



JOINT POSITION STATEMENT

Labour Hire Licensing Bill 2017

11 October 2017

Effects of the Current Legislation Arising from

1. The Labour Hire Licensing Bill before the Parliament has sought to significantly broaden the definition of a labour hire firm, capturing entities such as training organisations.
2. Section 7 (3) of the Bill states that “...a worker includes an apprentice or trainee under a training contract entered into with a person who is an employee under the Training and Skills Development Act 2008.”
3. This definition, as written, will subject all Group Training Organisations in South Australia to the requirements of the Bill. This will impose an additional, unnecessary, layer of regulation to the operation of Group Training bodies, with substantial additional compliance costs.
4. Unlike Labour Hire firms, Group Training Organisations (GTOs) are already subject to a range of regulatory compliance measures designed to provide ongoing support towards apprenticeship completion and to avoid the exploitation of apprentices and trainees, including:
 - a. *Training and Skills Development Act 2008*
 - b. State Oversight by the South Australian Training and Skills Commission
 - c. Training and Skills Commission Apprenticeships & Traineeships Guidelines
 - d. Grievance resolution through the South Australian Training Advocate
 - e. *National Vocational Education and Training Regulator Act 2011*
 - f. Responsive to Department of State Development Regulation and Contract Management – Employer Registration
 - g. Undergo compliance audits conducted by Department of State Development Regulation and Contract Management - National Standards for Group Training Organisations
5. The legislation also creates a legislative conflict by crafting a new interpretation of the term ‘worker’.
6. Under the Return to Work Act 2014, ‘workers’ are defined separately to ‘apprentices’. As a result of this difference, apprentices employed by GTOs, in acknowledgement of the pastoral care provided by GTOs and the high level of engagement of GTOs with host employers, are granted an exemption under Section 6 of the Act from the calculation of Return to Work premiums.
7. This facilitates greater employment of young people in accredited group training.

Both The Master Builders Association (MBA) and the Motor Trade Association of South Australia (MTA) operate Group Training Organizations (GTO) as a service to our respective industries to attract and prepare many thousands of South Australians for a career as a qualified tradesperson.

Consequences for Youth Unemployment

Group Training Organisations are unique in employing thousands of unqualified young people and before they complete their trade qualifications.

Intensive pastoral care, industry advice and support to host businesses to maximise the opportunity for the apprentice to continue with the host business as an employee at the end of the apprenticeship are also provided to many thousands of young South Australian who would otherwise be unemployed.

If the Return to Work premium calculation is based on the definition of worker included in this Bill, most group training organisations will cease to operate as their premium will have increased from around \$200 annually to hundreds of thousands of dollars instantly.

Youth Workers Put at Risk

In our respective cases, The MTA GTO employs over 480 young South Australians currently. Redefining the term 'worker' in the Return to Work context as per the interpretation in the Labour Hire Licensing Bill 2017 would add approximately \$600,000 annually to the operating costs of the MTA GTO - **a 3,000% increase.**

Similarly, the MBA GTO employs more than 110 young South Australians in the building industry today through its GTO. Redefining 'worker' in as per the bill would add approximately \$250,000 to our annual operating costs - **a 1,250% increase.**

Changes of this order beyond the capacity group training organisations to absorb and would cause hundreds of young South Australians currently employed by, and in training with, group training organisations to suddenly become unemployed.

Resolution Sought

1. Amendments to the Act to specifically define Group Training Organisations as distinct from the Labour Hire Firms.
2. This can be achieved by amending the definition of worker in the Labour Hire Bill to 'not' include apprentices under a contract of training; or
3. Additionally, the bill should be taken into committee during the Parliamentary Debate in the Legislative Council, and explicit assurance sought from the Government that the new definition of worker included in the Labour Hire Bill will not be transferred to the Return to Work Act and that the treatment of Group Training as it relates to the calculation of premium will remain as it is now.