



HOUSING INDUSTRY ASSOCIATION



Submission to
PEG Consulting

Investigation and Review of the Construction Industry Training
Fund Act 1993

31 January 2023

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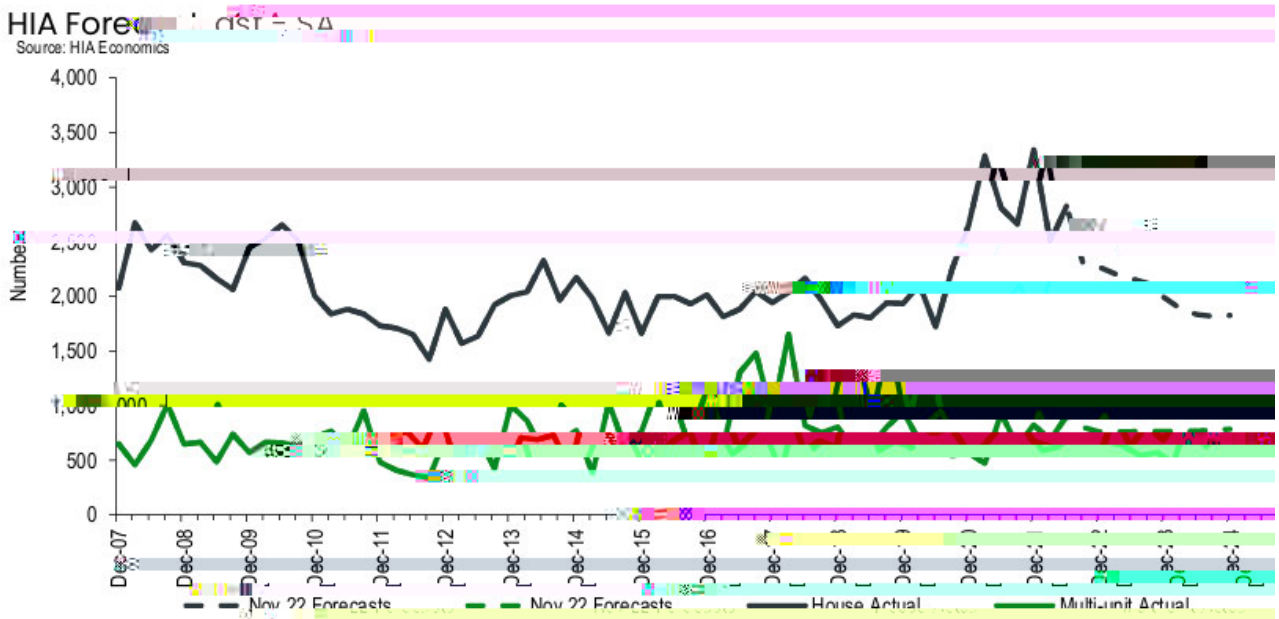
June Quarter 2022 . substantially above any quarter prior to COVID-19 and 81.2 per cent above the level immediately prior to theTd [(e)5.9963ah]TJ ET Qy mediat

slowdown in building activity in 2024 and beyond, which will slow wider economic activity, without necessarily lowering inflation to the RBA's target sooner.

This cash rate-induced slowdown will also be compounded by rapidly rising costs for land, labour, and materials as well as the additional costs imposed on building through changes to the National Construction Code. These factors would have slowed building activity, without the intervention of the RBA.

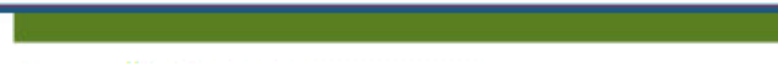
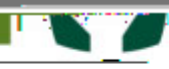
On the other hand, the Australian Government has announced an ambitious goal to build more than one million homes over the next five years. In the five years to 2018 there were more than 1.1 million new homes built in Australia, peaking at 234,780 in 2015/16. This included a record boom in apartment building as east coast capital cities played catchup from underbuilding and detached home building remained strong off the back of rapid house price growth. This boom cycle came to an end as house price growth slowed due to the large volume of supply. It was further exacerbated by the RBA, APRA and ASIC tightening access to finance through macro-prudential restrictions.

One million homes started within 5 years will be sufficient to ensure that the acute shortage of housing supply does not deteriorate further, but it will not be sufficient



Clearly the composition, administration, and operation of the CITB is critical to ensuring funds collected by the training levy are distributed appropriately. In a broad sense, the governance of training levies should ensure that those industry\$ making contributions have a direct voice and role in the provision of strategic training advice and policy development.

Without a set of objectives, it is difficult to determine the effectiveness of the CITB. In respect of those matters set out in the long title, the CITB appears to be carrying out these functions and fulfilling its role as set out under section 11 of the Act. Howe0a.004 (W* n BW* n 4 T32 e W432 841.92 re



While HIA does not support the proposed approach, further consideration should be given to:

How levies spent on administration can be minimised.

Making funding 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).

Any allocation of funds to administration activities such as research, data, analyses, education, and compliance must be in a transparent and proportionate way that are linked to the primary purpose and object of the Fund. The allocation of funds to administration activities should not interfere with or direct funds away from training.