

To: Construction Training Fund

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

10 May 2024

Introduction

AMEC appreciates the opportunity to provide industry feedback on the 2024 Statutory Review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990*. AMEC has provided multiple submissions in the past to the 2014 and 2019 reviews voicing concern around the extension of this Act into the Resources Sector. This submission echoes similar concerns, as well as makes several recommendations to improve the operation of the Fund.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 570 member companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC's member companies account for over \$100 billion of the mineral exploration and mining sector's capital value.

Mineral exploration and mining make a critical contribution to Australia's economy, directly employing over 274,000 people. In 2021/22 Industry generated a record high \$413 billion in resources exports, invested \$3.86 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$63 billion in royalties and taxes.

General Remarks

As noted above, AMEC provided submissions to earlier reviews. Much of the most recent submission to the 2019 Review of the Building and Construction Industry Training Fund and Levy is still relevant. In 2019, AMEC expressed fundamental concerns of the decision to remove the exemption for resources sector, with that submission detailing that:

- Funds levied from the resources sector will be much greater than other industries;
- Increases the current threshold in line with inflation;
- The need for funding of more operational roles in the resources sector; and
- Calling for an increase in the \$10m threshold for the cost of minor work in the mining industry

The following submissions reiterates these points and believes that now is the time for action.

Funds levied from the resources sector

The Western Australian Government first estimated, in the 2018 Budget, that the removal of the resources sector exemption would collect approximately \$25M over the first four years. However, this was grossly underestimated with the resources sector raising \$31.0m in revenue in 2022-23 alone and accounted for 43% of levy revenue.

Since 2018 the resources sector has paid \$68.46 million to the levy. Therefore, AMEC reiterates that the application of the levy be applied to the resources sector at a differential rate of 0.1% to all resource sector projects.

In the previous 2019 review of the Building and Construction Industry Training Fund & Levy Collection Act 1990 recommended that the resource sector pay a levy of 0.1%, or a tiered levy based on project value.

The 2014 and 2019 statutory reviews recognised that the resources sector, was not directly comparable to the building and construction sector, and that the levy should be applied differently.

Current threshold

The current threshold for the levy being set at \$20,000, has not changed since the implementation of the Act. The threshold should be increased at a rate of change in line with inflation to represent the increased cost of doing business.

According to the Reserve Bank of Australia inflation calculator¹, \$20,000 in 1990 equates to \$46,797 in 2023 dollars. This is a total change in cost is 134 per cent, over 33 years, at an average annual inflation rate of 2.6 per cent. Based on this we recommend to the threshold be lifted to at least \$50,000. This conservative lift in the threshold would address the bracket creep that has seen activities not intended to be included within scope.

Operational Roles

Currently the Construction Industry Training Fund is used to fund supplementary skills, work health and safety, apprenticeship attraction, careers promotion, apprentice tool allowance and other support programs.

AMEC believes that the levy should be also used to provide funding for training in more operational and maintenance roles in the resources industry. When the decision was made to remove the exemption for 'resources operational work', we consider that funding should have been allowed to be used for roles that would aid with the operational and maintenance needs of mining operations. The resources sector has significant heavy operational requirements, that require regular maintenance, repair, and upgrades.

Alongside these operation roles, an increased demand for 'green collar' roles for renewable energy installation and maintenance could be an area that the CTF looks to use levy funds into the future.

¹ <https://www.rba.gov.au/calculator/annualDecimal.html>

This would benefit not only the building and construction industry but the resources industry as one of the largest users and builders of renewable energy.

Global energy employment rose to 67 million people in 2022, an increase of 3.5 million from pre-pandemic levels. More than half of employment growth over this period was in just five sectors: solar PV, wind, electric vehicles and batteries, heat pumps and critical minerals mining². There is a shortage of skilled trades that have the necessary training to build renewables across the economy. The mining sector is a means to directly increase these skill sets.

Review 2019 Recommendations

The 2019 recommendations made several recommendations that we consider the Government should consider implementing at the earliest opportunity.

Recommendation 9: Engagement with resources industry

The membership of the Board is currently comprised of 7 members, with only 1 member of the resources sector represented.

Given that the resource sector is now contributing as stated more than 40% of revenue to the CTF it is only fair that the industry's presentation of the Board should be increased, ensuring representation from the resources sector.

If the resources sector is to be confident in the decisions and recommendations of the CTF, having an appropriate level of representation will be critical. AMEC views this matter as a critical consideration, as this body develops the strategy and makes recommendations to the Minister, about what training will be allocated funding.

Recommendation 13: Review of concessional expenditure threshold

AMEC agrees with the key finding from the 2019 Review which states that a review should be undertaken to determine if the \$10 million threshold successfully exempts alterations and additions required for operational purposes in the resources sector.

It is AMEC's view that the \$10m threshold significantly underestimates the cost of minor work in the mining industry. There are regular and routine operational costs in the replacement or relocation of infrastructure, within an operating mine.

In the building and construction sector, the exemption threshold is \$20,000 and likely covers the overwhelming costs of minor works, that are incurred after the completion of the development. However, the resources industry is very different, there are many ongoing minor works required to keep the mine functioning, and the costs of minor works can be considerably higher than \$10m.

² <https://www.iea.org/news/clean-technologies-are-driving-job-growth-in-the-energy-sector-but-skills-shortages-are-an-increasing-concern>

Recommendation 17: Streamlined definition of resources construction

Under the current Act and Regulations the levy only provides funds for construction related activities and training. This is not just a definitional issue, there is a distinct difference between how this levy is applied to the building and construction sector and is being applied to the resources sector.

The building and construction industry essentially pays the levy once per project. It is levied on the total capital expenditure of a new build. In the application of this levy to the resources industry, it applies the levy to new builds, and ongoing expenditure to replace existing infrastructure and the relocation of existing infrastructure.

This can lead to administrative challenges, as larger mines may have multiple maintenance programmes underway concurrently. It would reduce the burden for both government and organisations if a regularised payments schedule could be investigated.

Final Remarks

AMEC appreciates the opportunity to provide feedback on the Building and Construction Industry Training Fund and Levy Collection Act 1990 and looks forward to seeing the outcomes of the 2024 statutory review.

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