



Enquiries: Tiffany Allen  
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Dear Tom

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

Thank you for your letter dated 28 March 2024.

Please find information that the Review requested in response to a range of questions, together with relevant information and concrete examples that support the answers provided.

If you have any queries, please feel free to contact me directly.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tiffany Allen".

Tiffany Allen  
Chief Executive Officer

13 May 2024



1. Please provide a list of the programs that the CTF currently runs, together with the amounts spent on apprentices (including the various grants) under each program for the past year.

Program	Expenditure April 2023 – April 2024
Employer Grant <sup>1</sup>	\$23,606,832.29
Civil Construction Pilot Program – Junior Age Wage Gap	\$484,547.49
Mature Age Wage Gap	\$2,327,345.43
Apprentice Completion Grant	\$2,165,978.00
Apprentice Completion Tool Allowance (1 July 23- 30Jun 24)	\$233,897.76
Apprentice Tool Allowance (1 July 22- 30 Sept 23)	\$959,762.18
Apprentice Accommodation Allowance	\$3,133.82
Pre- apprenticeship Payment	\$37,250
Disaster Recovery Grant	\$78,000
Dister Recovery – Short Course Grant	\$27,615.22
Upskilling and Short Course Funding <sup>2</sup>	\$3,999,936.64
<i>Recognition of Prior Learning (RPL) Funding</i>	\$2,800
<i>Higher Qualification (HQ)<sup>3</sup></i>	31,116.00
<b>TOTAL</b>	<b>\$33,958,214.83</b>

<sup>1</sup> Employer Grant – this includes both direct indenture employers and Group Training Organisations (administrated differently)

<sup>2</sup> Upskilling and Short course funding is offered to eligible workers within the construction industry and not restricted to apprentices.

<sup>3</sup> Apprentices are unable to access RPL and HQ funding.

2. Please provide the most recent data that establishes:
- a. The levy income that has been derived; and
  - b. The associated CTF-hours involved in processing and collecting levy income (or an estimate thereof),
- In each of the past four years from projects with a threshold in Regulation 3(1)(a) set at \$20,000 and above (that is, assuming the *status quo*).

**a: Levy Income**

Threshold Value	Year	Number of Projects	Levy Collected
\$20,000	2020	29,731	\$ 49,361,267.02
\$20,000	2021	40,010	\$ 58,609,595.57
\$20,000	2022	31,386	\$ 63,581,665.42
\$20,000	2023	30,209	\$ 51,230,835.11

NB: Reported levy income is based on levy value for the projects with an estimated start date in that calendar year. The levy is not always paid/received in the same period.

NB: Levy refunded has not been included in the levy income amount.

**b: Estimated CTF hours involved in processing and collecting levy income**

The CTF Finance Officer spends approximately three (3) hours per day receipting and reconciling levy receipts, equating to approximately 750 hours of labour time per year.

Levy Hours are reflected by the whole levy team as that is their function.

1FTE = 52 weeks x 5 days x 7.5 hours per day = 1,950 hours

2020 – 3 FTE = 3 x 1,950 = 5,850 hours

2021 – 3 FTE = 3 x 1,950 = 5,850 hours

2022 – 4 FTE = 4 x 1,950 = 7,800 hours

2023 – 4 FTE = 4 x 1,950 = 7,800 hours

This estimate includes all leave, public holidays, etc.

As much of the process as possible has been automated, the project owner can register their project, pay their levy, update the final values and pay any additional levy on through the portal.

The majority of project owners do not require any administrative support or intervention from the levy team. The levy team provides customer support to project owners when they need assistance with their account, information and advice about the levy, identifying unregistered projects and then contacting project owners to request payment as well as following up on unpaid levies. The team also collects information from project owners when they are due a refund and processes refunds. They process and reconcile levy information and generate Tax Invoices for the Local Government Authorities (LGA's) levy collectors.

3. In respect of (2) above, please update the information in respect of:
- a. The levy income that would be foregone; and
  - b. The CTF-hours involved in processing and collecting levy income that would be saved,

For projects assuming a threshold in Regulation 3(2)\*a) of:

- I. \$50,000
- II. \$100,000
- III. \$150,000; and
- IV. \$200,000.

#### Data Treatment for question response

All registered projects between 01/01/2020 and 31/12/2023 that were fully paid, partially paid or refunded were extracted from the database. The data was extracted in April 2024.

- The year period reported is the calendar year.
- The assumption is that the levy is paid close to the estimated start date of the project however we know that this does not always happen. We assume for this report that the estimated start date gives us the best estimate of the levy payment date and report the levy value in the same year as the estimated start date.
- Levy paid in instalments over several years is not split in this report. The full value of the levy is associated with the year/estimated start date of the project.
- Refunds are included in transactions with full refunds having a \$0 Levy Value

#### Notes

It cannot be assumed that the number of projects has a direct correlation to the administrative effort required to collect the levy.

Most project owners use the CTF Portal to register construction works and make payment by credit card or EFT directly to CTF without any direct support from the Levy Team. A substantial saving in administrative effort will be realised by our customers if they have a reduced number of projects to register and pay for. Approximately 20% of levy is collected via the LGAs.

The levy team supports the use of the Portal by addressing general queries, troubleshooting Portal issues, providing training, keeping support documentation up-to-date, identifying leviable projects, responding to invoicing and receipting queries, and processing refunds. The levy team checks LGA levy submissions and generates invoices for LGA submissions.

The levy team also spends time managing data (updating addresses, project details, values and dates), issuing invoices for construction work completion, and following up on unpaid levies. There are four people in the levy team and any reduction in hours spent on levy collection would be directed to increased effort spent on identifying additional projects that should be levied and following up on unpaid levies more effectively.

Reconciliation of payments is managed through the Business Services Team.

#### **Current effort**

The Levy Team currently does not have the resources to follow up on all unpaid levies and undertake enforcement work. If the threshold is changed, the Levy Team will have the resources to follow up on unpaid levies and could undertake the required enforcement work.

The current effort vs projected effort (if the threshold is raised) against various groups of work is shown below. The projected effort assumes an increase of threshold to \$200,000. The impact on projected effort from smaller increases can be scaled accordingly.

<b>Position</b>	<b>Task</b>	<b>Current effort</b>	<b>Projected effort</b>
Levy Operations Manager	Reporting	10%	10%
	Manage procedures and policies	20%	20%
	Address significant compliance issues / construction work research	20%	20%
	Systems development and improvement	10%	10%
	Forecasting	5%	5%
	Relationship development / MOU management	20%	20%
	Personnel management – training, one-on-ones, etc	10%	10%
	Industry awareness / PD / Other	5%	5%
Levy Compliance Officer	Research into construction work	25%	25%
	Compliance checks collated information	25%	25%
	Non-compliance engagement / enforcement	20%	40%
	Pre-construction engagement	10%	10%
	Non-payment follow up	20%	0%
Program Administrators	Address queries	10%	5%
	Local Government levy processing	60%	35%
	Refunds processing	20%	20%
	Non-payment follow up	10%	40%



## LEVY THRESHOLD REVIEW

### Total projects and LGA Projects Separated out for 2020-2023 – By thresholds between \$20,000 to \$200,000

Threshold Value	Year	Number of Projects	Levy Collected	% of Total Number of Projects*	%SUM \$ Value	Number of LGA Collected Projects	Number of LGA Projects Collected as % of Total	Value of LGA Collected	Value of LGA Collected as % of Total
\$20,000	2020	29,731	\$ 49,361,267.02	100.00%	100.00%	9707	33%	\$ 8,389,716.45	17%
\$20,000	2021	40,010	\$ 58,609,595.57	100.00%	100.00%	12267	31%	\$ 9,126,679.49	16%
\$20,000	2022	31,386	\$ 63,581,665.42	100.00%	100.00%	8992	29%	\$ 8,007,940.48	13%
\$20,000	2023	30,209	\$ 51,230,835.11	100.00%	100.00%	7619	25%	\$ 8,736,974.83	17%
\$50,000	2020	22,585	\$ 48,721,450.48	75.96%	98.70%	7514	33%	\$ 8,012,586.28	16%
\$50,000	2021	31,050	\$ 57,771,572.70	77.61%	98.57%	10009	32%	\$ 8,974,831.07	16%
\$50,000	2022	22,523	\$ 63,022,668.88	71.76%	99.12%	6913	31%	\$ 7,862,672.23	12%
\$50,000	2023	21,821	\$ 50,662,394.95	72.23%	98.89%	5712	26%	\$ 8,600,640.27	17%
\$100,000	2020	19,878	\$ 48,316,661.38	66.86%	97.88%	6287	32%	\$ 7,830,335.13	16%
\$100,000	2021	27,996	\$ 57,313,666.01	69.97%	97.79%	8636	31%	\$ 8,767,324.26	15%
\$100,000	2022	19,439	\$ 62,567,594.25	61.94%	98.41%	5673	29%	\$ 7,674,777.85	12%
\$100,000	2023	18,677	\$ 50,207,603.04	61.83%	98.00%	4520	24%	\$ 8,423,251.08	17%
\$150,000	2020	18,431	\$ 47,939,416.36	61.99%	97.12%	5655	31%	\$ 7,666,836.62	16%
\$150,000	2021	26,374	\$ 56,814,764.75	65.92%	96.94%	7977	30%	\$ 8,594,252.90	15%
\$150,000	2022	17,951	\$ 62,185,024.60	57.19%	97.80%	5061	28%	\$ 7,516,935.67	12%
\$150,000	2023	17,189	\$ 49,824,593.64	56.90%	97.26%	3934	23%	\$ 8,270,515.37	17%
\$200,000	2020	14,730	\$ 43,266,725.52	49.54%	87.65%	4317	29%	\$ 7,180,721.10	17%
\$200,000	2021	22,388	\$ 54,357,093.49	55.96%	92.74%	6345	28%	\$ 7,998,468.54	15%
\$200,000	2022	16,373	\$ 61,605,260.39	52.17%	96.89%	4430	27%	\$ 7,284,437.55	12%
\$200,000	2023	15,971	\$ 49,383,454.48	52.87%	96.39%	3453	22%	\$ 8,094,123.94	16%

## LEVY THRESHOLD REVIEW

Total projects and LGA Projects Separated out for 2020-2023 – By calendar year between 2020 and 2023

Threshold Value	Year	Number of Projects	Levy Collected	% of Total Number of Projects*	%SUM \$ Value	Number of LGA Collected Projects	Number of LGA Projects Collected as % of Total	Value of LGA Collected	Value of LGA Collected as % of Total
\$20,000	2020	29,731	\$ 49,361,267.02	100.00%	100.00%	9707	33%	\$ 8,389,716.45	17%
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\$200,000	2023	15,971	\$ 49,383,454.48	52.87%	96.39%	3453	22%	\$ 8,094,123.94	16%



4. Please provide a list of any issues that the CTF encounters in the course of its operations with the definition in the Act<sup>4</sup>, including as modified by the Regulations, with respect to:
- a. The collection of levies; and
  - b. The expenditure on grants and other programs.

Response:

### **Programs**

- **Determining eligibility in relation to the amount of time spent on site, how much time is required to meet “primarily and substantially”**
  - **For example: A cabinet maker can be working in a workshop for three (3) weeks to build a kitchen, but only takes one (1) day to install.**
- **Maintenance catches both employers and apprentices out as they select/advise that is part of their work/roles, which this makes them ineligible to claim. We know that maintenance is part of their role however not the majority, this can be confusing when they receive advice that they are ineligible and requires additional work to be undertaken by the team to educate and rectify submitted claims or seek further information which potentially delays the claim.**
- Determining eligibility to those who are employing/undertaking an apprenticeship in the manufacturing training package.

### **Levy**

1. Issues determining the Project Owner.
  - There are issues applying the definition of Project Owner due to paragraph (c) of the definition of *project owner* in s. 3 of the Act.
  - In enforcement, this allows the CTF to litigate both the principal and contractor as a litigation strategy. However, this may come at an increased cost to pursue multiple parties.
  - It is also difficult to determine who receives the refund when there is a contract dispute. Is it the principal or contractor receive the refund when construction work is cancelled.
2. Issues determining if construction work is cancelled in s.23 of the Act.
  - One way might be to consider that when a builder is no longer responsible for a construction project that requires a permit. This however might mean construction work may not be cancelled as the permit continues to have effect until two (2) years after the permit is granted or otherwise stated in the permit.
  - During that time, a new builder can be appointed to undertake the construction work and/or the building permit could be extended.
  - This results in industry not knowing if they are entitled to a refund and/or not being able to access refunds for extended periods.
  - Determining if construction works that do not require a building permit is genuinely cancelled is more difficult.
3. Issues in the definition of construction.
  - Construction of playgrounds and other recreational construction such as tennis courts, basketball courts, and seawalls and other civil works for environmental purposes fall outside the definition of construction even though it uses the same

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<sup>4</sup> **Including, for example, “building and construction industry” and “project owner” in s.3 of the Act; and “resources operational work” in Regulations.**



trades, skills, tools, materials, as other similar civil construction works that are included.

- The applicability of the levy on construction works carried out off-site is vague and can be subjective.

#### 4. Issues with maintenance work.

- There are difficulties applying the definition to maintenance work as there is maintenance work that could require construction works and trade skills e.g., scheduled refurbishments or replacements of plant, electrical or plumbing parts, and there is maintenance work that does not e.g., cleaning, safety checks, inspections.
- The term “maintenance” is vague and is not easily understood in the context of construction.

#### 5. Issues with applying levy exclusions on resources operational work.

- The exclusions do not apply equitably to different types of mining e.g., evaporation ponds, underground mining, etc.
- The exclusions to “(i) repair or maintenance” is vague and not easily understood in the context of construction.

5. In respect of any matters identified in (4) above, please indicate whether the CTF considers the issues to be sufficiently significant such that:
- a. The issue has an impact on the CTF's operations, and/or its ability to achieve its statutory objectives; or
  - b. The issue is something that the CTF considers should be the subject of a recommendation in the Review,
- And, if so, what and why.

### Programs

- The issues do not prevent the CTF from achieving the statutory objectives, it creates confusion, misunderstanding and often additional work for both the claimant and the CTF team which can impact on the payment of claims, causing delay in expenditure and support to the industry.
- A clear and concise definition on what is consider construction to remove the ambiguity would support more effective management of the statutory objectives under the Act and would provide improved clarity to clients making CTF an easier place to do business with.

### Levy

1. Issues determining the Project Owner.
  - This has an impact on CTF's operations and hinders the ability to collect the levy, a review of the definition of the Project Owner would have a significant impact on providing clarity for the CTF team and the industry reducing confusion and angst.
2. Issues determining if a construction work is cancelled in s.23 of the Act.
  - This issue does not prevent CTF from achieving its statutory objectives.
3. Issues in the definition of construction.
  - This has an impact on the CTF's ability to collect the levy from construction works that fall outside the definition of construction industry.
  - This issue is something that the review should consider. A new definition of construction work or additions to the existing definition should be considered.
4. Issues with maintenance work.
  - This has an impact on the CTF's operations in collecting the levy from maintenance works as the term is vague and not well understood.
  - This issue is something that the review should consider to reduce confusion and to provide improved clarity to the industry.
5. Issues with applying levy exclusions on resources operational work.
  - This has an impact on the CTF's operations in applying the exclusions appropriately.
  - This issue is something that the review should consider.

**6. Please provide a list of any issues encountered by the CTF in determining the application of the threshold in Regulation 3(j), including whether the CTF has encountered issues in assessing whether work is properly characterised as “maintenance or repairs” as opposed to “alteration or renovation” work.**

The issue that the CTF faces relate to the application of “maintenance or repairs” as opposed to “alteration or renovation” work on specific construction works. These terms are vague and not easily understood in the context of civil and resources infrastructure.

Unfortunately, there are no specific instances documented as the project information is held by resource companies and limited information is provided to the CTF during quarterly meetings.

Real example: Repairs to steel footings of a processing facility on a mine site due to corrosion. Works include removing existing corroded areas using sand blasting, reinforcing the footings with steel bars and concrete, reapplying anti-corrosion coating. Alterations to the structure, in the form of additional steel bars and concrete to reinforce corroded areas is required to repair the steel footings to the original strength. The contract was given to the contractor was for multiple facilities across multiple mine sites and was over \$10m.

- 7. In respect of any matters identified in (6) above, please indicate whether the CTF considers the issues identified to be sufficiently significant such that:**
- a. The issue has an impact on the CTF’s operations, and/or its ability to achieve its statutory objectives; or**
  - b. The issue is something that the CTF considers should be the subject of a recommendation in the Review,**
- And, if so, what and why.**

The issue has a minor impact on CTF’s ability to achieve its statutory objectives. It results in a lack of clarity for both project owners and the CTF as to the application of levy on maintenance, repair, alteration, and renovation works. This can result in disputes resulting in efficiency loss when collecting the levy. While clarification can be obtained through legal action, the broader question of whether maintenance and repair works should be included as part of construction works and be subject to the levy and receive funding through the CTF’s programs should be considered.

- 8. With respect to the CTF’s database of project work that is used to identify project owners and the project where levies are payable:**
- a. Please explain how the information that populates the database is sourced by the CTF;**
  - b. Has the CTF encountered any issues with its database that has impacted on its ability to collect levies?; and**
  - c. If so, what are the issues?**

- (a) The information that populates the database is sourced from:
- i. Information provided by project owners when they register their construction projects via the CTF Portal.
  - ii. Information received through reporting arrangements with agencies such as Main Roads WA, Department of Finance - Tenders WA, some Local Governments, Pilbara Ports Authority, Water Corporation, Main Roads, Public Transport Authority.

- iii. Information sourced from on-line data sources such as Cordell, Projectory, ICN Gateway, Local Government's public Tender Registers, public listed company's annual reports and quarterly activity reports, and various news providers.

The database only includes construction works or projects where the levy applies. The information that we collate is assessed and filtered prior to it being recorded in the database.

- (b) The issues relate to identification of leviable construction work for completeness of our database.
  - i. If a project owner does not register a project, and if the CTF cannot identify it, it cannot be added to the database and the project is not levied.
  - ii. If the works are not on a public register or not easily sought, there is no way to find out if construction works were undertaken e.g., a mining company hires a contractor to fence a laydown area in a remote area. The works are leviable. There is no public tender process. Neither company place pictures of the construction or works on their website, etc.
  - iii. Local Government may have collected the levy but not report it or remit the levy to the CTF. This rarely happens but has occurred a handful of times in the last 2-3 years. Local Governments are not required to report their building permits to a central authority through which we can interrogate the information. Local Governments are not required to report their building permits to CTF.



9. In respect of any matters identified in (8) above, please indicate whether the CTF considers the issues identified to be sufficiently significant such that:
- The issue has an impact on the CTF’s operations, and/or its ability to achieve its statutory objectives; or
  - The issue is something that the CTF considers should be the subject of a recommendation in the Review,
- And, if so, what and why.

The issue has an impact on CTF’s operations as the CTF may not be collecting all the levy due.

This should not be the subject of a recommendation in the review. We currently have relevant processes and sufficient legislated powers to mitigate the impact.

The Levy Compliance Officer conducted a sample audit of Local Government Authority Tender Registers for the previous 12 months in January and February 2024. CTF is concerned about the non-reporting of LGA tenders by contractors.

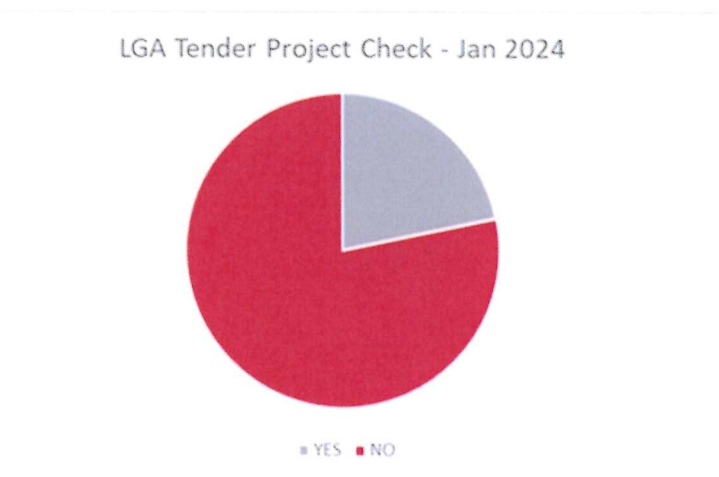
From the small sample checked, it is clear that there would be value in requesting regular reporting by all LGA’s of the tenders they have awarded.

The most tendered works that had not been registered or the levy paid were in the metropolitan areas. Things to note:

- Any project counted as ‘Not registered’ are projects that could not be located in the CTF system.
- Projects that were counted are projects that have been awarded. Tenders that are still pending or not awarded have not been counted.
- Projects that were counted are projects that are deemed as ‘potentially’ liable to pay the BCITF Levy.

Checks were completed on a total of 12 Local Government Tender Registers in **January 2024**.

Out of 12 Local Government checked in January 2024, 11 out of 12 Local Governments had more than 50% or more projects not reported to CTF. Total BCITF Levy not reported: ~ \$59,512.40.

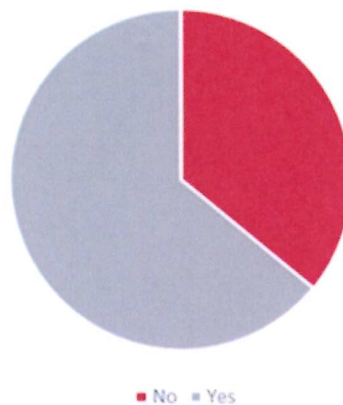


Local Government	NO	YES	Grand Total	%	
City of Bayswater		1	0	1	100.00
City of Busselton		0	1	1	0.00
City of Gosnells		3	0	3	100.00
City of Joodalup		3	0	3	100.00
City of Kalamunda		1	1	2	50.00
City of Kalgoorlie Boulde		4	0	4	100.00
City of Kamatha		3	1	4	75.00
City of Kwinana		5	0	5	100.00
City of Mandurah		5	3	8	62.50
City of Rockingham		3	2	5	60.00
City of South Perth		1	0	1	100.00
City of Stirling		5	1	6	83.33
<b>Grand Total</b>		<b>34</b>	<b>9</b>	<b>43</b>	<b>79.07</b>

Out of the 34 projects that were not reported, 20 of were civil, 12 or were commercial and two (2) were residential.

Checks were completed on a total of seven (7) Local Governments in **February 2024**.

LGA Tenders Project Check - Feb 2024



Local Government	NO	YES	Grand Total	%	
City of Albany		1	8	9	11.11
City of Subiaco		1	1	2	50.00
City of Swan		5	3	8	62.50
City of Vincent		2	3	5	40.00
City of Wanneroo			5	5	0.00
Shire of Beverley		4	1	5	80.00
Shire of Boyup Brook			1	1	0.00
Shire of Bridgetown-Greenbushes			1	1	0.00
Shire of Broome		1	2	3	33.33
<b>Grand Total</b>		<b>14</b>	<b>25</b>	<b>39</b>	<b>35.90</b>

Out of the seven (7) Local Governments checked in February 2024, three (3) out of the seven (7) Local Governments had 50% or more projects not reported to the CTF. Total BCITF Levy not reported: ~\$162,077.482.

Out of the 14 Projects that were not reported, 10 were commercial and four (4) were civil.

- 10. Section 22 of the Act provides in effect, that, where the actual value of construction work varies by \$25,000 or more from the value originally estimated, then there is to be a reconciliation of the amount of the levy paid or payable. Please assume that a project is originally estimated to be valued at \$19,000 (that is, where there is no obligation to notify or pay under s.21 of the Act). If the value of that completed project is, for example:**
- a. \$30,000 (at is, a variation of less than \$25,000 from the original estimate);**
  - b. \$50,000 (that is, a variation of more than \$25,000 from the original estimate),**
- Is there, in each of those examples, any basis from the point of the view of the CTF to collect levies on those projects? Please explain the answers.**

There is no way for the CTF to identify these projects, under the current legislation, that have an estimate under the threshold. If a project is not registered, then to check if it has a variation over \$25,000 with a project owner is not possible. The CTF can only ask about variations if a project is registered.

- (a) If the estimate was under \$20,000 and the variation under \$25,000 that's the loophole that we have at the moment. There is no basis for levy collection.
- (b) We could argue that even if the estimate was less than the threshold, if the actuals exceed the estimate by \$25k, the project owner is now liable to pay a levy, once the project is completed and the Final Construction Value is established.

If the variation is over \$25,000 from the estimate they should be reporting the new value to the Board and pay the levy.

In practice most low value projects are in the residential sector (in terms of numbers of projects) and these would require a permit. If the levy is not collected at the time the permit is issued, then it is unlikely that the project owner would remember their obligation when the build is completed.

If a project is not registered at the stage of the estimate, then the CTF does not know about the project and there is no way (currently) to request that the Final Construction Value is reported.

- 11. In respect of any matters identified in (10) above, please indicate whether the CTF considers the issues identified to be sufficiently significant such that:**
- a. The issue has an impact on the CTF's operations, and/or its ability to achieve its statutory objectives; or**
  - b. The issue is something that the CTF considers should be the subject of a recommendation in the Review,**
- And, if so, what and why.**

- (a) Under the current threshold, this issue does not have a large revenue value impact because the threshold is low and the dollar value of the levy is also low.
- (b) If the threshold changes, then the potential impact would increase. However, referring to the levy calculations on question 3 – if we set the threshold at over \$150,000 and assume *all projects* between \$150,000 and \$200,000 were not reported and levy was not collected then in 2023, we would have lost \$441,139 or 0.8% of total revenue, which is highly unlikely.

The CTF does not suggest making changes because of lost revenue, the amount is not significant and the resourcing impact is not efficient.

**12. Over the past four years:**

- a. Has the CTF experienced any disputes with project owners over whether levies were payable on the project owners' projects, including any amounts due under sections 22 and 24 of the Act?**
- b. Has the Board ever taken steps to recover amounts due under s.25 of the Act in a court of competent jurisdiction?**
- c. If the answer to [12(b)] is no:**
  - i. what are the reasons for not utilising the powers in sections 24, 25, 28 and/or 29 of the Act?;**
  - ii. what is the process that the CTF engages in to recover levies and other amounts that are due?; and**
  - iii. is that process successful in achieving recovery of any amounts due?**
- d. Has the Board (or the CTF) ever utilised the powers in s.28 of the Act to appoint an authorised person to carry out inspections on projects and/or require the production of documents where levies and other payments due were in dispute?**
- e. If the answer to [12(d)] is no, what is the process that the CTF engages in to determine whether disputed levies are payable on the project owners' projects, including any disputed amounts under sections 22 and 24 of the Act?**
- f. Has the Board (or the CTF) utilised the powers in:**
  - i. section 24 of the Act to penalise a project owner for a late payment?;**
  - ii. section 29 to prosecute a project owner for any of the offences in s.30 of the Act?**
- g. If the answer to [12(f)] is no:**
  - i. what are the reasons for not utilising the powers in sections 24 and/or 29 of the Act?;**
  - ii. what are the processes that the CTF engages in to deal with:**
    - 1. late penalties (s.24); and**
    - 2. circumstances where a person engages in any of the conduct identified in s.30; and**
  - iii. are those process successful as alternatives to the steps provided for in the Act and, if so, how?**



12(a) No significant disputes have arisen.

12(b) No known steps have been taken to recover amounts due under s. 25 of the Act in a court of competent jurisdiction. The last known legal action that involved a lawyer was in 2014/15.

12(c) There was no appetite for enforcement by the previous Board. With the change in the CEO and Board in 2020/21 there has been a greater appetite for enforcement.

12(d) Yes, in February 2021.

12(e) Not applicable.

12(f) No.

12(g)

- The Board is currently establishing the necessary processes and templates for utilising the powers in s. 24 and s. 29 of the Act as per the Levy Integrity Strategy endorsed by the Board in 2022/23.
- (ii)(a) Late penalties are not applied.
- (ii)(b) We provide project owners opportunities to review the information and highlight the legislated powers and penalties.
- (ii)(c) This process has been sufficiently effective, as evidenced by our significant increase in levy collection. Our evaluation data shows that there has been significant improvement in unpaid levy invoices.

**13. Term of Reference (a) requires the Review to consider and assess the effectiveness of the Board. Is there any aspect of the structure of the Board (that is, as opposed to its present composition) that the CTF believes could be improved? If so, what is it, and why?**

The CTF believes the Board is effective in its current state. Improvements to the structure could be considered by the review to implement a Deputy Chair role for the times when the Chair is not available. The Deputy Chair could meet semi-regularly with the CEO and Chair to remain across key issues and activities. This would assist in ensuring there is more than one member of the Board that has in-depth knowledge of the organisation and current and emerging issues.

The Board also doesn't currently have representation from every sector, although certain peak industry bodies are sought to provide nominations, there is no requirement for all sectors to be represented on the Board. As at May 2024 there is no representative from the commercial sector on the Board.

**14. With respect to [13] above, does the CTF consider that there are matters that negatively affect or undermine its ability to achieve the objectives under the Act (such that the CTF considers that the matter should be the subject of a recommendation in the Review)? If so, what are those matters?**

The CTF does not consider that there are any further matters with respect to [13] that negatively affect or undermined the ability for the CTF to achieve the objectives under the Act.

**15. Term of Reference (b) requires the Review to consider and assess the attainment of the objectives of the Act. What evidence does the CTF have that the Act has resulted in:**

- a. An improvement in the quality of training; and**
- b. An increase in the number of skilled persons in the building and construction industry?**

15(a) We have had anecdotal feedback that a program claimant chose to train with a Registered Training Organisation (RTO) in preference over a non-Registered Training Organisation because they could claim the Supplementary Skills rebate from the CTF. Registered Training Organisations function in a much more regulated and quality-controlled environment.

The CTFs current KPI (2.2) measure in the annual report surveys employers and participants of the quality of training organisations provide and funded by the CTF. As other regulators such as Australian Skills Quality Authority (ASQA) and the Training Accreditation Council (TAC) have authority over each RTO's scope of registration and compliance to the RTO Standards (2015) the CTF has no compliance responsibility or any authority to police RTOs. This being said, the Construction Training Council provides a support function to the CTF and can instigate discussions with the Department of Training and Workforce Development, the Department of Mines, Industry Regulation and Safety and industry associations concerning RTO's providing inadequate quality of training.

15(b) The CTF reports on a regular basis through an industry wide Snapshot on the trends in workforce and apprenticeship data in the construction industry. The broader construction workforce in way has increased from approximately 120,000 people to 140,000 people in the last three years. This has also been supported by a significant growth in apprentices and trainees since 2019. Although there is no hard evidence of the direct impact of the Act contributing to this number of skilled persons, there is empirical data that shows the support offered through the mechanisms of the Act has had a significant impact on the number of skilled workers in the building and construction industry.

Apprentice and trainee numbers are at record high levels with the retention rates trending in a positive direction. The CTF is also seeing record levels of investment through its programs with both the Direct Indenture program and the Supplementary Skills program both exceeding their expenditure targets in this financial year.

**16. Term of Reference (c) requires the Review to consider and assess the need for the Act to continue in operation. Assuming that the CTF is able to identify evidence that the Act has resulted in the achievement of the objectives identified in (14) above, is the CTF able to identify any reasons why the core functions of the CTF should continue to be carried out by it under the Act, and not be carried out, in whole or in part, by (for example):**

- a. The State Government (including, for example, the State Training Board, the Department of Training and Workforce Development, or TAFE institutes); and/or**
- b. The Federal Government (including through Jobs and Skills Australia since its creation in 2022).**

- The CTF is a dedicated agency with a broad knowledge of the construction industry that allows the stakeholders a level of confidence when seeking information and advice on what they can and cannot claim for.
- The CTF have a dedicated team that works on a group of claims, where working in a larger Department this may include the need to administer several claim types, potentially reducing the customer focused services and claims processed.
- Whilst it is understood that all levies paid to the CTF are accountable to the industry, any unpaid program claims or allocated funds to claims maybe absorbed and utilised for other programs in a larger Department.
- Construction focused, led by the construction industry to be absorb by a large Government department would lose this focus.

**Levy:**

Industry controlled, led and directed instead of government controlled, led and directed.

Preserves the funding from the industry within an industry-led/controlled organisation; from industry, for industry. The CTF is very responsive and agile to meet industry needs with close engagement with industry – this may get diluted in a larger agency e.g., COVID payments, apprentice support bonus, apprentice completion grant, etc.

**Skills Development:**

The CTF is a standalone statutory authority that provides the construction industry funding to upskill the workforce. To shift the prime function of the organisation under other government agencies will diminish the organisation capacity to upskill the workforce through existing and new funding programs.

The CTFs agility in adapting to economic and market shifts is a critical strength. During the Covid 19 pandemic to ensure apprentices were retained in their apprenticeship underpins the organisation agility to address shifts in market conditions. Introduction of new initiatives such as the Capital and Innovation grant funds are other examples of value adding to state training priorities as a standalone agency.

- 17. Term of Reference (f) requires the Review to consider and assess 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. Please provide an explanation of:**
- a. How such diversity matters are addressed under the Act by the CTF; and**
  - b. Whether there is any evidence that the diversity matters in Term of Reference (f) have been achieved and, if not, provide reasons why achievement of those matters is impracticable or not otherwise possible.**
- a) The CTF Strategic Plan 2021 – 2025 Strategic Pillar Adapt and Innovate includes the strategic initiative “Develop and implement a Workforce Culture and Diversity Strategy”
- b) The CTF is conducting research on Workforce Diversity in the Construction Sector, this research is due to be completed by the end 2024.

The CTF provides bonus employer grants rates for employing a female or mature aged apprentice or trainee, these grants will be doubled from 20 percent to 40 percent in 2024-25, to help address improved diversity of the workforce and address skills shortages, tapping into traditionally underutilised areas of the workforce.

The HIA Building Women is all about encouraging and supporting women in residential building and construction through providing opportunities to learn, grow and connect. Through support from the CTF, the HIA have introduced the Building Women Mentoring program. The program will develop leadership skills and opportunities, enhance communication, increase female participation and retention, and provide a support network for women in the residential building industry for 15 mentees and mentors.

#### **Yaka Dandjoo Civil construction Bunbury Outer Ring Road**

The Yaka Djandoo program targeted the following groups within the south-west community to create sustainable employment opportunities:

- Aboriginal or Torres Strait Islander people
- Youth, 16-24 years old
- Mature age (45 + years) and Females

The CTF Nudge Mentoring Program was launched on the 16 March 2022 with a targeted campaign to small to medium employers in the civil construction industry. The BCIT Board approved two tranches of funding totalling \$280,000 (GST inclusive) towards a mentoring pilot program for 50 students per year from 2022 to 2024. The Nudge mentoring program is aligned to the Civil Construction Apprenticeship Pilot program (CCAP) which is scheduled for completion in the 2025/2026 financial year.

The Nudge 2023-24 report supported 48 apprentices in the program 27 students completed the mentoring program and 14 completed their apprenticeship. Out of the 14 apprenticeship completions 71% were indigenous and 14% were female indicating a strong diversity outcome. Currently Nudge is mentoring 21 individuals in the CCAP with a diverse cohort including 38% female and 43% indigenous.