



Training Levies

Policy Background

- The Training Guarantee (Administration) Act 1990 provided for the Australian Guarantee Scheme. The scheme required organisations with an annual national payroll above a prescribed level to spend at least a minimum percentage of that payroll on structured training activities, or else pay the shortfall amount to the ATO. The scheme was suspended from 1 July 1994 until 30 June 1996 and formally ended on 1 July 1996.
- An evaluation carried out suggested that there were a number of shortcomings of the scheme that impeded its ability to improve industry training.
- State based Industry Training Levies were proposed as an alternative and now exist in Western Australia, South Australia, Tasmania and the ACT. Queensland does not have a training levy, but does have training funds through an allocation of money from the Portable Long Service Leave fund.
- The collection of training levies varies across the states with money generally being collected at the time of building approval and paid by the client.
- Membership of governing boards are generally very broad and include employee as well as employer representation.
- Distribution of levy funding is a concern, particularly, where there is no separation of the collection or proportionate disbursement of levy funds to industry sectors required to make contributions to the schemes.

Policy Issues

- The primary argument by industry against any type of levy is that levies are essentially another form of taxation. With increasing mandatory requirements being imposed by all levels of government and their reluctance to fund them from tax revenue, there is a fear from industry that levies will be used to fund new (and potentially ad hoc) programs, including within areas for industry training.
- However, the housing industry recognises and supports the benefits of ongoing training and professional development for people operating with the residential building industry.
- Housing and residential construction is an identifiable sector of the building and construction industry, accounting for in excess of 50 per cent of the total value of work carried out. Given the significance of the sector and the funds collected from the sector where a training levy exists, it is considered reasonable that the housing and residential building industry should be allocated the same proportion of funding expenditure they contribute.
- There are a number of governance models utilised to operate training levies in the States and Territories where they are in place. HIA supports a model where it is involved in the management of the existing training levy schemes where these have been established. This is important so as to achieve outcomes that benefit the housing industry and the members who have contributed the funds.

- Governance of training levies does not currently ensure that those industry's making contributions have a direct voice and role in the provision of strategic training advice and policy development.

HIA's Policy Position on Training Levies

1. HIA shall continue to support the need for training in the housing industry - both entry level training and ongoing professional development.
2. HIA shall not oppose training levies and will work positively and co-operatively with Governments and levy bodies provided that:
 - a) governance structures are effective and provide the best outcome to address training needs for the housing industry;
 - b) the housing industry is recognised within the structure of levy bodies with housing specific advisory committees informing the applicable state or territory levy body of the most appropriate disbursements of funds within the industry;
 - c) HIA is represented at levy board and housing specific advisory committee level in both a participant and a leadership capacity so as to ensure positive training outcomes for HIA members, subcontractors and independent small businesses in the housing industry;
 - d) funds expended for training in the housing industry are in proportion with the funds raised by the industry;
 - e) businesses shall be exempt from the training levy where a comparable sum of contribution is directed to accredited entry-level training;
 - f) funding is made available to entry level training as the highest priority, to meet long term industry needs and benefit the industry as a whole (including subsidising the cost to group training organisations of providing 1st and 2nd year apprentices);
 - g) the proportion of levies spent on administration is minimised; and
 - h) training levy administrators are not involved in training delivery but in ensuring the training levies are spent in an accountable and transparent way.
3. In States and Territories where no levy exists, HIA will work to promote industry investment in training and professional development.