

**Statutory Review of the
*Building and Construction Industry Training Fund and Levy Collection Act 1990 (WA)***

Submission of Motivation Foundation

Introduction

The Motivation Foundation is pleased to have the opportunity to make this written submission to this review.

The Motivation Foundation is a charity which was established in 2018 to relieve poverty and distress in young West Australians from diverse and disadvantaged backgrounds. The Foundation does this by partnering with a wide range of construction industry stakeholders to educate, develop employability, and link graduates with industry partners.

Operationally, the Motivation Foundation supports young West Australians that need a fair go to train them to drive big yellow machines to get jobs through its Civil and Mining Academies.

The Motivation Civil and Mining Academy provides vocational education and training at both its West Swan and Collie training facilities. It also provides pro-bono projects for the local community and for its students undertaking pre-apprenticeships in civil construction.

This program currently achieves a 94% employment rate and enrolls about 140 young persons each year, teaching them the behaviours and skills required to gain and retain an apprenticeship and meaningful work.

The functions of the Motivation Foundation align with the Building and Construction Industry Training Board in "the allocation of resources to provide for, or support, training programmes, the aim of which is to improve the quality of training, and to increase the number of skilled persons, in the building and construction industry."

Recent Awards and Successes:

Graduates' awards include the Beazley Medal for Vocational Education and Training Excellence, 3 x Trainee of the Year, Aboriginal Apprentice of the Year, and Apprentice of the Year in Civil Contractors Federation Industry Training awards.

- 142 current 15-19-year-old are enrolled for 2024. 94 are from disadvantage and educational risk. 26 are Indigenous and 27 are young women.
- 89% Attendance and Completion Rates last 5 years
- 100% Employment rate for 2018, 2019 and 2020 Graduates. 92% employment rate last 3 years with 24% indigenous and 21% of students are young women.

We direct our submission to the following Terms of Reference of the statutory review:

Term of Reference [1] Effectiveness of the Board

(i) Relationship with industry and effectiveness of communication

The Motivation Foundation enjoys an excellent relationship with the Constructions Training Fund and has appreciated the allocation of funds to assist us with our training programs.

These funds have been available in enabling the Foundation to attract and train students to acquire the skills needed to operate civil construction machinery safely and efficiently.

More regular communication from the Board, say on a quarterly basis, would be useful in keeping apprised of any changes in Board priorities.

(ii) Structure of the Board and its effectiveness in meeting the needs of different sectors of the industry.

The Act requires the Minister for Training to consult with 11 named industry bodies and unions from which to select at least five Board members. Customs and practice have seen the Minister invite each of these organisations to submit three candidates for Board consideration. If the Board is to attract the best possible candidates, each of the 11 named organisations would be in a much better position than the Minister to determine who, from amongst their ranks, was the best person to sit on the Board. We therefore submit that each organisation invited to put forward a name for the Board has the discretion to submit only one candidate. This would safeguard any prospect of compromise for any reason other than merit.

The Foundation also submits that any person or organisation that has an interest in enhancing the skills of persons working in the building and construction industry should be entitled to nominate someone to sit on the Board for the Minister's consideration. This would increase the potential talent pool for selection on an extremely important Board for the betterment of the building and construction industry.

As the building and construction industry is incredibly diverse and continually changes in terms of work practices, technology, infrastructure, machinery, and economic conditions, it would be beneficial for industry stakeholders to communicate significant changes that would be relevant to the Board in a formal way (say quarterly) via a transparent template, on-line mechanism.

As an example, the Motivation Foundation has identified a need to train more civil construction plant operators in the Goldfields region.

In consultation with local community and Industry employers, disengaged youth are seeking entry level civils pathways in a regional skills shortage area that the Motivation Foundation training model can facilitate with support.

By further example in the regions:

The cost to society of disengaged youth is \$32 Billion per year in Australia. As per below in table 8 the cost to our communities can be \$905,854 for each individual over their lifetime.

Table 8. Economic value of public benefits attributed to FLO participation by gender (2016 NPV)

Cost/benefit	Net public benefit—long-term engaged	
	Males	Females
Income tax	\$292,172	\$113,157
Newstart†	\$473,715	\$468,605
GST	\$69,280	\$42,472
Criminal justice	\$19,151	\$5,747
Health	\$15,889	\$8,026
METB†	\$35,647	\$79,073
Total	\$905,854	\$717,080

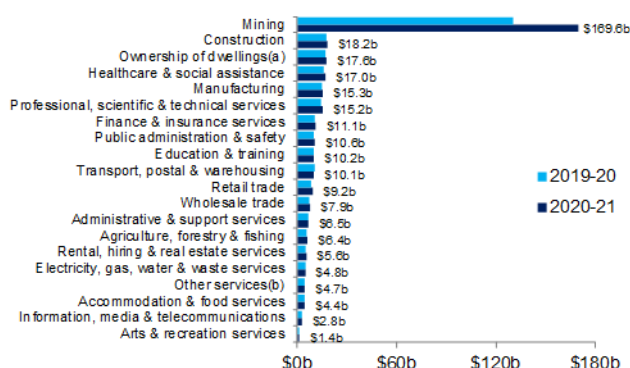
†Net of taxation of the earned income and consumption of the comparator group

Citation

- (1) Thomas, J. & Nicholas, C. (2018). Estimating the economic returns to flexible learning options in Australia – A social return on investment analysis. Townsville: James Cook University. Available at <https://youthplusinstitute.org.au>

A proven model providing employees two most in-demand employment industries in the Kalgoorlie/Boulder (Construction and Mining) is needed as illustrated below taken from WESTERN AUSTRALIA ECONOMIC PROFILE – February 2022.

Industry contribution to Western Australia's GSP¹: Financial years



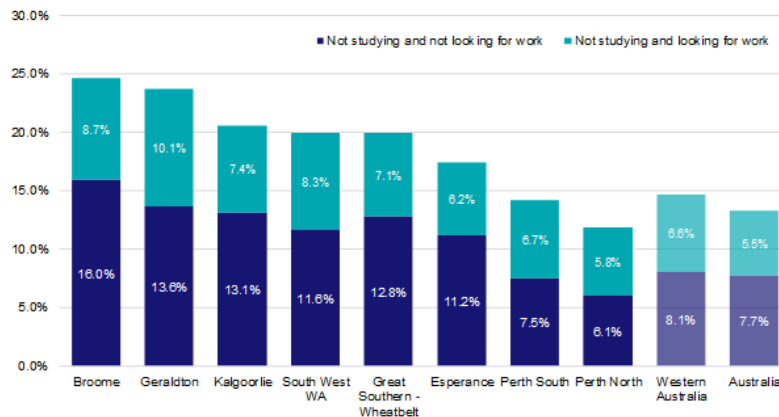
¹ Nominal or not adjusted for price changes. Original series: (a) Gross operating surplus of dwelling owners, with owner-occupiers assigned a rent for their dwellings. (b) Repairs, maintenance and personal services. Source: ABS 5220.0 Australian National Accounts: State Accounts (Annual).

- Goods-producing industries accounted for 59% (\$214.2 billion) of Western Australia's GSP in 2020-21, including:
 - a. Mining (47% or \$169.6 billion).
 - b. Construction (5% or \$18.2 billion).
 - c. Manufacturing (4% or \$15.3 billion).
 - d. Agriculture, forestry and fishing (2% or \$6.4 billion).
- Services industries accounted for 32% (\$116.7 billion) of GSP in 2020-21, including:
 - e. Healthcare and social assistance (5% or \$17.0 billion).
 - f. Professional, scientific and technical services (4% or \$15.2 billion).
 - g. Finance and insurance (3% or \$11.1 billion).
- Dwelling ownership and other items such as net interstate trade and changes in inventories accounted for the remaining 9% of GSP in 2020-21.

By providing a pathway for young West Australians, we can both fill the demand for industry needs as well as changing the life trajectory for young, diverse West Australians at educational risk and significant disadvantage with limited options.

For example Youth disengagement for the South West sits at 19.9% with the average for WA at 14.7% as shown in Figure 9 below.

Figure 9 Young people not studying nor working (18-24 years old)



Source: ABS, Census of Population and Housing, 2016

A key objective of the Act is to improve the number of skilled workers in the construction sector. It is important to the construction sector to have medium to long term strategies that circumvent future skills shortages and encourage jobs and training opportunities for young people. It is equally important to support the sustainability of effective organisations that work with young people, to continue to deliver outcomes that align with the CTF Strategic Plan.

Motivation Foundation recommends for amendment to the Act that benefit Government, Industry and Community by engaging and transitioning youth to construction industry skills shortage areas: The Foundation would also highlight the importance of appointing Board members without a conflict of interest in working for a business or union receiving fund. An example might be a group training organisation.

Just as importantly, no organisation, including a group of companies, should be permitted to have more than one person on the Board, including when the employment of that person changes.

(iii) Efficiency of the Board in collection of levy and administration of programs.

The Foundation believes the administration of the Act could be further amended to enable "Training for Industry" organizations, which are not RTOs, to be eligible to receive CTF funding or tender for programs that will enable young persons to enter the industry with appropriate skills to pursue their vocation & career.

Unfortunately, however, there have been occasions when the Fund has adopted inflexible arrangements in funding school-based programs. For example, if the names of the person enrolled to participate in a "Try a Trade" or Scholarship program were to change (due to a change in the persons circumstances) and be substituted by other young persons, the CTF would reduce the funding available to the organisation involved. This does not seem fair or reasonable, especially where the training organisation has geared up to conduct the training. Regrettably, this can often make the training program unavailable and prevent prospective entrants to the industry from experiencing the range of trades or jobs available by common-sense approach being adopted by the Fund.

The Foundation believes the administration of the Act could further be amended to enable “Training for Industry” organisations, that are not a Registered Training Organisation are able to receive funding or tender for programs that enable skilled youth to enter the industry.

Term of Reference [2] Attainment of the objectives of the Act including:

- (i) To improve the quality of training.
- (ii) To increase the number of skilled persons in the building and construction industry.

The Motivation Foundation recognises the enormous challenge confronting the Board in accurately identifying the type, location and magnitude of skill shortages within the building and construction industry. Appropriate funds clearly need to be directed in determining these issues in order to determine where its funds need to be prioritised.

In developing its “operational plans” (as per clause 8 of the Act), it is surprising that there is no obligation or requirement for the Board to consult with the building and construction industry in a formal or any other manner. The Motivation Foundation would recommend the Act be amended to allow for “improving the quality of training and increasing the number of skilled persons in the building and construction industry” by being able to communicate with the Board via a template form regarding this key issue.

Although the Board may be well equipped and competent in developing “operational plans” for the Minister’s approval, our Foundation submits that the process could be improved by giving all stakeholders the opportunity to have input into the range of matters included in section 8 (1) of the Act. This would also assist the Board in assessing training priorities for the purposes of its budget for the financial year ahead.

The Motivation Foundation supports the Board in allocating additional funds to attract persons in areas of work in critically short supply. The Board is commended for increasing subsidies to attract and train additional females and indigenous person to the industry, especially in regional areas.

The Motivation Foundation is ideally placed to attract and train young persons in the civil construction industry without having to rely on overseas workers. However, additional CTF funds need to be made available to achieve this objective.

Term of Reference [3] The need for the Act to continue in operation.

The building and construction industry has benefited significantly from a statutory training fund. Through the imposition of a levy across the whole industry, all stakeholders have shared the costs and benefits of having a trained and skilled workforce. The industry would be much worse off without this legislation which has operated well over the last 3 decades. Like any legislation, however, it needs to evolve as the needs of industry change.

Previous Reviews have confirmed the benefits of this Act and the reasons why it should continue. Our Foundation sees no good or sufficient reason why the Act should not continue; more so in WA which has the most deregulated workforce in Australia in terms of trade registration and licensing. The pros & cons of construction trade licensing are beyond the Terms of Reference of this Review.

Term of Reference [4] Review the operation of the Act with respect to the resources sector.

The Motivation Foundation strongly supports the continued inclusion of construction projects carried out in the mining and resource sector being included within the scope of this Act. It should always be remembered that although the resource sector might not directly train large number of construction workers, this sector has benefited a great deal from these workers being initially trained within the building and construction industry. As the resource sector is able to offer higher wages, it is able to attract trained construction workers to its sector; sometime to work in unrelated jobs to their training and education regimes.

Given the contractual value of some mega resource construction projects, there may be merit in including a maximum cap to pay the CTF levy. There may also be potential to expand the definition of "construction work" in the resource sector to include the training of mobile plant operators and other classifications which comprise skills beneficial to the construction industry, especially when these workers relocate from the resource industry.

We recommend that significant companies in the Resources sector should have the opportunity to "direct" elements of their funding to specific programmes, approved by the CTF. For example, school based or pathway programmes that train youth in regional and remote areas would provide a wider social benefit as well as supporting the CTF's goal of increasing the number of skilled persons in the building and construction sector.

Term of Reference [5] Consider the benefits of a more diverse construction workforce and assess whether First Nations people participate and gender imbalances in training are being adequately addressed.

This is a vexed issue which the Motivation Foundation has grappled with in its training program. Those indigenous and female graduates of our Foundation have gone on to be excellent workers within the industry. Attracting a diverse workforce is an ongoing challenge and invariably hinges on supply and demand.

Our Foundation has continually promoted role models from within our indigenous and female graduates to attract more minority groups to join our training programs.

The CTF has allocated funds to promote the benefits of a career in the building and construction industry. We are not privy to the success from their investment. It will take time for more females and indigenous persons to choose a career in the industry. A multi-faceted strategy and funding will be required to be successful and to sustain success. We do not support the imposition of quotas in this regard.

The experience of the Motivation Foundation indicates that education and awareness of a career in the building and construction industry at school age, is likely to translate to a larger number of long-term participants in the industry. We see this with students from a disadvantaged or "at risk" background and particularly female and first nations people. The greater their engagement with, and understanding of, the building and construction industry at an early age, the more likely they will enter a pathway to the industry. To assist in developing a more diverse construction workforce, we recommend that the CTF allocate an appropriate level of resources and funding to programmes specifically developed for school aged students, providing defined pathways from school to industry.

CONCLUSION

The Motivation Foundation supports the Construction Training Fund and its Board in its endeavours to increase the quality of training and quality of skilled workers in the building and construction sector in WA. We are fortunate in WA to have a Fund which subsidises the training of apprentices and building workers.

This Review provides the opportunity to enable the Board to operate better. We hope our submission might be helpful in this process.

The Motivation Foundation sees the Act's statutory review as an opportune time to put in place amendments which will enable the Act to effectively increase the number of skilled entry level youth construction workers for the civil and resource sector allowing implementation of the levy to meet its objectives.

The Motivation Foundation Board and CEO, Tim Hunter, would be pleased to meet with the Reviewer should that be helpful for the purpose of providing clarification or additional information.

Authorised by	Position	Date	Signed
Tim Hunter	CEO	15/05/24	TH
Document reference	BCITF and Levy Collection Act Review Submission		

