

Mr Tom Dixon  
Independent Chair  
2024 Statutory Review

via: [statutoryreview@ctf.wa.gov.au](mailto:statutoryreview@ctf.wa.gov.au)

17 May 2024

**2024 Statutory Review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990***

Dear Mr Dixon,

Fortescue welcomes the opportunity to contribute to the Statutory Review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990 (the Act)*. Fortescue is committed to working with the State Government and the Construction Training Fund (CTF) to support the development of a well-trained and highly skilled workforce to meet the needs of the State and maximise opportunities for local people, now and into the future.

**About Fortescue**

Since our founding twenty years ago, Fortescue has become one of the world's largest producers of iron ore, globally recognised for its world leading approach to building cost-efficient, large-scale infrastructure.

Fortescue is a significant contributor to the State economy. We contributed over \$1.6 billion in State royalties last financial year, directly employed over 13,000 people, and made a global economic contribution of \$26.3 billion. Our continued growth provides economic opportunities for ambitious and skilled workers from throughout Western Australian and across the Nation.

Fortescue has two divisions – Metals and Energy, and together they work to ensure allocation of resources is prioritised across the divisions and projects.

Our Metals team focuses on our Australian and global iron ore deposits, exploration activities and the development of green iron technologies for future use. Our current Western Australian operations produce over 190 million tonnes of iron ore per annum from our three hematite mining hubs and our Iron Bridge magnetite mine in the Pilbara. These sites are connected to the five-berth Herb Elliott Port and the Judith Street Harbour towage infrastructure in Port Hedland via 760 kilometres of heavy haul railway.

Fortescue Energy comprises Fortescue Future Industries, Fortescue Hydrogen Systems and Fortescue WAE, and is focused on meeting the urgent global demand for green energy, green technology and vehicles, aviation fuels, green fertilisers and green shipping fuels.

As an integrated global metals and green energy company Fortescue brings a unique perspective to the decarbonisation of emissions intensive industry. We are committed to reducing our emissions to Real Zero (scope 1 and 2) across our terrestrial iron ore operations in the Pilbara by 2030. By eliminating fossil fuels through developing local renewable power generation, transmission and storage solutions and replacing our existing equipment with battery electric and green hydrogen models, Fortescue is creating a pathway for all emissions-heavy industry to decarbonise.

A growing and decarbonising Fortescue needs a workforce with an evolving skill set. With many of our projects based in Western Australia, we can offer skilled and semi-skilled workers with the right training and many employment opportunities – directly and through our contracting partners.

### **The resource sector and the CTF**

The changes introduced to the Building and Construction Industry Training Fund Levy (**the Levy**) in 2018 resulted in the inclusion of ‘resources sector engineering construction works.’ This change was implemented at a time when collections into the CTF had declined from \$34.9 million in 2014 to only \$25.9 million in 2018<sup>1</sup>.

At the time of the policy change, the State Government had budgeted the resource sector contribution to the CTF would be \$22 million over the four-year budget period<sup>2</sup>. This was a significant underestimation. The resources industry contributed over \$31 million in 2022-23 alone, and is now responsible for 43 per cent of overall revenue into the CTF. This is nearly double the contribution made from the second-highest contributing industry (residential construction contributed 22 per cent totalling \$15.7 million) while the civil and commercial construction industries contributed \$12.5 million and \$12 million respectively.

It is Fortescue’s position that the 2018 reforms were developed without a full understanding of the contribution that the industry would make to the CTF, and further, with an insufficient knowledge and consideration of the training needs of the industry. The resources sector and construction industries have very different needs to the residential or commercial building industry in terms of the skills required and the capacity to engage and train significant numbers of people.

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<sup>1</sup>Government of Western Australia, [Building and Construction Industry Training Board Annual Report Annual Report 2017-18](#), August 2018

<sup>2</sup> Government of Western Australia, *Budget Paper 3*, available at: <https://www.ourstatebudget.wa.gov.au/2018-19/budget-papers/bp3/2018-19-wa-state-budget-bp3.pdf>

We respectfully submit that this statutory review is the opportune time to reform the requirements of the Act and supporting subordinate legislation to ensure the needs of the workforce needs of the resources industry are adequately addressed by the fund, and barriers to access support for training for roles required by the industry are removed.

### **Board Representation**

Recommendation 9 of the 2019 Statutory Review of the Act highlighted the need for the “CTF to expand its understanding and knowledge of the resources industry to support the application of the Levy to resource projects<sup>3</sup>.”

It is evident that the 2018 changes have fundamentally changed the collection dynamics of the CTF and that a deeper understanding of the resources and mining industry is required through Board representation. The membership of the Board is comprised of nine members, with only three members of the resource sector represented. An increased representation on the Board can deliver better outcomes, increase understanding of the sector and provide confidence to industry of the direction and strategy of the CTF.

We believe that an increase in Board representation would have the flow-on benefits of further developing resource-sector knowledge within the CTF, which is now increasingly required for staff when assessing projects against the Levy.

**Recommendation 1:** Proportionately increase representation from the resources and mining sector to the Board of the CTF based on industry sector contributions.

### **Accessibility of CTF Grant Funding**

CTF guidance specifically outlines the activities that are ineligible for CTF grants, subsidies, or additional benefits. This includes companies and individuals that are:

- Engaged in exploration for resources (minerals, oil and gas) or construction work associated with resources exploration.
- That perform resources operational works.
- Engaged in decommissioning resources facilities.
- Engaged in rehabilitation of resources operations.<sup>4</sup>

For years resource companies and industry associations have advocated to improve this model, to enable industry to benefit from the significant contributions it makes to the CTF.

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<sup>3</sup> 2019 Statutory Review of the Building and Construction Industry Training Fund and Levy Collection Act 1990, available at: <https://api.ctf.wa.gov.au/wp-content/uploads/2024/02/20201204-2019-Review-Statutory-Review-Report-ID-2622.pdf>

<sup>4</sup> Construction Training Fund, *Eligibility for CTF Grants and Subsidies*, available at <https://ctf.wa.gov.au/levy-disbursements-guide/grant-eligibility>

Currently, there is a limited ability from companies in the resource sector to access the fund – despite our industry long being the largest contributor to the fund.

The skill sets and trade requirements of the resource industry are constantly evolving to reflect changing business models and priorities. A skilled workforce, trained in a system which is responsive to the changing needs of industry, is critical not only to the resources sector, but to the broader Western Australian economy.

Fortescue is proudly one of the largest skilled employers in Western Australia and leading the way for heavy industry to decarbonise with our ambitious Real Zero target by 2030. Our rapid decarbonisation journey is well under way. It will require the installation of approximately 2-3GW of renewable energy and battery storage connected via 750km of transmission lines connecting our operations.

It is vital that the CTF, in alignment with the Western Australian Government and business community, provides the proper initiatives and incentivisation to enable this transformation of the state economy. This will deliver significant value to the State and allow Western Australians to gain maximum benefit and take part in the opportunities created.

Fortescue currently offers development pathways for our staff through our Apprenticeship, Traineeship and Vacation/Graduate programs. However, a massive structural change of the workforce is now occurring with the electrification of the resources sector, and this requires a very significant increase in the level of training on offer and the skill sets developed. The significant funds paid into the CTF should be available to contribute to train the next generation of Western Australian workers (and up-skill existing workers) to enable them to take part in this transition, and help build the State's economy.

The CTF should work with companies such as Fortescue and the broader resources sector to develop and build the workforce skills needed.

**Recommendation 2:** Remove any restrictions that prohibit or create barriers to resource companies (and their contracting companies) from accessing the CTF grant scheme and clarify the definitions of those that are excluded from the fund.

**Recommendation 3:** Working with industry representatives, identify and then develop medium term plans to incentivise 'in-demand' apprenticeships and skills as we move towards a decarbonised world.

### **Post-construction maintenance**

Further to Recommendations two and three above, CTF guidance also excludes those:

- That provide maintenance or repairs of a minor or routine nature after the construction phase, including companies that perform minor maintenance, repairs and/or inspection of elevators and escalators.<sup>5</sup>

The post-construction role of skilled workers on projects on which funds must be paid to the CTF has changed significantly since the inclusion of the resources sector into the scheme and the commencement of the electrification of the Western Australian economy.

In the period to 2030 and beyond, the construction of renewable energy projects (wind and solar) will not be serviced and maintained by people with the skills held by those normally tasked with performing minor maintenance and repairs on traditional construction projects. This significant new area of employment will require very large numbers of trained electricians with varying specialist qualifications.

**Recommendation 4:** To enable this transition, it is recommended that the CTF remove the maintenance restriction for renewable and green energy projects.

### **Payment Scheduling**

It is apparent that there is a significant administrative burden being placed on companies in ensuring compliance and payment of the Levy.

Originally designed for the construction industry, the Levy would essentially be paid once per project based on the total capital expenditure of a new build. However, the application to our industry applies the Levy not only to new builds, but also to ongoing operational expenditure for projects associated with operating a mine. Fortescue has hundreds of sustaining capital and operational projects in any given financial year that need to be assessed to ensure compliance with the Levy. Many of these projects fall within the requirement to pay into the CTF.

Current guidance provided by the CTF allows for project owners to apply for payment schedules when the value of construction work is \$500 million or greater, with amounts to be paid annually.<sup>6</sup> While Fortescue has appreciated the adoption of the 2019 recommendation to enable this payment process, it is a process that we believe can be improved.

The CTF should investigate the viability of making payment scheduling available to all businesses as a default option. To enable this, the CTF can remove the \$500 million value criteria of construction work. This would assist small to medium construction businesses (in

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<sup>5</sup> Construction Training Fund, *Eligibility for CTF Grants and Subsidies*, available at <https://ctf.wa.gov.au/levy-disbursements-guide/grant-eligibility>

<sup>6</sup> Construction Training Fund, *Apply to pay the levy by instalments*, available at: <https://ctf.wa.gov.au/levy-disbursements-guide/the-ctf-levy>

addition to companies such as Fortescue) that have many, smaller projects that would fall under the current value threshold to enable payment scheduling.

Implementing these changes could have positive flow-on benefits. It would support replacement of the current email-based application process used by the CTF to approve payment plans and enable the implementation of an efficient online portal process that streamlines payment options for business. By providing optionality to businesses to pay the Levy on an ongoing and regular basis (quarterly, semi-annual or annual) the CTF would reduce the administrative burden in the collection of the Levy from all participants.

**Recommendation 5:** Regularise payments of the Levy via an accepted payment schedule.

### **Final Remarks**

Fortescue appreciates the opportunity to provide feedback on the *Building and Construction Industry Training Fund and Levy Collection Act* and looks forward to seeing the outcomes of the review. We believe the work started with the 2018 reforms needs to be completed by fully integrating the resources industry into the framework for the CTF and removing barriers to the fund being used to develop a workforce for this vital and changing industry.

Fortescue wishes to acknowledge the CTF staff for their collaborative engagement in ensuring compliance and collection of the Levy since its introduction for resources project. We appreciate their guidance and helpful approach to collection that has been taken.

Should you have any questions regarding this submission, please do not hesitate to contact Mathew French at [Mathew.French@fortescue.com](mailto:Mathew.French@fortescue.com) for further information.

Kind regards,



Sasha Pandal

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