

15 May 2024

Mr Tom Dixon
Independent Chair
Building and Construction Industry Training Fund
Levy Collection Act 1990 Statutory Review
Submission via email to statutoryreview@ctf.wa.gov.au

INTENDED FOR PUBLICATION

SUBMISSION TO BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND LEVY COLLECTION ACT 1990 STATUTORY REVIEW

Woodside appreciates the opportunity to provide a submission to the 2024 Review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (the Act). We recognise the role of the Building and Construction Industry Training Fund (the Fund) in its administration of the Act, and the role of the Building and Construction Industry Training Fund Board (the Board) in assisting Western Australia's building and construction industry to meet the demand for skilled workers.

Woodside supports the need to significantly invest in training and skills development in Western Australia (WA) where the return is proportional to the contribution. Woodside has made substantial contributions to the Fund through both onshore and offshore capital projects since 2018. However, the intended benefits of the Building and Construction Industry Training Fund Levy (the Levy) payments currently required under the Act, are yet to be seen. Accordingly, we urgently submit that relevant outstanding recommendations from the 2019 Statutory Review (2019 Review) are implemented.

Woodside's commends the WA Government's recent announcement to invest A\$52.3 million¹ to encourage more apprentices into local jobs in the building and construction industry. The resources sector is making a significant contribution to address the demand for skilled labour within WA and it's imperative that we can operate within a clear legislative framework that aligns with industry needs.

WOODSIDE'S RECOMMENDATIONS

Woodside is of the view that the Act requires amendment to provide clarity, certainty and simplification to achieve the objectives of the Fund. Woodside notes that some of the recommendations made in the 2019 Review have been implemented, but further work is required to adopt the remaining recommendations. Specifically, Woodside supports prioritisation of the following key recommendations to provide the necessary clarity to our industry:

- Introducing a cap on capital projects and reviewing existing thresholds;
- Excluding specialised, high-value equipment manufactured overseas; and
- Excluding construction operations in Commonwealth waters.

Further, Woodside recommends engagement with the resources sector to contemporise the definition of the construction industry and the resources sector in the Act to:

- Provide clarity on the activities that are subject to the Levy, including the distinction between construction and operational works;
- Broaden and adequately capture the skill sets required to meet evolving industry needs, across all phases of the project lifecycle. This includes future workforce skills needed in new energy opportunities such as solar, hydrogen, ammonia and carbon capture and storage; and
- Ensure the Levy is equitably disbursed back to the resources sector through programs, grants and subsidies relevant to the sector.

¹ Government of Western Australia, [Cash boost to help construction apprentices complete training](#), 8 May 2024

WOODSIDE'S EXPERIENCE WITH THE FUND

In 2018, following amendments to the definition of construction under the Act, Woodside's WA projects became eligible to pay the Levy. Woodside has since made significant Levy payments to the Fund for offshore developments, including the drilling of new production wells tied back to existing facilities. Woodside's Scarborough Energy Project is estimated to make a total contribution of more than A\$18 million to the Fund over the construction period to 2026.

Throughout our history, Woodside has maintained a highly skilled and capable workforce with firm commitments to support skills development and training within WA. Through well-established trainee, apprenticeship and employment pathway programs, Woodside has invested significantly in the training and education of its workforce and host communities.

By way of example, Woodside's Production Training Academy, based at the North West Shelf Project's Karratha Gas Plant, helps participants to gain employable skills required for successful future careers in the sector. The training facilitated by the Academy is integral to Woodside's long-term operations, the creation of job opportunities for local people and the development of more skilled workers in WA. The Academy has seen more than 750 apprentices and trainees commence their learning journey with Woodside since it opened its doors in 2010.

Woodside's key training programs are currently considered ineligible² to make claims under the Act, therefore despite its contribution, Woodside has been unable to draw down directly from the Fund. As we progress through the energy transition, it is reasonably foreseeable that many of the skills required in the resource and construction sectors may be completely new. It will therefore be critical to access contributions in support of early development of skills such as in the construction and operation of solar, hydrogen, ammonia and carbon capture and storage facilities.

With respect to the role of the Board, Woodside recognises its focus on working with industry to understand workforce requirements, ensuring the Fund is responsive to market conditions. Woodside is also pleased to have an employee on the Board representing the resources sector. With further tightening of the labour market since the 2019 Review, Woodside strongly urges flexibility in how the Levy is disbursed back to the resources sector to address skills shortages, particularly during construction phases when the demand for skilled workers is at its peak. This in turn ensures the sector can contribute to the development of a skilled workforce and mitigate impacts to the skilled labour market.

WOODSIDE'S LOCAL CONTRIBUTION

Woodside is a global energy company employing more than 3,000 people in Australia. Founded in Australia, we have reliably delivered gas to homes and businesses in Australia for decades, underpinning WA's energy security needs, supporting the development of local industry and driving economic prosperity.

Woodside is a significant contributor to Australian governments, having paid more than A\$18 billion in Australian taxes, royalties and levies since 2011. In this same period, Woodside has also paid wages to Australian employees which have generated A\$4.1 billion in Pay as you go (PAYG) withholding – which goes back into rural and regional communities in WA and cities all over Australia³.

Woodside is currently pursuing growth projects across three pillars of oil, gas and new energy. These projects will support local operations and communities for decades to come, including from long-term investment in education, training and jobs. In line with the requirements of the Act, these projects are also expected to make multi-million dollar payments to the Fund through the application of the Levy.

The Scarborough Energy Project is one of Woodside's key growth projects and is expected to deliver significant economic benefits to WA over the project lifecycle, including:

- The creation of more than 3,200 construction phase jobs in WA – almost 600 jobs when operating
- Capital expenditure of A\$16 billion in WA to the 2050s
- A commitment to spend more than \$90 million with Karratha businesses; and
- An estimated A\$19 billion in direct Australian taxes.

² Woodside's Production Academy training programs are understood to be resources operational work and are therefore excluded from the definition of the construction industry within the Act and access to the Levy.

³ Includes data relevant to the assets acquired through the merger with BHP's petroleum business from 1 June 2022.

In support of the energy transition, Woodside is preparing for demand to increase for new lower-carbon products and services. We are therefore investing to add new offerings to our existing portfolio of oil and gas assets, seeking to match the pace, scale and needs of our customers as they determine their own decarbonisation pathways.

CONCLUSION

It is in the immediate interests of industry participants, government and the wider community to ensure the Act, and the application of the Levy is effective, equitable and able to support the ongoing success of WA's resources and construction sectors.

Our industry provides jobs and opportunity for thousands of Western Australians and invests billions of dollars in regional communities. The development of new projects, across both hydrocarbons and new energy opportunities, will only be possible if the policy settings provide certainty to underpin long-term investment.

As discussed above, Woodside supports the implementation of the remaining outstanding recommendations made in the 2019 Review, and the recommendations made in submissions by the Australian Energy Producers (AEP) and the Chamber of Minerals and Energy of Western Australia (CMEWA) to this current review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. Cudmore', with a stylized flourish at the end.

Tony Cudmore
Executive Vice President, Strategy & Climate