

11 October 2024



Mr Tom Dixon  
Independent Chair, 2024 Statutory Review

Sent via email: [statutoryreview@ctf.wa.gov.au](mailto:statutoryreview@ctf.wa.gov.au)

## 2024 STATUTORY REVIEW OF THE BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND AND LEVY COLLECTION ACT 1990 (WA) – ISSUES PAPER

Dear Mr Dixon

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in WA. CME is funded by member companies responsible for 86 per cent of the State's mineral workforce employment.<sup>1</sup>

In 2022-23, the WA resources sector accounted for 47 per cent of WA's economic activity,<sup>2</sup> 91 per cent of goods exports,<sup>3</sup> 47 per cent of investment<sup>4</sup> and 11 per cent of employment (direct).<sup>5</sup> The sector also contributed to 33 per cent of the WA Government's general revenue, enabling the provision of public goods and services such as doctors and nurses, teachers and police.<sup>6</sup>

CME and its members appreciate the opportunity to comment on the [Issues Paper](#) published in response to the submissions received earlier this year on the Construction Training Fund (CTF) Review Terms of Reference. This submission re-iterates several concerns and recommendations included in our submission dated 16 May 2024 and, where relevant, answers specific questions on alternative recommendations the Issues Paper is seeking submissions on. CME makes the following recommendations:

### Issues Paper Item 1: The levy threshold should be increased

The amount should be determined based on further consultation via a regulatory impact assessment with the impacted sectors and the mechanism for setting the threshold should be subsidiary legislation to ensure it can be periodically adjusted efficiently in the future.

### Issues Paper Item 2 and 3: A capital value cap should be introduced

CME re-iterates the importance of introducing a capital value cap to address the issue that construction projects in the resources sector are significantly more complex and have larger material/equipment costs with a smaller labour component.

As an example, Woodside's Scarborough Energy Project (including Pluto Train 2)<sup>7</sup> has capital expenditure of \$16 billion in WA to the 2050's. This project is expected to generate more than 3,000 jobs during the construction-phase (2022 to 2026)<sup>8</sup> and make a contribution of more than \$18 million to the CTF. In 2023 alone, \$4.5 million was contributed by Woodside and its Scarborough and Pluto Train 2 joint venture partners to the CTF.

If the Review pursues the development of criteria under section 25A of the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (the Act) regarding a reduction or exemption from the levy, ensuring project owners can apply for levy reductions and exemptions on high-value projects such as high capital-to-labour ratio must be included as a matter for consideration (including the construction-only labour component and impact on joint venture arrangements). Criteria will also support the removal of inconsistencies that currently exist with an application process that is based on the outcomes of discussions between the CTF and project owners.

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<sup>1</sup> Government of Western Australia, [2022-23 Economic indicators resources data](#), full-time equivalents onsite under State legislation, DEMIRS, 10 November 2023.

<sup>2</sup> As measured by gross value add (GVA). Australian Bureau of Statistics, [5220 Australian National Accounts: State Accounts](#), Table 6.

<sup>3</sup> Department of Energy, Mines, Industry Regulation and Safety (DEMIRS), [2022-23 Economic Indicators Resource Data File](#), 9 January 2024. Australian Bureau of Statistics, [5302 Balance of Payments and International Investment Position](#), Table 21.

<sup>4</sup> Includes Gross Fixed Capital Formation plus minerals and petroleum exploration. Australian Bureau of Statistics, [5220 Australian National Accounts: State Accounts](#), Table 25. Australian Bureau of Statistics, [8412 Mineral and Petroleum Exploration](#), Table 4.

<sup>5</sup> Australian Bureau of Statistics, [6291 Labour Force, Australia, Detailed](#), Table 5.

<sup>6</sup> Includes Commonwealth grants from North West Shelf royalties, iron ore lease rentals, payroll taxes, transfer duties and other payments to government agencies. Government of Western Australia, [2022-23 Annual report on State finances](#), Department of Treasury, 28 September 2023, table 2.1.

<sup>7</sup> [Scarborough Energy Project and Pluto Train 2 - Woodside Energy](#)

<sup>8</sup> [Scarborough Energy Project Fact Sheet - November 2023 \(woodside.com\)](#)

Furthermore, our member companies have consistently raised the administrative burden they experience when engaging with the CTF and its processes; therefore, any new processes implemented under section 25A-25C of the Act needs to be seamless and limit any further administrative burden.

#### **Issues Paper Item 4: Remove the concessional expenditure threshold from the regulations altogether, such that no alteration or renovation work in the resources sector is leviable**

CME and our members support removal of this regulation. As highlighted in the Issues Paper this requirement creates an additional regulatory and administrative burden on the resources sector to engage with the CTF in any such process to support the CTF's distinction between exempt operational work and non-exempt alteration and renovation work.

#### **Issues Paper Item 5: It should be expressly clarified that eligibility to access the funds extends to support activities relating to the building and construction industry to empower the CTF to allocate funds accordingly**

The issues with the current definitions not being fit for purpose are clearly outlined in the Issues Paper. As proposed in the Issues Paper, CME agrees off-site fabrication activities should remain out-of-scope of the levy. We note amending the definition of construction could inadvertently capture these activities however, reiterate our support for adjustments to be progressed which clarify and empower the CTF to allocate funds towards supporting activities relating to the building and construction industry.

#### **Issues Paper Item 7: It should remain a function of the Board to improve the quality of training provided**

While quality assurance and auditing is not within the scope of the CTF, the training outcomes based on the CTF's contractual arrangements with providers are. Stewardship of training outcomes is key to the CTF achieving its primary objective of increasing the number of skilled persons in the building and construction industry and should be actively managed by the Board to ensure fund expenditure is effectively, efficiently and transparently managed.

#### **Issues Paper Item 11: Reform of the Act should be prioritised**

The Act as it stands is outdated and amendments to retrofit the resources sector into its scope have resulted in a complex and confusing legislative framework that is difficult to interpret and administer for both the CTF and industry. Holistic reform of the Act underpinned by transparent consultation informed by regulatory impact assessment is necessary.

#### **Other Issues: Process for forming Review Findings**

We note that a 'majority' approach has been used to influence several Review findings with the number of submissions received influencing an outcome rather than careful consideration of the validity or significance of a divergent view. CME does not support this approach and recommends that Review findings must consider divergent perspectives in the context of the objective of the CTF – namely the efficient and best use of resources to build and support a skilled and diverse construction workforce in WA that and can transition across sectors to maximise economic opportunities for WA.

#### **Other Issues: Adjustments are required to enable the resources sector to directly access the fund**

As outlined in our May submission and highlighted in the Issues Paper, the direct contributions made by the resources sector to the fund are significant in value. The fact that the resources sector has limited access to the fund to support the development of its own workforce is at odds with the objectives of the CTF. Given the contribution of the resources sector to the WA economy, the resources sector's ability to access the fund, via grants and programs tailored to the constructions skills used in the sector, must be commensurate with the scale of the sector's *direct* contribution to the fund. This should be a priority recommendation arising from the Review.

## **Conclusion**

Thank you again for the opportunity to comment. Should you have questions regarding this submission, please contact Michelle Gadellaa, Manager Health Safety and People via [m.gadellaa@cmewa.com](mailto:m.gadellaa@cmewa.com).

Yours sincerely,



Rebecca Tomkinson

Chief Executive Officer