

PRIORITY START POLICY

EFFECTIVE: 1 APRIL 2019

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1 POLICY STATEMENT

The Western Australian State Government is committed to developing a strong training culture within the building and construction industry.

To achieve this, the State Government, through the *Priority Start policy*, will use the awarding of government building, construction and maintenance contracts to increase the training commitment in the building and construction sector.

Under the policy, all head contractors awarded State Government building, construction and maintenance contracts will be required to meet a target training rate across the combined Western Australian construction trades workforce¹ of their company and all subcontractors used for the contract.

The policy provides flexibility for head contractors to engage companies that have training rates below the target rate, as long as the combined training effort meets the target.

2 SCOPE

This policy applies to:

- all State Government building construction, civil construction and maintenance contracts, with a total value (inclusive of GST) over \$5 million;
- individual contracts over \$5 million, awarded under a State Government panel arrangement;
- State Government agencies (these are agencies as defined in Section 3 of the *Public Sector Management Act 1994*) that enter into these contracts;
- head contractors (including public-private partnerships and joint ventures) awarded the contracts; and
- all subcontractors used for the contracts.

Government trading enterprises should consider the policy when procuring building, construction and maintenance projects.

¹ The construction industry utilises occupations such as bricklayers, carpenters, concrete workers, electricians, plumbers, mobile plant operators and labourers. Not all workers in these occupations will have formal qualifications. For the purpose of this policy, these are referred to as construction trades workers. The list of construction trades workers in scope of the policy is available on the Department's website at <a href="https://doi.org/dt.com/dt.co

3 PRINCIPLES

The *Priority Start policy* is based on the following principles:

- The State Government and the building and construction industry are committed to ensuring there is a sustainable local supply of skilled workers, through investing in construction apprentices/trainees.
- State Government agencies are responsible for ensuring they award contracts and monitor compliance in accordance with the policy.
- Head contractors are responsible for ensuring the target training rate is achieved in accordance with the policy.
- Each head contractor and subcontractor is not required to individually meet the target training rate.
- The Department of Training and Workforce Development (the Department) will support whole of government implementation of the policy.

4 BACKGROUND

In 2017, the *Government building training (GBT) policy* was reviewed to meet the State Government's *Plan for Jobs* commitment to maximise training opportunities. Extensive stakeholder consultation was undertaken to inform the development of the new *Priority Start policy*.

The *Priority Start policy* and its predecessor, the *GBT policy* address the State Government's commitment to ensure the future supply of skilled workers in the building and construction industry.

5 DEFINITIONS AND ACRONYMS

Definitions are listed in Appendix 1: Glossary.

6 PROCEDURES

This policy applies to State Government building, construction and maintenance contracts resulting from tenders released from 1 April 2019 onwards. Head contractors reporting under the *GBT policy* will have the option to transition to the new policy once their 2018–19 obligations have been fulfilled.

This policy must be applied to all in-scope contracts as specified in Section 2.

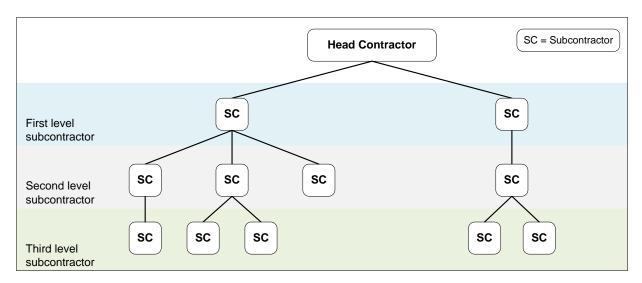
The policy specifies the target training rate required and the responsibilities of head contractors, subcontractors, government contracting agencies and the Department.

6.1 Target training rate

The target training rate is the required percentage of construction trades workers who are apprentices/trainees across the combined Western Australian construction trades workforce of:

- the head contractor; and
- all subcontractors (see Figure 1) used for the contract who have in-scope construction trades workers.

Figure 1: Contractors used for the contract



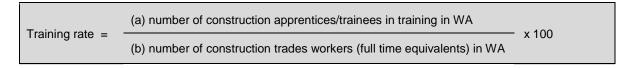
The following target training rates apply:

- 11.5% for general building construction and maintenance contracts; and
- 5% for civil construction contracts.

For the duration of the contract, head contractors must meet the target training rate and submit a *Priority Start report* for each 12 month reporting period and at the end of the contract (see 6.1.2).

6.1.1 Calculating the training rate

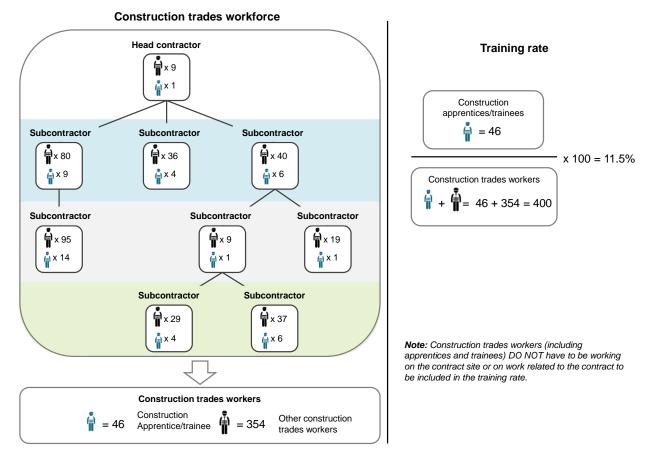
The head contractor's training rate is calculated using the following formula:



Training rate calculation examples are available from the Department's website dtwd.wa.gov.au/prioritystart.

A calculation example is shown in Figure 2 below.

Figure 2: Training rate calculation example



(a) Number of construction apprentices/trainees

This is the number of in-scope construction apprentices/trainees working in Western Australia for:

- the head contractor; and
- all subcontractors used for the contract.

All in-scope apprentices/trainees working for these contractors in Western Australia must be counted. The apprentice/trainee does not have to be working on the contract site or on work related to the contract.

The list of construction apprenticeships/traineeships in scope of the policy that must be used to calculate the training rate is available at <a href="https://doi.org/dt.com/dt.

Construction apprentices/trainees are counted if they were working in Western Australia for the head contractor, or any of the subcontractors used for the contract, at any time during the reporting period. They can be employed:

- directly (new and existing employees);
- through a group training organisation (GTO) or a skill hire company; or
- as students undertaking school based arrangements.

(b) Number of construction trades workers

This is the number of in-scope construction trades workers (including apprentices/trainees) working in Western Australia for:

- the head contractor; and
- all subcontractors used for the contract.

All in-scope construction trades workers (including apprentices/trainees) working for these contractors in Western Australia must be counted. All construction trades workers do not have to be working on the contract site or on work related to the contract.

Part time workers must be converted to full time equivalents².

The list of construction trades workers in scope of the policy that must be used to calculate the training rate is available at <a href="https://dx.doi.org/dt.doi.or

Construction trades workers³ must be counted if they were working in Western Australia for the head contractor, or any of the subcontractors used for the contract, at any time during the reporting period.

6.1.2 Reporting the training rate

For the duration of the contract, head contractors must report the training rate no later than one (1) month after the end of the reporting period.

Reports must be submitted for a 12 month period. Contractors can either report:

- on the contract anniversary date;
- at the end of financial year; or
- an alternative date as negotiated with the government contracting agency.

A report must also be submitted on completion of the contract. However, a report is not required when the construction or maintenance work commenced three months prior to, or was completed less than three months after, the annual reporting date.

The *Priority Start report* must contain the following information:

- a) contract name, number and description;
- b) contract award date:
- c) construction commencement and estimated completion date;
- d) business name, Australian Business Number (ABN) and Australian Company Number (ACN) for the head contractor;
- e) business name and ABN for all subcontractors used for the contract;
- f) number of construction apprentices/trainees working during the reporting period in Western Australia for the head contractor, and all subcontractors used for the contract (see 6.1.1a) who:
 - worked directly for each contractor; and
 - were employed via GTOs and/or skill hire companies for each contractor.

[Note: the apprentices/trainees do not have to be working on the contract]

² Full time equivalent conversion must be based on the total hours required to be worked by a full time worker as specified in the relevant industry award.

³ Note that the number of construction trades workers will generally be a subset of a company's total workforce. Only those who work in an in-scope construction trades occupation should be included in the training rate calculation.

- g) number of construction trades workers (full time equivalents) working in Western Australia during the reporting period for the head contractor and all subcontractors used for the contract (see 6.1.1b) [Note: the construction trades workers do not have to be working on the contract]; and
- h) estimated training rate.

The report template is available at dtwd.wa.gov.au/prioritystart.

6.2 Head contractor responsibilities

6.2.1 Reporting requirements

Head contractors must submit *Priority Start reports* by the due date as specified in 6.1.2.

6.2.2 Policy compliance

A head contractor will be deemed to be compliant with the policy if they:

- ensure their subcontractors are aware of the policy and their reporting requirements;
- obtain relevant information from their subcontractors:
- submit their *Priority Start reports* by the due date;
- meet the target training rate; and
- participate in compliance audits and address non-compliance as required.

For audit purposes, head contractors are required to keep supporting information used to calculate the following for a minimum of two years from contract completion:

- number of construction trades workers, including apprentices/trainees who worked for their company; and
- number of construction trades workers, including apprentices/trainees, who worked for all of the subcontractors used for the contract.

As compliance with the policy is a contractual requirement, non-compliance will be treated as a breach of contract.

6.2.3 Variations to the target training rate

A head contractor may make a request to the government contracting agency demonstrating their need to vary the target training rate due to exceptional circumstances such as where:

- A significant proportion of contractors' work is undertaken:
 - o in regional and/or remote areas; or
 - in high risk industries that do not allow apprentices/trainees on worksites due to occupational health and safety risks.
- Limited or no construction work is undertaken during a particular stage/year of the contract.

The variation request will be considered by a review panel comprising representatives from the Department and key government contracting agencies.

If a head contractor wants to appeal the variation decision, the appeal must be lodged with the government contracting agency within 10 business days of notification of the decision.

6.3 Subcontractor responsibilities

It is the subcontractor's responsibility to:

- ensure their subcontractors are aware of the policy and their reporting requirements (where applicable);
- obtain relevant information from their subcontractors (where applicable);
- submit their Subcontractor Priority Start reports to the head contractor or subcontractor by the date requested; and
- participate in compliance audits and address non-compliance as required.

6.3.1 Reporting requirements

For the duration of their engagement on the contract, all subcontractors must submit a Subcontractor Priority Start report to their contractor (this could be the head contractor or another subcontractor) who will advise them when the report is due.

The report must contain the following information:

- a) business name and ABN for the company and any subcontractors the company used for the contract;
- b) the period the company was engaged on the contract;
- c) number of construction apprentices/trainees who worked during the reporting period in Western Australia for the company and all subcontractors the company used for the contract (see 6.1.1a), who:
 - (i) worked directly for each contractor; and
 - (ii) were employed via GTOs and/or skill hire companies for each contractor.
 - [Note: the apprentices/trainees do not have to be working on the contract]; and
- d) number of construction trades workers (full time equivalents) who worked in Western Australia during the reporting period for the company and all subcontractors the company engaged for the contract (see 6.1.1b), [Note: the construction trades workers do not have to be working on the contract].

The report template is available at dtwd.wa.gov.au/prioritystart.

For audit purposes, subcontractors are required to keep supporting information for a minimum of two years from contract completion for the:

- number of construction trades workers, including apprentices/trainees who worked for their company; and
- number of construction trades workers, including apprentices/trainees, who worked for all of the subcontractors they engaged for the contract.

6.4 Information and advice

The following information and resources to assist contractors to implement the policy are available on the Department's website at dtwd.wa.gov.au/prioritystart:

- list of in-scope apprenticeships/traineeships:
- list of in-scope construction trades worker occupations;
- information on calculating the training rate; and
- forms and templates.

Contractors can obtain information and advice on the range of training options and incentives available to assist with meeting the policy requirements from:

- the Jobs and Skills Centres (JSCs) which provide employers with free assistance to recruit new workers, including apprentices/trainees, and develop the skills of their existing workers. A list of JSCs is available at dtwd.wa.gov.au;
- Australian Apprenticeship Support Network (AASN) providers which help employers to recruit, train and retain apprentices/trainees. They can be contacted on telephone 13 38 73 or visit australianapprenticeships.gov.au;
- GTOs which provide advice on the hosting of apprentices/trainees. A list of these organisations is available at dtwd.wa.gov.au; and
- the Construction Training Fund currently provides incentives of up to \$25 000 for companies to employ apprentices and trainees. Visit <u>Construction Training Fund</u> for information.

6.5 Government contracting agency responsibilities

6.5.1 Tenders and contracts

Government contracting agencies must include a statement in all tender documentation and contracts within the scope of the policy specifying that head contractors are required to comply with the policy.

Government contracting agencies are responsible for determining the appropriate sanction to be applied to head contractors for non-compliance with the policy.

6.5.2 Monitoring head contractor compliance

Government contracting agencies are responsible for monitoring and reporting head contractor compliance with the policy and must:

- Submit head contractor *Priority Start reports* to the Department to cross-check apprentice/trainee information on its database. The Department will report back to contracting agencies with validated information to assist compliance processes.
- Review the *Priority Start reports* submitted by head contractors and Department validated data to assess compliance.
- Advise contractors on their compliance with the policy and training rate achieved.
- Apply sanctions for non-compliance if required.

6.5.3 Auditing head contractor compliance

Government contracting agencies are required to audit head contractor compliance in accordance with the *Priority Start Compliance and Audit Framework*.

6.5.4 Annual reporting requirements

Government contracting agencies are required to report their implementation of the policy over the financial year to the Department by 30 September.

Agencies must include the following information for contracts in scope of the policy for the relevant financial year.

Table 2: Contracts in scope of the *Priority Start policy*

Contract name	Number of apprentices/trainees	Number of construction trades workers	Training rate

The Department will provide a report based on agency information to the Minister responsible for Training. Agencies may also be requested to provide additional information to assist the Department to evaluate implementation of the policy.

6.5.5 Agency compliance with the policy

Government contracting agencies will be deemed to be compliant if they:

- include a statement in all tender documentation and contracts within the scope of the policy specifying head contractors must comply with the policy;
- ensure head contractors are aware of the policy requirements;
- submit head contractor *Priority Start reports* to the Department to cross-check apprentice/trainee information;
- advise head contractors on their compliance with the policy and training rate achieved;
- monitor head contractor compliance with the policy, including ensuring audits are conducted in accordance with the policy's compliance and audit framework;
- address non-compliance;
- submit head contractor requests for variations to the Priority Start Compliance Panel;
- submit head contractor appeals against variation decisions to the *Priority Start* Appeals Panel;
- report their agency's implementation of the policy over the financial year to the Department (as per 6.5.4) by 30 September each year; and
- participate in compliance audits and address non-compliance as required.

6.6 Department of Training and Workforce Development responsibilities

The Department will:

- conduct information sessions and provide ongoing policy implementation assistance to government contracting agencies and contractors;
- develop and maintain resources for policy implementation;
- identify potential in-scope contracts listed on TendersWA;
- coordinate and manage the *Priority Start* Compliance and Appeals Panels;
- verify apprentice/trainee data submitted by government contracting agencies and provide validated information to agencies to assist with compliance monitoring;
- calculate head contractor training rates based on verified apprentice/trainee data and construction trades worker numbers provided by head contractors;
- assist government contracting agencies to monitor progress towards meeting the target training rate during the term of the contract;
- submit a report to the Minister responsible for Training on implementation of the policy over the previous financial year; and
- monitor government contracting agency compliance with the policy in accordance with the policy's compliance and audit framework.

6.7 *Priority Start* Implementation Panels

The Department will establish two panels comprising representatives from the Department and key government contracting agencies:

- Compliance Panel to consider head contractor requests for variations and determine the contractors to be audited each year; and
- Appeals Panel to consider appeals against variation decisions made by the Compliance Panel.

Government contracting agencies will submit the head contractor's request/appeals to the panels for consideration. The panels will advise the government contracting agency of the outcome within 15 business days. The government contracting agency will then advise the head contractor.

All variations approved by the panel will be included in the annual report to the Minister on whole of Government implementation of the policy.

7 RELATED POLICIES AND OTHER RELEVANT DOCUMENTS

- <u>Premier's Circular Priority Start policy</u>
- Apprenticeship policy, Department of Training and Workforce Development
- Aboriginal Procurement Policy, Department of Finance
- <u>Western Australian Industry Participation Strategy</u>, Department of Jobs, Tourism, Science and Innovation

8 RELEVANT LEGISLATION

- Building Act 2011
- Construction Industry Portable Paid Long Service Leave Act 1985
- Public Sector Management Act 1994
- Vocational Education and Training Act 1996
- Vocational Education and Training (General) Regulations 2009
- Western Australian Jobs Act 2017

9 REVIEW DATE

1 April 2020

10 CONTACT INFORMATION

For information on the *Priority Start policy*:

Telephone: (08) 6551 5607

Email: policy.prioritystart@dtwd.wa.gov.au

Website: <a href="https://doi.org/doi.

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APPENDIX 1: GLOSSARY

Apprentice – a person undertaking an approved apprenticeship that leads to a nationally recognised qualification under a registered training contract.

Apprenticeship – a structured employment based training program that leads to apprentices gaining a nationally recognised qualification. Apprenticeships may be full time, part time or school-based.

Building, construction or maintenance contract – a legally binding agreement entered into by the government contracting agency and head contractor to complete the building, construction or maintenance work specified in the tender.

Building, construction and maintenance work – all work carried out by the construction industry as defined in the *Construction Industry Portable Paid Long Service Leave Act 1985;* and building and demolition work as defined in the *Building Act 2011* (see Appendix 2 for list of work covered).

Civil construction contracts – construction contracts which have around an 80% civil construction work component.

Civil construction work – construction work other than building and mining construction. Includes infrastructure for transport, utilities, recreation and other civil construction related services (see Appendix 2 for a detailed list of work covered).

Construction apprentices and trainees – the list of in-scope apprenticeships and traineeships is available at <a href="https://dx.doi.org/dt.

Construction trades workers/workforce – all construction trades workers, including apprentices and trainees, in scope of the policy, working on a full time, part time or casual basis. A list of these occupations is available at dtwd.wa.gov.au.

Contractor – a head contractor or subcontractor working on the building, construction or maintenance contract.

Duration of the contract:

- for building and construction contracts it is from start to finish of the building or construction phase of the contract; and
- for maintenance contracts it is from start to finish of the maintenance work.

Full time equivalent – calculated based on the number of working hours that represents one full time employee.

Government contracting agency – State Government agency that tendered and awarded the building, construction or maintenance contracts.

Group training organisation (GTOs) – an organisation that employs apprentices, trainees and cadets under a training contract and places them with host employers. The organisation undertakes the employer responsibilities for the quality and continuity of the apprentice's or trainee's employment and training. Refer to aenwa.com.au.

Head contractor – the party awarded the State Government contract to execute the work as specified in the contract.

Joint Venture – an arrangement between two or more parties usually undertaken to pursue a single project and is often intended for a limited period. The relationship between the parties in a joint venture is usually governed by a joint venture agreement.

Maintenance – see definition for building, construction and maintenance work.

Public Private Partnership (PPP) – an arrangement that involves a long term contract between the public and private sectors where the Government pays the private sector to deliver economic or social infrastructure and related services in support of the Government's service objectives.

School-based arrangements – a school-based apprenticeship or traineeship can be undertaken while someone is still at secondary school, generally in year 11 or 12. This means an employee can stay in school and train for a qualification at the same time.

State Government – the Western Australian State Government.

State Government agency – an agency as defined in Section 3 of the *Public Sector Management Act 1994*. Government trading enterprises, such as the Water Corporation, are not included but are encouraged to apply the policy.

Subcontractor – a contractor, other than a head contractor, working on the building, construction or maintenance contract whose workforce includes construction trades workers in scope of the policy. This includes all subcontractors in the supply chain working on the contract. It does not include manufacturers and suppliers of goods who do not have construction trades workers working on the contract.

Target training rate – the required percentage of construction trades workers who are apprentices/trainees across the combined Western Australian construction trades workforce of:

- the head contractor; and
- all subcontractors used for the contract.

Trainee – a person undertaking an approved traineeship that leads to a nationally recognised qualification under a registered training contract.

Traineeship – a structured employment based training program that leads to trainees gaining a nationally recognised qualification. Traineeships may be full time, part time or school-based.

Training rate – the number of construction apprentices and trainees as a percentage of the construction trades workforce for the head contractor and all subcontractors used for the contract. It is based on the combined Western Australian construction trades workforce of:

- the head contractor; and
- all subcontractors used for the contract.

APPENDIX 2: DEFINITION OF BUILDING, CONSTRUCTION AND MAINTENANCE WORK

Building, construction and maintenance work includes:

- 1. Work carried out by the **construction industry** as specified in the <u>Construction Industry Portable Paid Long Service Leave Act 1985</u>:
 - (a) of carrying out on a site the construction, erection, installation, reconstruction, re-erection, renovation, alteration, demolition or maintenance of or repairs to any of the following
 - (i) buildings; and
 - (ii) swimming pools and spa pools; and
 - (iii) roads, railways, airfields or other works for the passage of persons, animals or vehicles; and
 - (iv) breakwaters, docks, jetties, piers, wharves or works for the improvement or alteration of any harbour, river or watercourse for the purposes of navigation; and
 - (v) works for the storage or supply of water or for the irrigation of land; and
 - (vi) works for the conveyance, treatment or disposal of sewage or of the effluent from any premises; and
 - (vii) works for the extraction, refining, processing or treatment of materials or for the production or extraction of products and by-products from materials; and
 - (viii) bridges, viaducts, aqueducts or tunnels; and
 - (ix) chimney stacks, cooling towers, drilling rigs, gas-holders or silos; and
 - (x) pipelines; and
 - (xi) navigational lights, beacons or markers; and
 - (xii) works for the drainage of land; and
 - (xiii) works for the storage of liquids (other than water) or gases; and
 - (xiv) works for the generation, supply or transmission of electric power; and
 - (xv) works for the transmission of wireless or telegraphic communications; and
 - (xvi) pile driving works; and
 - (xvii) structures, fixtures or works for use on or for the use of any buildings or works of a kind referred to in subparagraphs (i) to (xv); and
 - (xviii) works for the preparation of sites for any buildings or works of a kind referred to in subparagraphs (i) to (xvi); and
 - (xix) fences, other than fences on farms;
 - (b) of carrying out of works on a site of the construction, erection, installation, reconstruction, re-erection, renovation, alteration or demolition of any buildings or works of a kind referred to in paragraph (a) for the fabrication, erection or installation of plant, plant facilities or equipment for those buildings or works;
 - (c) of carrying out of work performed by employees engaged in the work referred to in paragraph (a) or (b) and that is normally carried out on site but which is not necessarily carried out on site,

but does not include:

- (d) the carrying out of any work on ships; or
- (e) the maintenance of or repairs or minor alterations to lifts or escalators; or
- (f) the carrying out of maintenance or repairs of a routine or minor nature by employees for an employer, or another person under an arrangement with a labour hire agency, who is not substantially engaged in the industry described in this interpretation.

2. Includes **building work** as specified in the *Building Act 2011*:

- (a) the construction, erection, assembly or placement of a building or an incidental structure: or
- (b) the renovation, alteration, extension, improvement or repair of a building or an incidental structure; or
- (c) the assembly, reassembly or securing of a relocated building or a relocated incidental structure; or
- (d) the changing of ground levels of land for the purposes of work of a kind mentioned in paragraph (a), (b) or (c) to an extent that could adversely affect land beyond its boundaries; or
- (e) site work on any land for the purposes of, or required because of, work of a kind mentioned in —
- (f) paragraph (a), (b), (c) or (d); or
- (g) paragraph (a) or (b) of the definition of demolition work; or
- (h) other prescribed work, but does not include work of a kind prescribed for the purposes of this definition as not being building work.

3. Includes **demolition work** as specified in the *Building Act 2011*:

- (a) the demolition, dismantling or removal of a building or an incidental structure; or
- (b) the changing of ground levels for the purposes of work of a kind mentioned in paragraph (a) to an extent that could adversely affect land owned by a person other than an owner of the land on which the building or incidental structure that is the subject of the demolition work is located; or
- (c) other prescribed work, but does not include work of a kind prescribed for the purposes of this definition as not being demolition work.

Civil construction work (excludes building work as defined above) includes the following:

- (a) roads, highways, parking areas, airport runways, overpasses, traffic lights, street and highway lighting, and associated road drainage works; or
- (b) railways; or
- (c) harbours; or
- (d) recreation facilities; or
- (e) bridges; or
- (f) telecommunications towers, lines and cables; or
- (g) pipelines; or
- (h) electricity generation, transmission and distribution; or
- (i) sewerage and drainage; or
- (j) other related services provided to a civil construction project such as plumbing, electrical, concreting, roofing or landscaping services.