



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

Submission

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Introduction

This Submission responds to the 2024 Statutory Review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990* Issues Paper, September 2024 (The Paper).

The NFIA is supportive of the Act to continue in operation, with the purpose of increasing the number of skilled workers in the construction industry. This is of particular importance in the current climate, as we experience a nation-wide skills shortage.

The NFIA sees the main barrier to maximising the number of skilled workers as the Act's current drawing of the definition of 'construction' from *the Construction Industry Portable Paid Long Service Leave Act 1985*. The NFIA supports the Recommendations from previous statutory reviews in creating its own definition and expands on this throughout the Submission.

The NFIA has provided response to the Paper and is happy to support the Construction Training Fund (CTF) at any point in the future to help build a larger, skilled construction workforce.

The Australian Fire Protection Industry

Fire Protection in Australia is typically achieved via three means:

1. active fire protection (fire sprinklers, fire hydrants, fire alarm systems and smoke control systems);
2. passive fire protection (fire rated walls, floors and ceilings and fire sealing of penetrations); and
3. education.

The Fire Protection Services industry contributes over \$2.5 billion to the Australian economy every year. Over 2,000 businesses pay nearly \$700 million in wages each year and industry revenue is projected to increase at an annualised rate of 1.5% over the five years through 2025-26, to reach \$2.7 billion.

The IBISWorld Industry Report OD5424 Fire Protection Services in Australia (November 2020) claims that despite the presence of vertically integrated multinational giants, the industry has a low level of market share concentration. The two major companies have a combined market share of only 10% and are both part of large multinational companies operating globally across several related industries. Twenty years ago, the two major companies are estimated to have had 80% of the market.

There are numerous regional and local players that construct, install and service Fire Protection systems to small, medium, and major buildings across the full scope of class 2 to 9 buildings as well as higher risk facilities such as fuel depots, harbours, data centres and similar developments. Over half the industry enterprises employ between one and 19 people. As the minor players have increased their share of the total market, the industry has become more fragmented and diverse, while also growing substantially.

Where twenty years ago, the two major companies offered a form of institutionalised but limited 'industry' training to their people who then performed their duties under close supervision and peer review, it could

be argued that the industry was less in need of regulation. However, as the industry has grown substantially and its make-up evolved, it is now predominately made up of many more, smaller independent contracting companies. That market growth and diversification has provided customers with better contractor choices, and better pricing, but not better outcomes, which has raised the need for more overarching regulation.

The National Fire Industry Association (NFIA)

The National Fire Industry Association, Australia (**NFIA**) is an Australia-wide community of commercial fire protection contractors, their people, suppliers, and industry stakeholders representing a wide and varied membership from the smallest sub-contractor through to large Australia-wide construction and service businesses. Our Members work at the frontline of fire protection with an estimated 80 per cent of the fire protection work undertaken in Australia completed by Members of NFIA.

NFIA Members operate across all areas of the Fire Protection sector, including the design, construction, installation, maintenance, inspection, testing, certification and routine performance assessment of the following systems and equipment:

- passive fire protection;
- special hazard systems;
- water-based fire protection systems;
- portable fire protection; and
- electrical fire protection systems (including fire and smoke detection and alarm systems and emergency lighting).

NFIA utilises the resources of other Australian and International industry organisations and associations.

NFIA is a member of The World Fire Emission Reduction Alliance, signing a Memorandum of Understanding with the Dubai Directorate General for Civil Defence, during the opening ceremony of the World Fire Emission Alliance at the COP 28 World Climate Conference. NFIA attended the Conference as specially invited guests of the UAE Government, demonstrating the role Fire Protection plays in the global conversation on climate change. Through the achievement of shared aims, reduction of global emissions from fire can be achieved through effective Fire Protection. NFIA will continue to work through this alliance to cooperate through the sharing of information and best practice in Fire Prevention and Protection as well as collaboration on education, research, and worldwide awareness to minimise climate change.

NFIA is committed to the delivery of quality fire protection practitioners across all aspects of fire protection safety. To this end, NFIA has sponsored and supported the growth of the world leading fire industry Registered Training Organisation, Fire Industry Training (**FiT**), which now delivers fire industry required training for all of Australia at its campuses in Brisbane, Melbourne, and Sydney.

NFIA believes that an appropriate regulatory framework should be one that protects the safety of the community and property, provides adequate consumer protection, recognises, and accommodates industry

practice and standards, requires registration of practitioners, and is linked to the national training package framework.

Submission

1. Threshold at which the Levy Applies

- 1) *The levy threshold should be increased within a range of \$20,000 to \$250,000*
- 2) *The adjustment threshold should not be materially increased.*

The NFIA supports implementing a combination of increases in the thresholds that will result in savings associated with the collection, as outlined in issue (e) and increasing the threshold to account for rising construction costs.

2. Introduction of a Capital Value Cap

The NFIA does not wish to submit on this matter.

3. Resources Integration

The NFIA does not wish to submit on this matter.

4. The Concessional Expenditure Threshold for Resources

The NFIA does not wish to submit on this matter.

5. Issues with the Current Definition of Construction Work

(a) Whether it is necessary to clarify that the CTF is empowered to allocate its funds to achieve the principal objects in the Act by the means it considers necessary and appropriate, subject to the current requirements that the Board identifies such means in its Annual Operational Plan, and that the Minister approves of them.

(b) Whether the Act should be amended to make clear that, whilst the definition of “construction work” should continue to be the determinant for levy collection, the power to allocate funds should extend to the support of activities relating to the building and construction industry where the funding of such activities is considered by the Board to be a necessary or appropriate means of achieving the Act’s principal objectives.

(a) The NFIA supports this clarification if it will help achieve the objectives as outlined in (b)

(b) The NFIA strongly affirms that the Act should be amended so that the power to allocate funds should extend to the support of activities relating to the building and construction industry where the funding of such activities is considered by the Board to be a necessary or appropriate means of achieving the Act’s principal objectives. The objective of the Fund, being to increase the number of skilled persons in the building and construction industry, should be broadened to capture more than just apprentices. Mandatory requirements for Continuing Professional Development hours are becoming increasingly more prevalent within the industry and there should be an opportunity for the CTF to provide funding to help with upskilling. For example, licensing requirements are being introduced for Fire Systems Designers from the 1 July 2024, through the Commerce Regulations Amendment (Building Services) Regulations 2022. Attached to this license are mandated CPD hours. There will be many Designers who will be affected by this and will require upskilling, and this is a perfect opportunity for the CTF to meaningfully contribute to training of the industry, not just the training of apprentices.

6. Exemption for Government Work

The NFIA supports the removal of exemptions for government work.

7. Remove 'Quality of Training' from the Act

Submissions are sought, informed by the issues identified, on the question of whether the removal of the references to quality of training in the Act may affect or call into question the CTF's ability to allocate its funds in the manner that:

(a) the Board presently considers necessary or appropriate; or

(b) is contemplated by the terms of the Act itself including, for example, programs that support "innovations in training in the industry and research relating to the levels of competency in, and the training needs of, the industry".

The NFIA does not support the removal of references to quality of training if this will likely impact the CTF's ability allocate funding to appropriate training. In the NFIA's previous submission, the NFIA suggested that this could be replaced with an objective more along of the lines of: "to provide quality of training to the building and construction industry." This is in line with ensuring that the CTF has as much flexibility as appropriate to ensure that the building and construction industry has access to funding that supports ongoing training throughout their career, as similar to other states of Australia.

8. Attainment of the Act's Objectives: Increase the Number of Skilled Persons

(a) Whether the Board's current business model, with its heavy emphasis on employer wage subsidies:

(i) has been an effective means of attaining the objectives in the Act; and

(ii) represents an efficient allocation of the CTF's funds to attain the objectives in the Act.

(b) Whether the Board would benefit from having members with relevant economic expertise to assist in achieving the objects in the Act.

(c) Whether the objective in (b) should be achieved by way of increasing the number of Board members, or by specifying the particular expertise desired in s.10(2) of the Act.

(a) The NFIA supports ongoing employer wage subsidies to incentivise engaging apprentices, however, as outlined in the Paper, allocating funds to courses run by registered training

organisations such that at least 75% of course costs are subsidised is an effective way of allocating funds. For the Fire Protection Industry, currently apprentices are required to travel to Queensland for their training blocks, so funding their course costs, as well as travel and accommodation costs to ensure that the cost of training an apprentice is not a significant liability on the business is crucial.

As highlighted above, this is not restricted to apprentices. Supporting ongoing training through a practitioner's career and subsidising courses is vital to ensure the Industry stays appropriately trained.

(b) The NFIA does not wish to submit on this matter.

(c) The NFIA does not wish to submit on this matter.

9. Effectiveness of the Board: Collection of Levy and Administration of Programs

(a) Whether the Board's current business model, with its a lack of utilisation of the enforcement mechanisms under the Act, has been an effective means of collecting levies and administering CTF programs.

(b) Whether the Board would benefit from having members with relevant legal expertise to assist in interpreting the Act and utilising its powers as parliament intended.

(c) Whether the objective in (b) should be achieved by way of increasing the number of Board members, or by specifying the particular expertise desired in s.10(2) of the Act.

The NFIA does not wish to submit on this matter.

10. Diversity

(a) Whether there is any change needed to the Act, including the composition of the Board in section 10, in order to better assist the CTF to address the issues raised under Term of Reference (f).

(b) If yes to (a), what amendment would assist the CTF to promote diversity in the building and construction industry.

The NFIA recognises that diversity in the construction industry is an ongoing issue that is being addressed nationally. There is always room for change to greater address diversity issues, however, this might not necessarily be required within the Act. Availability for funding and the creation of programs and initiatives to address diversity from the CTF, will assist the industry and if this requires change within the Act to occur, then yes. Ensuring diversity of Board Members is also important.

11. The Need for the Act to continue in Operation

The NFIA supports the need for this Act.

12. Effectiveness of the Board: Meeting the Needs of Different Sectors of Industry

The NFIA supports the current system for nominating Board members, as consistent with other jurisdictions.



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