

16 May 2024



Mr Tom Dixon
Independent Chair
2024 Statutory Review

Sent via email: statutoryreview@ctf.wa.gov.au

2024 STATUTORY REVIEW OF THE BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND AND LEVY COLLECTION ACT 1990 (WA)

Dear Mr Dixon

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in WA. CME is funded by member companies responsible for 86 per cent of the state's mineral workforce employment.¹

In 2022-23, the WA resources sector accounted for 47 per cent of WA's economic activity,² 91 per cent of goods exports,³ 47 per cent of investment⁴ and 11 per cent of employment (direct).⁵ The sector also contributed to 33 per cent of the WA Government's general revenue, enabling the provision of public goods and services such as doctors and nurses, teachers and police.⁶

Context

CME and its members appreciate the opportunity to contribute to the 5 yearly statutory review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (the Act). CME remains committed to working with the Construction Training Fund (CTF)⁷ and WA Government to ensure payment of the levy and expenditure of the fund⁸ meets the needs of the WA resources sector and is equitable, efficient and effective.

In preparing this submission, CME has sought feedback from its member companies to address relevant aspects of the Terms of Reference that apply to the resources sector. CME would like to thank the Chair and Executive Officer of the Review, and staff at the CTF for providing timely information which has also supported the development of this submission.

CME and its members appreciate that some of the recommendations made in CME's 2019 submission⁹ have been partially or wholly adopted. However, we note that many of the concerns raised in that submission remain relevant today, as are the findings and recommendations presented in the report prepared by ACIL Allen Consulting.¹⁰

The key issues discussed in this submission relate to the 2018 amendment removing the exemption on 'resources sector engineering construction works' in the Building and Construction Industry Training Fund and Levy Collection Regulations 1991 (the Regulations), which resulted in the resources sector becoming eligible to pay the levy. Notably, the change was introduced at a time when the fund's revenue was in decline. CTF annual reports demonstrate that it declined from \$34.9 million in 2014 to \$25.9 million in 2018.¹¹ The 2018 regulatory amendment resulted in the contribution to the levy from the resources sector increasing from \$1.96 million in 2018-19 to \$31 million in 2022-23, representing 43 per cent of overall revenue. CME understands that the sector's contribution in 2023-24 will similarly represent close to 50 per cent of overall revenue. In

¹ Government of Western Australia, [2022-23 Economic indicators resources data](#), full-time equivalents onsite under State legislation, DEMIRS, 10 November 2023.

² As measured by gross value add (GVA). Australian Bureau of Statistics, [5220 Australian National Accounts: State Accounts](#), Table 6.

³ Department of Energy, Mines, Industry Regulation and Safety (DEMIRS), [2022-23 Economic Indicators Resource Data File](#), 9 January 2024. Australian Bureau of Statistics, [5302 Balance of Payments and International Investment Position](#), Table 21.

⁴ Includes Gross Fixed Capital Formation plus minerals and petroleum exploration. Australian Bureau of Statistics, [5220 Australian National Accounts: State Accounts](#), Table 25. Australian Bureau of Statistics, [8412 Mineral and Petroleum Exploration](#), Table 4.

⁵ Australian Bureau of Statistics, [6291 Labour Force, Australia, Detailed](#), Table 5.

⁶ Includes Commonwealth grants from North West Shelf royalties, iron ore lease rentals, payroll taxes, transfer duties and other payments to government agencies. Government of Western Australia, [2022-23 Annual report on State finances](#), Department of Treasury, 28 September 2023, table 2.1.

⁷ Refers to the statutory authority responsible for the administration of the Act, including collection of the levy and expenditure of levy revenue.

⁸ Refers to the revenue collected from the levy.

⁹ CME, [Review of Building and Construction Industry Training Fund and Levy Collection Act 1990 \(WA\)](#), June 2019

¹⁰ Government of Western Australia, [Building and Construction Industry Training Fund and Levy Collection Act 1990 Statutory Review 2019](#), October 2019

¹¹ Government of Western Australia, [Building and Construction Industry Training Board Annual Report Annual Report 2017-18](#), August 2018

comparison, for 2022-23, residential construction's contribution to the fund was 22 per cent (\$15.7 million); civil construction 17.5 per cent (\$12.5 million); and commercial construction 16.8 per cent (\$12 million).

Despite the fact that the resources sector is by far the largest contributor to the fund, our members report that since the 2018 policy shift to include the resources sector within the scope of the levy they have experienced:

- difficulties clarifying the distinction between engineering construction works and operational works, and therefore what activities do and do not attract levy liability
- issues with application of the levy to maintenance, reconstruction, demolition, installations and repairs over \$20,000 which are critical functions in a mining operation
- issues determining who the project owner is
- a significant administrative burden implementing interoperable systems and new processes to trigger application, forecasting and payment of the levy
- difficulties accessing the fund to support training and development of the workforce due to different skills needed for construction on a mine site.

It is important to firstly clarify how construction in the resources sector differs substantially from construction in residential, civil, and commercial settings, including the different types of workforce skills required. Construction at a mine site includes: civil elements (e.g. roads and rail etc); establishing the infrastructure and plant required to extract, store and transport minerals; and essential facilities for workers (e.g. overnight accommodation and offices).

Resources sector construction is generally termed structural, mechanical and piping (SMP) and includes other key roles such as electrical and instrumentation. The majority of elements used in mine site construction are prefabricated offsite – both infrastructure and plant as well as essential facilities for workers (i.e. dongas). The types of skill sets involved in this prefabrication include boiler makers, welders, mechanical fitters and engineers. The products are then transported and erected onsite by skilled workers that include crane operators, riggers, scaffolders and engineers – positions which require a high risk work licence and high levels of training and experience in a heavy industry workplace. These skill sets are mostly different to traditional construction roles which include brick layers, roof carpenters, electricians and plumbers etc. In the case of skill sets which are transferable between the sectors, such as electricians and crane operators, mine sites require more advanced skills due to the higher risks and therefore higher safety standards.

The capital-to-labour ratio is also very different within resource sector construction projects. There are significant upfront costs to account for including large amounts of materials, such as steel for mine site infrastructure, regional climate and cultural site management, and regulatory approvals and the technical complexity involved in constructing the infrastructure and plant requires a more highly skilled and experienced workforce due to the nature of the work and work environment.

As an example, the capital cost of Rio Tinto's Gudai-Darri mine was estimated to be \$3.1 billion, using more than 14 million workhours to move over 20 million cubic metres of earth, batching and placement of 35,000 cubic metres of concrete and the installation of 10,000 tonnes of steel. The development of Gudai-Darri supported more than 3,000 jobs during the construction and design phase.¹² This is in comparison to the One The Esplanade development, a PCA Premium Grade office tower in Perth CBD, which cost \$880 million using over 1.1 million hours to construct over 5,000 tonnes of steel and 39,800 cubic metres of concrete to provide over 54,000 square metres of net lettable office area across 29 storeys.¹³

CME looks forward to your consideration of the following recommendations, discussed in further detail in the submission below:

- **Recommendation 1: Resources sector representation on the Board should be further increased to more closely align to its proportional contribution to the levy.**
- **Recommendation 2: CTF should work collaboratively with the resources sector to design and implement a new process for levy collection to ensure consistency and efficiency.**
- **Recommendation 3: It should remain a function of the Board to improve the quality of training provided and CTF should work collaboratively with Department of Training and Workforce**

¹²Rio Tinto, [First ore delivered at Gudai-Darri iron ore mine in the Pilbara](#), June 2022

¹³ The Property Tribune, [Brookfield's One The Esplanade tops out in Perth](#), April 2022

Development (DTWD) and other relevant stakeholders to ensure that any funding provided delivers quality outcomes and represents value for money to levy payers.

- Recommendation 4: The Board should ensure the resources sector can access the funding, proportional to its levy contribution, to build a skilled and sustainable workforce for construction roles in the resources sector.
- Recommendation 5: The Act should be amended to include specific and clear objects and principles to provide clarity of purpose, intent and scope.
- Recommendation 6: The legislative reform of the Act should be prioritised, in consultation with all key stakeholders including the resources sector.
- Recommendation 7: A capital value cap and differential rates should be introduced to ensure that the levy does not continue to negatively impact the resources sector. These should be set using regulations or another form of subsidiary legislation to ensure a flexible and agile approach to future amendments.
- Recommendation 8: An increased and fit for purpose threshold should be implemented and adjusted periodically to achieve index rebalancing. The threshold should be set using regulations or another form of subsidiary legislation to ensure a flexible and agile approach to future amendments.
- Recommendation 9: Fit for purpose terms and definitions should be developed to resolve current issues.
- Recommendation 10: The resources sector should be able to access the fund, via grants and programs tailored to the constructions skills used in the sector, commensurate with the scale of the sector's contribution to the fund.
- Recommendation 11: The Board should disclose its actions undertaken to date and future plans to address the findings of the OAG audit.
- Recommendation 12: The WA Government and CTF should reimagine the way the fund can be used to drive important changes to upskill in areas such as diverse and inclusive workplaces; improving physical and psychosocial safety; leadership; and advanced skills needed to support WA's energy transition and decarbonisation.

1. The Act

1a. Effectiveness of the Board

In considering the effectiveness of the Board, its composition and delivery of its functions are relevant.

Membership of the Board

Pursuant to section 10 of the Act, the Board is currently comprised of nine members including two resources sector representatives, one with experience or expertise in construction in the mining industry, and one in the petroleum industry, appointed by the Minister for Training after consultation with CME, Association of Mining and Exploration Companies (AMEC) and Australian Energy Producers (AEP).¹⁴

We acknowledge the addition of two representatives from the resources sector was consistent with our 2019 recommendation and we also welcomed the appointment of Reg Howard-Smith as the Chair of the Board in 2020 noting his previous role as Chief Executive Officer of CME for more than 10 years.

However, given the resources sector's contribution is nearly 50 per cent of overall revenue collected by the CTF, CME recommends consideration be given to further increasing resources sector representation to more proportionally align to this contribution. Increased resources sector representation would better support the Board to fulfill its functions and ensure decision making adequately considers the unique context of construction in the resources sector. It would also facilitate enhanced intelligence regarding the evolving skill requirements of the workforce, and the way technology is applied in the sector to increase productivity and health and safety in construction projects.

¹⁴ Formerly Australian Petroleum Production and Exploration Association

Recommendation 1: Resources sector representation on the Board should be further increased to more closely align to its proportional contribution to the levy.

Functions of the Board

CME and its members acknowledge that the Board and CTF more broadly have made changes to operations over several years to improve governance and better achieve its functions. However, feedback from CME members suggest there is more work to be done for the Board to deliver on the following functions:

- ensuring efficient and consistent collection of the levy
- administering and allocating resources from the fund to improve the quality of training
- increasing the number of skilled persons in the building and construction industry.

Efficient and consistent levy collection

CME and its members appreciate the adoption of a recommendation made in its 2019 submission to enable the levy to be paid in instalments. However, further improvements to how the levy is collected are needed to support a more streamlined process. The requirement to pay the levy before construction commences can be a barrier to project timeframes, particularly in circumstances where the CTF is not able to provide clarity regarding who the project owner is and/or what aspects of the project are subject to the levy. Unlike the traditional domestic and commercial construction sectors, where the levy is required to be paid when a building approval is sought, there is no mechanism to trigger the application of the levy for the resource sector and a significant amount of work has been required to implement integrated business systems and processes to forecast levy liability within project planning and payment of the levy.

CME acknowledges there has been positive engagement between the CTF and our members with companies reporting CTF to be responsive in providing clarity regarding levy liability and payment options. However, our members have also shared examples of an approach to levy collection that has been hap-hazard and ad-hoc leading to inconsistency, increased administrative burden and inefficiency. We recommend that the resources sector is engaged to design and implement a new process of levy collection that addresses these issues.

Recommendation 2: CTF should work collaboratively with the resources sector to design and implement a new process for levy collection to ensure consistency and efficiency.

Quality of training

CME does not support implementation of recommendation 20 from the 2019 review, which is to amend the Act to remove 'improve the quality of training' as a function of the Board.

CME appreciates the Department of Training and Workforce Development (DTWD) is responsible for regulating and therefore ensuring the quality of training that is delivered by Registered Training Organisations (RTOs). However, CME is of the view that agencies with the power to administer the expenditure of funds for the purpose of increasing the number of skilled persons have a shared responsibility to ensure quality training is delivered. This should remain a key function of the Board and the CTF should work in partnership with DTWD to ensure value for money and quality outcomes, in order to deliver on its purpose to increase the number of skilled persons. In this regard, the CTF should not provide funding in any form to training providers where there are known or suspected issues with the quality of training being delivered.

Recommendation 3: It should remain a function of the Board to improve the quality of training provided and CTF should work collaboratively with DTWD and other relevant stakeholders to ensure that any funding provided delivers quality outcomes and represents value for money to levy payers.

Increasing the number of skilled persons

CME members have experienced great difficulty accessing grants and subsidies from the fund towards building a skilled and sustainable workforce for construction roles in the resources sector. CME understands this is due to exclusion criteria listed in the CTF Levy and Disbursements Guide as well as the majority of grants available for apprenticeship and traineeship qualifications being targeted at traditional building and construction industry roles. We note that limitations on eligibility for roles engaged in resources related construction activities, including maintenance and shutdowns, also limits the CTF's ability to increase the number of skilled persons consistent with this legislated function.

As significant contributors to the fund, CME considers it imperative that construction work conducted across the resources sector is eligible to access these benefits.

Recommendation 4: The Board should ensure the resources sector can access the funding, proportional to its levy contribution, to build a skilled and sustainable workforce for construction roles in the resources sector.

1b. Attainment of the objects of the Act

The Act does not contain clear objects. While they can be inferred from the long title, the functions of the Board and aims of the operational plan, CME believes that the Act would benefit from clear objects and principles to clarify the underlying purpose and spirit of the Act. This is particularly relevant given the 2018 amendment to apply the levy to the resources sector, which thereby broadened the scope and application of the Act beyond what was originally intended (i.e. the traditional building and construction industry).

Recommendation 5: The Act should be amended to include specific and clear objects and principles to provide clarity of purpose, intent and scope.

1c. The need for the Act to continue operation

While there are significant benefits to be gained from its intent, the Act is outdated and historical amendments have resulted in a complex and confusing legislative framework that is difficult to interpret. Regulatory requirements should be clear and easy to understand and apply. Failure to achieve this increases costs and decreases productivity, both for the agency administering the Act and industries to which it applies.

By way of example, the Act establishes the Board and its functions and is to be read in conjunction with the *Building and Construction Industry Training Levy Act 1990* which sets the rate of the levy at 0.2 per cent and enables regulations to be made in respect of the levy. However one of the most critical elements of this legal framework is the meaning of construction work for the purpose of establishing levy liability. Construction work is defined in section 3 of the Act as 'all of the work carried out in the state or as referred to in section 5' (i.e. application to off-shore construction work), 'that is included in the definition of construction industry in the *Construction Industry Portable Paid Long Service Leave Act 1985*; or that is building work or demolition work as defined in section 3 of the *Building Act 2011*, but does not include any work that is prescribed in the Regulations to be excluded from the definition.'¹⁵ The definition of construction industry included in the *Construction Industry Portable Paid Long Service Leave Act 1985* provides a detailed and complex list of inclusions, in addition to listing exclusions from the levy, while the Regulations define resources facility (which is in scope of the levy) and resources operational work (which is excluded from the levy).

The CTF has developed a variety of explanatory guidance material to support a consistent interpretation and application of this legal framework to the resources sector. However, the resources sector has described ongoing confusion and difficulties both interpreting their obligations and accessing the funds for skills and training purposes. CME understands interpretation of the legal framework is also a source of confusion for the CTF itself in administering the Act.

To address this complexity and ensure the legal framework is workable going forward, CME believes substantive reform is required.

Legislative reform should be undertaken through a process of genuine and open consultation with all key stakeholders including the resources sector, defining clear objects and principles aligned to a very clear policy intent, fit for purpose and standalone definitions, and a more holistic focus on skills and training for all industries that contribute to the levy. A clear legislative framework would provide industry with the policy certainty and efficient regulation it needs to continue to generate further investment, jobs and training in WA.

Recommendation 6: The legislative reform of the Act should be prioritised, in consultation with all key stakeholders including the resources sector.

2. Outstanding recommendations from the 2014 and 2019 reviews

10 recommendations outstanding from the 2014 and 2019 reviews are also in scope of this 2024 Statutory Review and CME and its members companies have considered recommendations 10, 12, 13,16, 17, 21 and 22 below.

2a. Recommendation 10 - Introduce a capital value cap

¹⁵ Building And Construction Industry Training Fund And Levy Collection Act 1990. [Building And Construction Industry Training Fund And Levy Collection Act 1990 - \[03-g0-00\].pdf](#)

The cost of doing business in the WA resources sector is growing. The sector is experiencing significant inflationary pressures that work against the industry as compared to companies in other jurisdictions. Companies are challenged to remain commercially viable in a highly competitive global market. The CTF levy is an example of just one of the pressures on the overall cost and viability of resources sector projects which generate thousands of jobs and stimulate economic growth.

As described earlier, there are significant differences in the approach and cost of construction in the resources sector – which often has very large capital values due to the complex and highly specialised inputs required, impacting the capital-to-labour ratio of the project. In our 2019 submission, CME raised concerns regarding the additional cost burden created by the 2018 amendment to capture engineering construction work and application of the blanket 0.2% levy to large and complex projects. These concerns are borne out by current levy revenue figures which clearly indicate a disproportionate cost impost on resource sector projects.

Queensland's equivalent CTF imposes a \$5 billion cap on the capital value of a project to which the levy applies, and applies a differential rate of 0.1% to project costs from \$150,000 to \$1 billion and a reduced rate of 0.05% to project costs between \$1 billion to \$5 billion, at which point the levy ceases to apply. CME understands the way this model is structured has worked to meet the construction training needs in Queensland without disproportionately impacting the Queensland resources sector.

CME considers that introduction of a similar model with a value cap and differential rates in WA would ensure a framework that appropriately accounts for the differences between the sectors to which it applies. Concessional rates would also help to minimise the risk of levy costs making less financially viable projects including those related to decarbonisation and the energy transition (e.g. carbon capture and storage, direct air capture, wind turbines, solar farms, transmission infrastructure etc) cost-prohibitive.

Recommendation 7: A capital value cap and differential rates should be introduced to ensure that the levy does not continue to negatively impact the resources sector. These should be set using regulations or another form of subsidiary legislation to ensure a flexible and agile approach to future amendments.

2b. Recommendation 12 - Increase threshold at which the Levy applies

The levy threshold was set at \$20,000 when the Act commenced in 1990 and has not been updated since. At the time it was introduced its application was limited to the building and construction industry and in 1987-88 the average cost to build a new house in WA was \$56,000.¹⁶ We note non-residential building construction costs in WA have increased by 222 per cent since December 1996.¹⁷

It is well established that WA is experiencing a heated construction market, which is impacting supply chains, workforce supply and increasing the cost of essential materials such as steel.

Recommendation 8: An increased and fit for purpose threshold should be implemented and adjusted periodically to achieve index rebalancing. The threshold should be set using regulations or another form of subsidiary legislation to ensure a flexible and agile approach to future amendments.

2c. Recommendation 13 - Review of concessional expenditure threshold

Recommendation 13 from the 2019 review reflected the concerns raised by the resources sector with respect to the need to clarify activities which may be deemed to be construction and those that are part of regular operations. The review noted that the definition of resources operational work in the Regulations¹⁸ included a mechanism to deal with that, namely the \$10 million concessional expenditure threshold for the alteration, renovation, replacement, reconfiguration or relocation of existing components, structures or facilities. The review also noted that the CTF may consider increasing its resourcing and understanding of resources industry engineering construction projects, and that the resources industry should engage with the CTF to assist in building this capability. CME considers further analysis is needed to assess whether this threshold effectively distinguishes between the construction phase as opposed to activities associated with operating and maintaining a resources facility.

2d. Recommendation 16 - Definition of Construction and Recommendation 17 - Streamlined definition of resources construction

¹⁶ Australian Bureau of Statistics, [Feature Article: A Twenty Year History of the Cost of Building a New House](#), April 2009

¹⁷ Latest data to March quarter 2024. ABS, ['Producer Price Indexes, Australia'](#), Table 17, Column AH.

¹⁸ Paragraph (j) of the Regulations

Recommendations 16 and 17 need to be considered in conjunction.

The issues stemming from the Act referring to the definition of construction work from the *Construction Industry Portable Paid Long Service Leave Act 1985* were comprehensively outlined in the 2019 review and remain current. The definition is complex, outdated and not fit for purpose.

Regulation 3 provides a lengthy definition of resources operational work for the purpose of clarifying what is not subject to the levy. However this provides another complex definition for interpretation and cross reference.

If the Act is amended to include a fit for purpose definition of construction work for the purpose of establishing levy liability, the definition of resources operational work for the purpose of defining levy exclusions should simply refer to any works outside of the meaning of construction work. However other terms such as construction industry, building work and demolition work also need to be considered.

There is also confusion and inconsistent application of the 'on-site' interpretation. The CTF Levy and Disbursement Guide states that 'eligibility for CTF grants, subsidies and additional benefits depends on an individual's or company's ability to demonstrate primary and substantial direct involvement on projects in WA's construction industry, specifically in *on-site* construction, installation and/or fabrication activities.' It goes on to state that 'Although the definition of construction refers to 'on-site' activities, under certain conditions our subsidies for short training courses may also be provided to workers whose normal duties may not always require them to regularly attend site.' The 2019 review reflected that the 'on-site' interpretation could be considered narrow, and a broad industry view is that the current approach of assessing eligibility on the basis of on-site versus off-site work is unlikely to be tenable in the future due to changes in technology. This industry view remains and, as mentioned earlier, construction in the resources sector involves a significant amount of off-site pre-fabrication, and hence this criterion is exclusionary to the sector. CME therefore considers the requirement for construction work to only include 'on-site' activities should be removed.

The definitional issues as they relate to the resources sector need to be addressed holistically, ensuring that operational, maintenance and decommissioning are clearly excluded from the levy liability. The definitions, similar to the introduction of a value cap and differential rates, should also consider the impact on marginal projects, particularly those related to decarbonisation and the energy transition, and be sure to exclude projects where the application of a levy might be a disincentive to investment and stifle innovation.

Recommendation 9: Fit for purpose terms and definitions should be developed to resolve current issues.

2e Recommendation 21 - Resources integration and Recommendation 22 - Review of levy revenue and CTF expenditure

CME and its members appreciate that since the 2019 review industry specific guidance material and industry specific interpretation of the Act and Regulations have been developed by the CTF to support implementation.¹⁹ Notwithstanding, CME members have provided feedback that ambiguity and confusion remains with respect to determining applicability of the levy and who is considered the project owner, given the approach to sub-contracting construction. Amendments to the relevant definitions would go a long way to resolve these issues and provide clarity to both industry and the CTF.

A further issue that has arisen since the last review is the limited ability of the resources sector to access the fund for the purpose of upskilling and training a resource sector construction workforce – despite being the largest contributors to the fund. CME members report an inability, or limited ability, to claim any subsidies or grants. Consistent with this, the CTF Levy and Disbursements Guide states that companies and individuals engaged in exploration for resources (minerals, oil and gas) or construction work associated with resources exploration are *not* eligible for CTF grants, subsidies or additional benefits.²⁰ However, in discussions with the CTF, CME was advised that the resources sector could make some claims and they should contact the CTF to discuss their construction projects in more detail to help the CTF determine what can be claimed. While the willingness to collaborate is greatly appreciated, the approach by the CTF to engage in one-on-one negotiations is time consuming and does not support an efficient process or consistent outcomes.

CME understands some stakeholders have argued that because the resources sector relies on various contractors to deliver its construction works, those companies should be able to claim grants and subsidies on their behalf. However, the CTF Levy and Disbursements Guide states that 'eligibility for CTF grants, subsidies and additional benefits depends on an individual's or company's ability to demonstrate primary and substantial

¹⁹ Government of Western Australia CTF, [Information Guide: The CTF Levy and WA's Resources Sector](#), 2022

²⁰ [CTF Levy & Disbursements Guide](#)

direct involvement on projects in WA's construction industry, specifically in on-site construction, installation and/or fabrication activities.' As the project owners, it is unclear why resources sector companies would not be considered to have primary or substantial direct involvement on projects in WA's construction industry, or why erecting pre-fabricated elements is not captured within 'installation'. Further, the interpretations applied to establishing levy liability and the ability to access the fund for skills and training appear to be inconsistent.

Recommendation 22 requests an explicit review of the size of the CTF's revenue base and demand for its programs following the longer period of time that resources engineering construction work has been in scope of the levy. As previously outlined, the contribution to the levy from the resources sector increased from \$1.96 million in 2018-19 to \$31 million in 2022-23, representing 43 per cent of overall revenue. CME understands that the sector's contribution in 2023-24 will similarly represent close to 50 per cent of overall revenue. Table 1 demonstrates the disparity between the contributions to the levy and inability of the resources sector to access the fund.

Sector	Levy revenue (\$)	Number of payments	Average value per payment (\$)	Share by volume (%)	Share by value (%)
Resources	31 million	182	\$170,329	0.79	43.53
Civil	12.5 million	668	\$18,712	2.9	17.55
Commercial	12 million	5,611	\$2,138	24.46	16.85
Residential	15.7 million	16,470	\$953	71.82	22.05
Total	71.2 million	22,931	\$3104		

Table 1: 2022-23 CTF levy analysis

Existing CTF grants and programs are largely targeted at traditional construction roles, which can be seen in the higher number of payments to the residential construction sector, which primarily meets the 'on-site' requirement.

CME and its members are seeking access to grants and programs tailored to the constructions skills used in the resources sector commensurate with the scale of contribution to the fund. CME welcomes the CTF's inclusion of the Metal Fabrication Trades via the Try-A-Trade program as well as inclusion of a Certificate II in Engineering in their Scholarships program in 2025, in line with requests from the Resources Industry Training Council and Utilities, Engineering, Electrical and Automotive Training Council. The inclusion of these skills programs goes some way to support the needs of the resources sector. However, further work is needed to strategically enhance access for the sector through the inclusion of other engineering and advanced trades into CTF programs.

CME acknowledges that the resources sector indirectly benefits from the levy when recently upskilled construction workers are attracted into the sector. However, we note substantial further investment is generally required to upskill these workers to operate safely in resources operating environment. The construction sector equally indirectly benefits from a returned workforce with higher skills and training, especially in safety practices.

Recommendation 10: The resources sector should be able to access the fund, via grants and programs tailored to the constructions skills used in the sector, commensurate with the scale of the sector's contribution to the fund.

3. Fund governance

In June 2022 the Office of the Auditor General (OAG) presented the findings of a forensic audit into the CTF which included instances of non-compliance with public sector procurement and record keeping obligations. The OAG also noted that while out of scope, the CTF's process for assessing the eligibility of the thousands

of claims for apprenticeship-related grants and subsidies was labour-intensive and relied heavily on the manual review and diligence of the claims team.²¹

These audit findings are of concern to CME members as significant contributors to the fund. This review should consider the issues highlighted by the OAG in further detail, and the Board should transparently disclose its actions undertaken to date and future plans to address the findings of the OAG audit and provide assurance to all levy partners.

Recommendation 11: The Board should disclose its actions undertaken to date and future plans to address the findings of the OAG audit.

4. Future focussed

CME and its member companies see this 2024 Statutory Review as a significant opportunity for the WA Government and the CTF to reimagine the way the fund can be used to drive and support important changes and innovation in both sectors. These changes should include investment in initiatives to upskill in areas such as safe, respectful, diverse and inclusive workplaces; supporting mental health; improving physical and psychosocial safety; and the skills needed to support the evolution of each sector. Such skills may include management and supervisory training for front line leaders so they are equipped to supervise and mentor apprentices, covering areas such as leadership, effective communication, time management and delegation, managing conflict, change management, negotiation techniques, building an effective team environment and advanced skills needed to support WA's energy transition.

The WA resources sector is committed to providing a workplace that is safe, respectful and inclusive to all and has been working hard to address recommendations to industry outlined in the Enough is Enough report following the 2021 WA Parliamentary Inquiry into sexual harassment against women in the FIFO mining industry. The progress of the sector was demonstrated in the gender pay gap data recently released by the Workplace Gender Equality Agency. The results showed a significant divergence between the mining and construction industries nationally, with mining recording a gender pay gap of 15.1 per cent, considerably below the overall national average of 21.7 per cent, and less than half the gender pay gap recorded for the construction sector of 31.8 per cent. National data from the 2021 Census shows that women's participation in the mining sector is at 21.4 per cent while women's participation in the construction industry is at 17.1 per cent.²² These results are in alignment with CME's 2021 Diversity and Inclusion in the WA Resources Sector Report²³, which demonstrates consistent long-term growth in the participation of women and Aboriginal and Torres Strait Islander peoples in the WA resources sector. CME releases an updated report every two years based on survey results, which also provides a longitudinal study of the sector's progress against its diversity and inclusion goals. The next report will be published later this year.

Some examples of good practice in diversity and inclusion for consideration by the CTF can be found in the Supporting Safe and Respectful Workplaces – Industry Actions to address the Enough is Enough Report.²⁴ This document was developed by CME and its members to share a suite of tools, in acknowledgement that there isn't a single solution to addressing the societal issue of sexual harassment.

New ways of using the funding to support Aboriginal and Torres Strait Islander peoples into apprenticeships and traineeships, management and leadership roles could be developed by the CTF via a co-design process.

A skilled workforce is critical to the WA resources sector. The imposition of the levy without proportional return is counter-productive to a sector that is constantly shifting, at the forefront of workplace innovation and training, community involvement and education initiatives.

As mentioned earlier, without appropriate thresholds, the levy could also stifle innovation as projects aimed at supporting WA's energy transition are often marginal. The CTF needs to be agile in its approach to ensure the levy does not disincentivise such progress and supports the development of our future workforce. The energy transition will have skilling and training implications for the 50,000+ individuals employed as traditional automotive mechanics, electricians, fitters and machinists. Work-integrated learning projects, which provide exposure to these changing technologies, can support skills development between industry and education providers. The CTF could achieve this through better engagement and ongoing partnerships with training

²¹ WA Office of the Auditor General, [Forensic Audit – Construction Training Fund](#), 2022

²² [Employment in the 2021 Census | Australian Bureau of Statistics \(abs.gov.au\)](#)

²³ CME, [Diversity in the WA Resources Sector Report](#), 2023

²⁴ CME, [Supporting Safe and Respectful Workplaces – Industry Actions to address the Enough is Enough Report](#), 2023

councils and the resources sector to identify future skills and develop longer term planning for a resource sector ready workforce.

CME notes that the CTF has developed a 5-year strategic plan in line with a recommendation from the CME 2019 submission. This strategic plan could be a mechanism to set a more innovative vision against which progress can be measured for how the fund can be used to enhance skills and training in these areas regardless of the industry.

Now that the levy also applies to the resources sector, the focus on the building and construction sector is limiting and a more holistic vision of skills development is needed to grow a WA workforce that can move between sectors based on their professional needs, personal life stage, as well as fluctuations in the labour demands of the sectors at different periods of time.

Recommendation 12: The WA Government and CTF should reimagine the way the fund can be used to drive important changes to upskill in areas such as diverse and inclusive workplaces; improving physical and psychosocial safety; leadership; and advanced skills needed to support WA's energy transition and decarbonisation.

Conclusion

CME sees this 2024 Statutory Review as a significant opportunity to act as the catalyst for a holistic reform of the Act to establish a contemporary and fit for purpose legal framework that enables the training fund to operate more effectively across both sectors. This would better support the fund to deliver on its vision and purpose of building a skilled construction workforce in WA and enable a more innovative and future focussed approach to skills and training.

CME would like to once again thank you, the Executive Officer Ms Kylie Armstrong, and the staff at the CTF for supporting us to contribute to the 2024 Statutory Review by generously sharing information. It is greatly appreciated.

Should you have questions regarding this submission, please contact Michelle Gadellaa, Manager Health Safety and People on 0488 529 244 or via email at m.gadellaa@cmewa.com.

Yours sincerely,



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