

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

Terms of Reference	Comments
<p><b>a) Effectiveness of the Board</b></p> <ul style="list-style-type: none"> <li>• Relationship with industry and effectiveness of communication</li> <li>• Structure of the Board and its effectiveness in meeting the needs of different industry sectors</li> <li>• Operation of the board in strategic management of the Construction Training Fund</li> <li>• Efficiency of the Board in collection of levy and administration of programs</li> </ul>	<p>Master Builders Association of Western Australia (Master Builders) is of the view the Board has and remains effective.</p> <p>The Board has endorsed the CTF 2021 – 2025 Strategic Plan, demonstrating the engagement with the building and construction sector has been positive, through ongoing consultation with a clear focus on meaningful exchanges and partnering with industry on all relevant issues and matters.</p> <p>The current Board structure, led by an independent Chair, is one of having balance with employer and employee organizations, metropolitan and regional representation, gender diversification and depth of experience through key sectors.</p> <p>The strategic Management of the CTF by the Board is currently continuing to perform well. It is the view of Master Builders that the right balance between strategic and operational matters is being undertaken.</p> <p>Currently, all feedback and evidence are showing the collection of levy and administration of programs is functioning effectively and efficiently.</p>

<p><b>b) Attainment of the objectives of the Building and Construction Industry Training Fund and Levy Collection Act 1990</b></p> <ul style="list-style-type: none"> <li>• To improve the quality of training</li> <li>• To increase the number of skilled persons in the building and construction industry</li> </ul>	<p>Master Builders is of the view that the objectives of the <i>Building and Construction Industry Training Fund and Levy Collection Act 1990</i> are sound and are supported.</p> <p>It is acknowledged the CTF has broadly been effective in achieving these objectives, notably through the 2021 – 2025 Strategic Plan; and it is recognized in determination of the CTF’s overall effectiveness, underlying economic conditions can be taken into consideration when assessing the overall performance of the CTF in the achievement of its objectives.</p> <p>There must remain clear and transparent communications with industry, and the effectiveness of the CTF can be enhanced even further through more effective marketing, promotion, and branding of the industry.</p> <p>This is particularly relevant with challenges around perception of the construction industry in the public domain.</p> <p>There must also remain continued dialogue with the Department of Training and Workforce Development. It is the view of Master Builders the Department has a lead role for training quality improvement, through ongoing collaboration with CTF and industry; with a focus on continuous improvement of training.</p>
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<p><b>c) The need for this Act to continue in operation</b></p>	<p><b>Master Builders agrees fully.</b></p> <p>It is imperative the Act continues to be in operation.</p> <p>The collective benefits afforded by the Act, how the Fund operates, and the priorities of the Board are of high significance to the building and construction sector.</p> <p>With the current and ongoing challenges through levels of activity and demand, including government housing targets, it must remain the number one focus to be on increasing industry capacity to meet the demand and deliver on cost -efficient projects.</p> <p>As the building and construction sectors continue to see the loss of skilled tradespersons through an ageing workforce, retirement and other factors, coupled with the ever-present challenge of losing apprentices and skilled tradespersons to resource sectors, it is critical that CTF, the Department of Training and Workforce Development and our industry work collaboratively to have measures for increased entry into the sector with apprentices/trainees and their retention in the industry.</p> <p>Apprentices and trainees must be nurtured and a clear focus on their retention in this diverse, challenging and rewarding sector.</p> <p>Master Builders holds the view that one such measure could be similar to that of the Australian Defense Force, having a/the host employer bonding the apprentice/trainee.</p>

	<p>It would be appropriate to explore this as a model, with the CTF having a central role in this regard.</p> <p>It has been widely published and accepted, the single biggest challenge for our industry is capacity, labour force constraints. Equally, whilst skilled migration plays a significant role, certainly in the short term, it is that of enabling the future workforce with domestic capacity that is much needed, not only to help meet current construction targets, but well beyond.</p> <p>It is estimated approximately 10% of the people working in the building and construction industry are apprentices.</p> <p>Thus, a clear focus and commitment to having apprentices trained and skilled within our sector, remain in it.</p> <p>It cannot continue that our sector remains an incubator for apprentices/trainees for the resource sector.</p> <p>Measures such as the model operating within the Australian Defense Force, along with others, have significant merit that must be evaluated.</p>
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<p><b>d) Review the operation of the Act with respect to the resources sector, including four recommendations referred from the 2019 statutory review to this review</b></p>	<p><b>Refer below to individual comments against recommendations.</b></p>
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<p><b>Recommendation 10 – Introduce a capital value cap</b></p>	<p>Consider introducing a cap on the capital value of any single building and construction project for the purposes of calculating the levy to prevent the policy intent of the Levy from being undermined</p>	<p><b>Disagree.</b></p> <p>Master Builders is strongly of the view there is no basis to state the policy intent of the Levy would be undermined.</p>
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	<p>by large capital value projects, where the capital value of the project is driven solely by the high value of imported capital equipment</p>	<p>It is widely accepted there will always be some form of cross-subsidization in a broad industry levy of this nature.</p> <p>With that said, the resources sector currently has a considerable number of exclusions/exemptions that serve to be directly favourable to that sector with work excluded under the definition of ‘resources operational work’.</p> <p>Master Builders remains of the view there should be no consideration given to a capital value cap.</p> <p>As mentioned earlier in this submission, the building and construction industry has long been an incubator for the resources sector in our workforce, with industry training a dedicated workforce only to have it impacted by other sectors in the targeted recruitment for their own sector.</p> <p>It is the building and construction sector which delivers on housing, hospitals, education and health care facilities and other key infrastructure for communities and the West Australian public and economy.</p> <p>It simply must be accepted all sectors can be enabled to train skilled workforce that benefit all; this is only achievable by all sectors contributing to the CTF.</p>
<p><b>Recommendation 12 – Increase threshold at</b></p>	<p>Increase the following thresholds in line with an appropriate indexation factor (such as the Consumer Price Index or Construction Cost</p>	<p><b>Agree.</b></p>

<p><b>which the levy applies</b></p>	<p>Index) and introduce an annual indexation process to adjust them:</p> <ul style="list-style-type: none"> <li>• The threshold at which the Levy applies; and</li> <li>• The threshold for application of adjustments to the value of construction projects on completion</li> </ul>	<p>It is understood this current threshold has not been reviewed since the CTF was established and operational.</p> <p>It would be appropriate to have a threshold value approximating \$50,000, and an indexation to the Construction Cost Index.</p>
<p><b>Recommendation 21 – Resources integration</b></p>	<p>Carry forward the review of any legislative implications of the Levy on the resources sector, including those matters raised by them relating to the operation of the Act to the next statutory review to provide a longer timeframe over which the operation of the new policy can be assessed</p>	<p><b>Disagree.</b></p> <p>One central argument of the resources industry has been the CTF does not necessarily require large injection of funds under its (current) framework for supporting the building and construction industry.</p> <p>No sector should be afforded such considerations.</p> <p>The recommendations carried from previous reviews that are part of the 2024 Review must be addressed in full.</p>
<p><b>Recommendation 22 – Review of levy revenue and CTF expenditure</b></p>	<p>Review the amount of revenue raised by the levy and the demand for CTFs programs in light of the removal of the exemption on resources engineering work undertaken by or on behalf of the resources industry as part of the next statutory review</p>	<p><b>Disagree.</b></p> <p>As with earlier commentary, the resources sector continues to frame the narrative CTF does not need large injections of funds from it, the view taken is the resources sector seeks to continue looking for ways to limit and reduce its contributions.</p> <p>As stated previously, it must again be noted that the negative impacts to the building and construction sector particularly on labour force capacity is highly detrimental. This recommendation would serve to only exacerbate an issue that is already hurting the industry significantly.</p>

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<p>e) Test six recommendations from the 2019 statutory review noted and for further consideration (Stage 2 legislative change), including four recommendations arising from the 2014 statutory review</p>	<p>Refer below to individual comments against recommendations.</p>	
<p><b>Recommendation 13 – Review of concessional expenditure threshold</b></p>	<p>Review the concessional expenditure threshold of \$10 million for alterations and additions to resources facilities to ensure it is operating as intended</p>	<p><b>Disagree.</b></p> <p>It would be appropriate for the concessional threshold to remain at current value, having an indexation applied with alignment to Recommendation 12.</p>
<p><b>Recommendation 16 – Consider the following legislative changes in the medium to long term to address issues with the definition of construction</b></p>	<ul style="list-style-type: none"> <li>• The Act is amended to include a definition of construction without reference to other legislation</li> <li>• The definition adopted in the Act is made more general and all-encompassing, rather than the current approach of seeking to define what is construction in great detail</li> <li>• The Regulations be the instrument which is used to define any and all exclusions from the Levy</li> <li>• Any reference to the difference between work being done on-site ( and by implication off-site) is removed, with matters of applicability to be addressed by the current clause within the regulations of a person being engaged by an employer “whose primary activity is</li> </ul>	<ul style="list-style-type: none"> <li>• The Act is amended to include a definition of construction without reference to other legislation</li> </ul> <p><b>Disagree.</b></p> <ul style="list-style-type: none"> <li>• The definition adopted in the Act is made more general and all-encompassing, rather than the current approach of seeking to define what is construction in great detail</li> </ul> <p><b>Disagree.</b></p> <ul style="list-style-type: none"> <li>• The Regulations be the instrument which is used to define any and all exclusions from the Levy</li> </ul> <p><b>Agree.</b></p> <p>Any reference to the difference between work being done on-site (and by implication off-site) is removed, with matters of applicability to be</p>

	<p>not related to the building and construction industry” being deemed not part of the construction industry</p> <p>The current definition of construction industry as referred to in S3 of the Act is taken from the Construction Industry Portable Paid Long Service Leave Act 1985.</p>	<p>addressed by the current clause within the regulations of a person being engaged by an employer “whose primary activity is not related to the building and construction industry” being deemed not part of the construction industry</p> <p><b>Agree</b></p>
<b>Recommendation 17 – Streamlined definition of resources construction</b>	<p>Explore amending the definition of ‘resources operational work’ to imply that all work which does not meet the definition of construction on what is defined as a resources facility is considered operational work and so does not attract a levy liability</p>	<p><b>Disagree.</b></p> <p>There is no need to amend the definition. Including exemptions/inclusions, that deemed construction and that which is operational is clear.</p>
<b>Recommendation 18 – Exemption for government work</b>	<p>Consider removing the current exemption for “government work” in the regulations as there does not appear to be a rationale for why government work undertaken by government employees should be exempt from the Levy</p>	<p><b>Agree.</b></p> <p>Of the view the Levy should apply to all government projects/work.</p>
<b>Recommendation 19 – Specify levy adjustments in regulations</b>	<p>That Sections 21, 22 and 30 of the Act, providing for adjustment of amounts paid after the completion of construction work, are amended by removing reference to the specific threshold value for adjustment of the Levy and that the threshold value be specified within the Building and Construction Industry Training Fund and Levy Collection Regulations 1991</p>	<p><b>Agree.</b></p> <p>It is appropriate for collection accounting for final project value.</p>
<b>Recommendation 20 – Remove ‘improve the quality of training’ from the Act</b>		<p><b>Do not agree.</b></p> <p>It is acknowledged in the 2014 Review the questioning of the current relevance of ‘improve the quality of training’ and retainment of certain function regards quality issues within the Act, that they may not be as relevant as to when the Act was introduced.</p>



		<p>The 2014 Review detailed option to have alternate wording, ‘facilitating effective training outcomes that are required by industry’.</p> <p>Of the view the alternate wording can be reconsidered, particularly with ensuring a focus on continuous improvement and direct feedback from Industry Peak bodies, RTO’s and importantly apprentices/trainees.</p>
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<p><b>f) Consider the benefits of a more diverse construction workforce and assess whether First Nations people participation and gender imbalances in training are being adequately addressed under the Act</b></p>	<p><b>Agree.</b></p> <p>It is recognized widely for the attraction and retention of workers into the sector, particularly trades-based employment that what is needed is a gender neutral, age and culturally sensitive approach.</p> <p>It is a widely held view that the current training system by its very nature limits diversification of the labour force in Western Australia.</p> <p>Consideration given to funding programs in this regard, which help attract and support increased participation for female participation, First Nations people and others. Also, full consideration to not disincentivize or exclude any funding opportunities for businesses and organisations through base model support of apprentices and the like.</p>
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