

Queensland Government Building and Construction Training Policy

Variation Process

Purpose

This document provides Queensland Government agencies, government owned corporations (GOCs) and contractors with guidance to maximise the apprentice, trainee and other workforce training hours on eligible building and construction projects as required by the Queensland Government Building and Construction Training Policy (the 'Training Policy').

About

The core requirement of the Training Policy is that **a minimum of 10 per cent of the total labour hours on eligible projects is to be undertaken by Queensland apprentices and/or trainees, and through other workforce training.** For major projects with a contract sum of \$100 million or greater the core requirement increases to 15 per cent.

All Queensland Government departments, statutory bodies, and government owned corporations (GOCs) as defined in the *Financial Accountability Act 2009* or the *Government Owned Corporations Act 1993*, are required to comply with the Training Policy. Contractor compliance and reporting requirements relating to the Training Policy are established by the procuring agency as a condition of the project contract.

The Training Policy Administration System (TPAS) is used to record and report on eligible projects, reflecting "deemed hours" by default as a benchmark for compliance calculated using a conversion formula.

The Department of Trade, Employment and Training (DTET) administers and reports on the Training Policy on behalf of the Queensland Government.

Establishing compliance targets

Prior to advertising the tender, each Queensland Government agency or GOC is responsible for assessing a project's capability to comply with the requirements of the Training Policy. Specifically, calculating total hour targets for the employment of Queensland apprentices and trainees and other workforce training for each project (the core requirements).

Where total hour targets differ to the deemed hours established by the default conversion formula, DTET must be notified to vary the target apprentice/trainee and other workforce training hours displayed in TPAS. Failing to do so may result in the project being reported as non-compliant.

Contractors may negotiate any variation with the Queensland Government agency or GOC who has funded and contracted the project, along with the Management Procurement Agency (where applicable).

This variation notification must include written agreement from all parties indicated/to-be-indicated against the project record in TPAS.



Calculating targets

Acknowledging the diverse range of Queensland Government projects, there are a number of methods that may be used to calculate total hour targets that meet the core requirement of the Training Policy. Each Queensland Government agency or GOC is responsible for applying the most suitable and documenting its application including any key considerations made.

The Training Policy requires that a **minimum** of 60 per cent of the total hour targets be allocated towards the employment of Queensland apprentices and trainees (new entrants only) with the remaining deemed hours allocated to other workforce training.

Deemed hours method

The deemed hours are determined by the total contract sum (including GST) multiplied by 0.06 per cent for building projects and 0.03 per cent for civil construction projects. The multiplier takes into account that labour does not attract GST, a materials to labour ratio of 70:30 for building projects and 85:15 for civil projects and a nominal labour rate of \$45 per hour.

On major projects with a contract sum of \$100 million or greater (including GST), the core requirement increases to a minimum of 15 per cent and the deemed hours are determined by the contract sum (including GST) multiplied by 0.09 per cent for building projects and 0.045 per cent for civil construction projects.

Example 1

Hours for a \$10 million building project = $10,000,000 \times 0.0006 = \underline{6,000 \text{ hours}}$.

Of this, a minimum of 60% (3,600 to 6,000 hours) should represent new entrant apprentice and trainee labour hours with other workforce training contributing a maximum of 40% (0 to 2,400 hours).

10% method

The core requirement of the Training Policy is that a minimum of 10 per cent of the total labour hours on eligible projects is to be undertaken by apprentices and/or trainees, and through other workforce training.

Where an accurate forecast of total labour hours is available, noting this is not available for all projects, this figure can be multiplied by 0.1 to calculate the total hours requirement.

Example 2

Hours for a \$10 million building project with forecast total labour hours of 50,000 = $50,000 \times 0.1 = \underline{5,000 \text{ hours}}$.

Of this, a minimum of 60% (3,000 to 5,000 hours) should represent new entrant apprentice and trainee labour hours with other workforce training contributing a maximum of 40% (0 to 2,000 hours).

Materials to labour ratio method

Consideration of the materials to labour ratio (M:L) of a project can support calculation of total hour targets. Historically the Training Policy applies a ratio of 70:30 for building projects and 85:15 for civil construction projects.

This method may be applied where a forecast or figure is available for total materials and/or labour expenditure. It also allows for adjustments to the elements of the conversion formula i.e. increasing the nominal pay rate, adjusting the M:L, removal of GST or design costs from total contract value etc.

Example 3a

Hours for a \$10 million building project, with an estimated nominal pay rate of \$85:

Applying the 70:30 ratio = \$3,000,000 labour expenditure.

Dividing by \$85 nominal pay rate = 35,295 total labour hours.

10% of total labour hours = 3,530 hours.

Of this, a minimum of 60% (2,118 to 3,530 hours) should represent new entrant apprentice and trainee labour hours with other workforce training contributing a maximum of 40% (0 to 1,412 hours).

Example 3b

Hours for a \$10 million **building** project, with an estimated materials expenditure of \$8,500,000 and nominal pay rate of \$45:

Applying an 85:15 ratio = \$1,500,000 labour expenditure.

Dividing by \$45 nominal pay rate = 33,334 total labour hours.

10% of total labour hours = 3,334 hours.

Of this, a minimum of 60% (2,001 to 3,334 hours) should represent new entrant apprentice and trainee labour hours with other workforce training contributing a maximum of 40% (0 to 1,334 hours).

Other considerations

In assessing a project's capability to comply with the Training Policy, the Queensland Government agency or GOC and Management Procurement Agency (if applicable) should also take into consideration:

- any employment and training commitments publicly communicated by the Queensland Government regarding a project
- the project timeframe
- the project scope of works
- whether the labour component requires specialised or highly skilled labour only
- the Queensland apprentice or trainee labour hours or other workforce training hours that are achievable based on the specific scope of works

- the tenderer/contractor's commitment to meet the intent of the Training Policy i.e. their commitment to improve the skills base of the building and construction industry and create additional employment and training opportunities for Queensland apprentices, trainees and Indigenous workers in the industry
- the possible impacts on public private partnerships projects and similar GOC joint investment models
- where the request is submitted following contract acceptance, also take into consideration any previous requests for variations from the contractor.

What is required?

The Queensland Government agency or GOC is required to complete a *Training Policy Variation Request Form* and submit this request to DTET.

The variation advice should clearly set out the project information, the variation summary including the revised hours target and calculation method, the reason/s for the variation including any evidence and confirm an ongoing commitment to maximising the employment of Queensland apprentices and trainees.

Once agreement with the contractor is reached, the Queensland Government agency or GOC and the Management Procurement Agency (if applicable) forwards the completed and signed *Training Policy Variation Request Form* to TrainingPolicy@desbt.qld.gov.au.

Variation requests will not be considered by DTET without the recommendation of the Queensland Government Agency or GOC and the Management Procurement Agency (if applicable).

Agreed Indigenous economic opportunities plan

For Indigenous projects, it is a priority that the core requirement of the Training Policy be met by Aboriginal and Torres Strait Islander apprentices and trainees, and local Aboriginal and Torres Strait Islander workforces.

In addition to this, the Training Policy requires that an additional amount, **equivalent to a further 10 per cent of the total labour hours** (which indicatively equates to a minimum of 3 per cent of the estimated project value including GST for building projects, and a minimum of 1.5 per cent of the estimated project value including GST for civil construction projects) be allocated toward an agreed Indigenous economic opportunities plan (IEO plan).

Varying total hour targets for the employment of Queensland apprentices and trainees and other workforce training for each project (core requirement) has no bearing on the negotiation of an agreed IEO plan.

Variations to the IEO plan are discussed with the Queensland Government agency or GOC, the applicable Aboriginal and Torres Strait Islander council or authority (or where there is no Aboriginal and Torres Strait Islander council or authority, then DTATSIPCA) and the contractor as part of the negotiation of the agreed IEO plan. Any variations to the IEO plan would be detailed in the agreed IEO plan signed by all parties

Further information

For more detailed information or advice please contact the Department of Trade, Employment and Training.

Department of Trade, Employment and Training

Phone: 1300 369 935

Email: TrainingPolicy@desbt.qld.gov.au

Website: <https://desbt.qld.gov.au/training/employers/trainingpolicy>

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