult apprentices

Under the building and construction modern awards, there is a significant financial difference for businesses taking on adult apprentices, aged 21 years or older.

An adult apprentice is paid the full adult labourer rate, whilst younger apprentices are paid a percentage of the relevant tradesperson rate. Generally, the cost of taking on a 1st year adult apprentice is twice the equivalent cost of taking on an apprentice aged under 21. Throughout the life of the apprenticeship the difference in wages to an employer could be greater than \$30,000.

Whilst there have been some modest federal government measures to subsidise the employment of apprentices aged 25 and over, no equivalent subsidy is in place for workers aged between 21 and 25. Workers in this age group represent a cohort that brings job readiness and life and work experience, but for wage reasons they are simply uncompetitive under the current employment arrangements.

Targeted subsidies or incentive payments for businesses choosing to take on adult apprentices aged 21 and over should be introduced, particularly in the first and second years when the wage gap is greatest.