

**BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND**

*Amendment to Motion*

Resumed from 28 March on the following motion moved by Hon Martin Aldridge —

That this house —

- (a) notes that the introduction of the Building and Construction Industry Training Fund has supported the training and employment of more than 48 000 apprentices and trainees and has helped over 340 000 industry workers to upgrade their skills;
- (b) notes the “Review of the Operation and Effectiveness of the Building and Construction Industry Training Fund and Levy Collection Act 1990” of June 2014 that recommended the amendment to regulations to withdraw the current exemption from the payment of the levy applying to engineering construction projects in the resources industry;
- (c) supports the amendment of regulation 3AA of the Building and Construction Industry Training Fund and Levy Collection Regulations 1991, therefore requiring construction projects in the mining and petroleum industry to contribute to the training and skills development in the building and construction industry; and
- (d) calls on the government to immediately amend the regulation to support local job creation and skills development across the building and construction industry.

to which the following amendment was moved by Hon Donna Faragher —

To delete paragraphs (c) and (d) and substitute —

and that —

- (c) a select committee is to be established to consider and report on —
  - (i) whether the exemption from the definition of construction work and connected work granted by regulation 3AA of the Building and Construction Industry Training Fund and Levy Collection Regulations 1991 should continue, or be removed in whole or in part;
  - (ii) the financial and other consequences arising from the status quo and any alteration to the current exemption;
  - (iii) whether any new laws need to be enacted as a consequence of any alteration to the current exemption; and
  - (iv) any other related matter; and
- (d) the select committee shall consist of five members; and
- (e) the select committee is to report by no later than 12 months after the committee has been established.

**HON PETER COLLIER (North Metropolitan — Leader of the Opposition)** [1.08 pm]: I stand up to enthusiastically support the amendment proposed by Hon Donna Faragher. I understand that there is not much appetite for this amendment, which is a bit disappointing, but I have been around this place long enough to know what the numbers are. Having said that, ye of little faith do not appreciate my persuasive debating skills. I am sure that after I have finished, I will be able to convince those sitting on the fence that this motion needs to be referred to a committee for assessment.

**Hon Colin Holt:** That is what the debate is for.

**Hon PETER COLLIER:** Absolutely, mate, absolutely.

I am mindful of the fact that this debate is constrained by the necessity for me to speak to the amendment, and I have no intention of spending too much time on the Building and Construction Industry Training Fund itself. Suffice it to say that I was the training minister for almost five years. It was a wonderful role, and I am very mindful of the significant role that the BCITF plays. It is a tremendous organisation for stimulating and promoting the building construction industry through grants to trainees and apprentices. Ian Hill was the chair when I was minister, and he still is. He is a very good leader and does a great job there. One of the biggest issues that has always existed around the BCITF levy has been whether the resources sector should pay it. I think the levy is 0.2 per cent of construction cost from around \$20 000, unless it has changed. It provides support for trainees

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et cetera, particularly on construction projects. That is the important part; it is for the construction industry. One of the big issues has always been who should pay the levy. I think the construction industry is very supportive of the BCITF because it stimulates employment in the training and apprenticeship area. That is vital in areas where there has been an economic downturn.

An issue for the construction industry has always been whether the resources sector should contribute to the levy. During all my years as Minister for Education and Training it was a vexed issue. I heard very, very succinct but compelling arguments from both sides of the ledger. It was very difficult. It is always important for ministers to listen to try to ascertain the best outcome. I have to be honest, as training minister I always edged towards the construction industry. I felt its point was valid—this is why I feel this needs to go to a committee—in that in a lot of instances when the construction industry pays the levy it goes towards the training of apprentices and trainees, and as soon as they qualify off they go to the resources sector and get the big bucks in the north of the state. That was the argument. I am not prosecuting an argument for or against; I am giving the argument the construction industry has used ad infinitum. The information provided to me was quite compelling. A committee would be perfectly placed—from an impartial perspective, putting all politics aside—to decide whether that argument is sufficient. It could determine whether the arguments put forward by the building and construction industry are valid.

Madam President, I am sure you are well aware that the most expensive time of an apprentice's training is in the first year or two, so the construction industry needs support in that area. More often than not, particularly when there is a booming economy, after 12 months apprentices will decide it is much easier to go up north and drive a Haulpak for up to \$100 000 than to be on the menial wage they get in the first year or two of their apprenticeship.

The construction industry has some valid arguments. It feels it invests all this money into trainees and apprentices, although supported by the BCTIF and other grants and subsidies from various government avenues. Fundamentally, the construction industry is saying it is doing all the hard yards. The construction industry used to tell me that. I am sure it tells the current minister. I am sure it has told successive ministers because it has been such a vexed issue. Having said that, we have to ask whether that is fair. It is hard for ministers to take a totally impartial view, and whether we have all the facts and figures is debatable. A parliamentary committee with a broad cross-section of this chamber could come in with, ideally, open minds on this. It would be able to exactly ascertain the costs of first-year apprentices and trainees on projects and construction. It could ascertain firstly whether the levy was appropriate, and secondly whether the resources sector should contribute. That is one side of the ledger.

I have honestly said that my sympathies have always tended to be on the construction industry's side of the ledger—that the resources sector needs to contribute to the levy. On the other side of the ledger is something a committee could forensically investigate—that is, whether the resources sector arguments were equally as valid. I have some sympathies for that as well. Personally, and as a former minister, I have some very strong sympathies for the resources sector around what it already contributes to the economy in royalties and taxes, but also what it contributes to the training sector. I spent a fair bit time as minister over almost nine years going to the north of the state. I know for a fact that companies like Rio Tinto and BHP have very, very good training packages, particularly for Indigenous youth. I remember a wonderful training program up in Karratha with Rio that I went and visited at one stage, and the benefits were for those young kids were phenomenal. That is another argument that the Rios, BHPs and all the resources sector prosecute. They say they do an enormous amount in promoting apprenticeships and traineeships. That training has specialist requirements that are unique to resources sector workers. That is a quite compelling argument. I have also listened to that argument. Honestly, it would be almost bordering on frustration because I could see both sides of the story and very valid arguments. It would take a very brave person to say in this chamber that there are not attributes to both arguments. There are definitely reasons for and against the resources sector paying the levy. I have said that a minister in isolation, quite frankly—no disrespect to the current minister or those who preceded or came after me—really does not have the same, dare I say, resources and opportunities of a parliamentary committee to look at it from an impartial perspective. The committee could have representatives from both sectors coming in to prosecute their argument and give the reasons. Then we would really, really know. We would not be given some embellished figures or facts from either side, we would actually get the real facts and figures in terms of the construction industry, the costs of the construction industry for trainees and apprentices, and the cost to the construction industry of apprentices and trainees who left the industry immediately upon qualification. Equally, the committee could be told by the resources sector how much it already contributes to trainees and apprentices across the board.

The only way that can really be done, with all due respect, is through a parliamentary committee. A parliamentary committee would have the opportunity to call witnesses from all over the state—from unions, employer groups, the resources sector, construction industry, representative groups, the Housing Industry Association, the Master Builders Association and all across the board; all the groups I used to listen to. I am sure the current minister listens to those groups constantly and relentlessly.

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I understand there has been a bit of movement in this space, and the resources sector is not as intransigent as it had been on this issue. It is willing to compromise somewhat on this issue and to play ball, for want of a better term. I do not mean that in a patronising sense towards the resources sector; I am saying it has gone past the point of saying it is resolutely opposed to it. It is now talking to the government, and I understand that the government is about to make a decision on this issue. Having said that, that is not a reason to not send this to a committee. If there is one issue that should go to a committee—it does not hold the same emotive elements that some of the other issues have—it is this one. Yes, we can feel strongly. I know that Hon Robin Scott has some views on this and I have had some discussions with him, but I will allow him to make some comments if he feels free. I certainly will not speak for him. Some members of this chamber have some very strong views on this issue. I am not resolute. I have always been edged towards the construction industry. I have always felt its arguments have been more compelling than those of the resources sector. Because there were such strident views one way or another with the resources sector and the construction industry, that is why fundamentally we did not make that move. I am sure he would not mind me saying this: we also had in our government at the time Hon Norman Moore, who is a very strong advocate for the resources sector and was very strongly opposed to the levy being imposed on the resources sector.

We have a unique opportunity on behalf of this chamber to deal with this issue the way it should be dealt with—through a parliamentary committee that can forensically assess this issue. The political emotion that exists will be taken from it. We can actually look at the issue for what it is. We can look at the real, hard facts, not just those that are presented to us from either side, which really do have a conflict of interest. We can look at it and then say as a committee, as a broad cross-section of views from this house, “Yes, the views are quite valid. We feel that the recommendation will be to include the levy onto the resources sector” or, alternatively, to retain the status quo. I will leave my comments there, suffice to say that I am strongly supportive of the Building and Construction Industry Training Fund. The levy itself serves a very real constructive purpose. I think what it does with the building and construction industry is very positive, particularly for start-ups or those projects that are struggling, particularly during times of economic downturn. I am also mindful of the resources sector and its contribution to the training and apprenticeship sector. Having said that, this motion should most definitely be sent to a committee. I support the amendment moved by Hon Donna Faragher.

**HON RICK MAZZA (Agricultural)** [1.22 pm]: I rise to say that I do not support the referral to a committee. If a committee were to be set up, it should look more into whether we in fact need a levy. As I alluded to in my substantive speech, it increases the cost of doing business in Western Australia. I do not know that it creates any further jobs. At the end of the day, business activity is what drives jobs. If there is business and employment, those businesses as a rule will train their staff as required.

Notwithstanding that, the act itself provides for a statutory review every five years—the last one being in 2014. By my calculation, we are due for another one next year. The 2014 report recommended consultation with the resources sector. I am unaware of any consultation that has taken place with the resources sector. As Hon Peter Collier alluded to, sniffing the breeze, I think there could be some quite fruitful discussions with the resources sector if the government were to enter into those negotiations.

I feel that we would probably be doubling up by having a select committee set up for this levy. Other options are available for the government to enter into discussions with the resources sector. As I say, they may prove fruitful. I will not be supporting the amendment.

**HON ROBIN SCOTT (Mining and Pastoral)** [1.23 pm]: I would like to comment that I am very much against any committee being formed to discuss this. As I said earlier, the Construction Training Fund is supposed to support and employ 48 000 apprentices and trainees. That is all it does. It does not train 48 000 apprentices. The training of apprentices in the building and construction industry is very, very poor. Hon Peter Collier mentioned that first and second-year apprentices are the most expensive for employers. That is not true. I will again focus on the electrical industry. After three months of working with a tradesman wiring up the same project over and over, first and second-year electrical apprentices then wire homes on their own or with another apprentice. The employer gets the full price for wiring a house, but instead of using a tradesman, they use an apprentice.

I am all for training. The mining industry is very, very particular about training. Apprentices in the mining industry are exposed to everything electrical, whereas in the building industry they are not. Once some apprentices have finished their time, they try to get jobs on mine sites, saying that they have instrumentation tickets—which they got through the Building and Construction Industry Training Fund—but when they are asked to look at an instrument to find out why it is not working, they have not got a clue. It is similar to a driver’s licence. The majority of people do not know what goes on underneath the bonnet. That is exactly how it is with the training that these apprentices get. They get the theoretical side of it but they do not get the exposure. They do not get the comfort and the encouragement from a tradesman to understand exactly what is going on.

**Extract from Hansard**

[COUNCIL — Wednesday, 11 April 2018]

p1738d-1752a

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Hon Alison Xamon said she understands that when electricians from the construction industry move to a mine site, they have to be trained up to work on higher voltages. She has obviously missed the point completely because 240 volts will kill just as quickly as 22 000 volts. It is getting the exposure and being shown the fundamentals of electricity—it can be controlling, it can be refrigeration, it can be high voltage, it can be motor control PLC and all those sorts of things. None of that happens in the construction industry. In the construction industry, people are either pulling in wires or building a cable ladder.

I would love to think that the construction industry could expose apprentices to everything that is required for the electrical industry. They may do good jobs with carpentry and perhaps plumbing, but the higher-type trades in the construction industry fall very, very short. I would love to think that every apprentice was exposed to everything, but that is not happening. This is why I ask members to reject this amendment to form a committee.

Amendment put and negatived.

*Motion Resumed*

**HON SUE ELLERY (South Metropolitan — Leader of the House)** [1.27 pm]: I am pleased to rise to speak on this issue. As I indicated in my contribution to the amendment that was just dealt with, this is an interesting time to be debating this because the issue is live; that is, it is under active consideration by the government. The Building and Construction Industry Training Fund, as we heard from the mover of the motion and from the other speakers who have spoken since, is highly regarded. It is a very successful organisation. It is one of my favourite agencies because it does not ask for money! It brings its own money, so it is one of my favourite agencies. It plays a critical role in the training sector and, indeed, in the economy more broadly because of the key role that construction plays in our state. I note that there is a representative from the Housing Industry Association listening in the public gallery today. I welcome him to the Parliament. The HIA is a big supporter of the fund. The fund is chaired by Ian Hill, who is well known to many people here, and the executive director is Alan Jackson. Between them, they do a fantastic job, bringing people together to work on the objective of improving training opportunities and therefore building the future of the construction industry in WA.

I think Hon Donna Faragher mentioned in her contribution that one of the outstanding things that has been developed over the last couple of years is the Construction Futures Centre, which is a centre in Belmont set up for excursions for not just young people, but predominantly school students and young people considering a future in construction. It is, as has been described, the Scitech of the construction industry. There are all sorts of movable parts and virtual reality gear that people can use to operate all sorts of machinery and get a sense of what they would be doing if they were working in the construction industry. I congratulate everybody involved in getting that in place.

A critical and important element of the fund is its history, and Hon Martin Aldridge set that out for us quite well. It is important to note that this was not a government idea. It was not a government policy imposed on industry; it literally came out of industry working closely with the union movement to solve a problem. It was not an initiative imposed by government. In the late 1980s, when industry and unions were talking to each other about how they might better address skills shortages, this proposal came around. It was based in part on what had happened in Western Europe, in Germany in particular, when industry worked closely with the labour movement to put together a partnership around setting up training for the future. It is a collaborative project, and I think that is why it is so successful and widely supported. At the time the fund was introduced, it set a precedent for the nation; there was nothing else like it back then. It is still driven by industry and unions working together. By providing a continuous source of funding for training in building and construction, the fund continues to contribute to improving productivity and stability in the industry, and allows industry to plan for the future and know where it needs to focus to ensure that it can meet skills and labour market demands. Currently, the fund offers employers wage subsidies of \$10 000 per apprentice to help meet the costs of employing an apprentice, but that can go as high as \$19 000 depending on the particular criteria the apprentice falls within. The fund supports employers of apprentice bricklayers, electrical mechanics, carpenters, joiners, plasterers, plumbers, painters and decorators, wall and ceiling fixers, and wall and floor tilers. About 12 to 15 traineeships in civil construction are also supported. In 2013–14, for the first time, the board endorsed providing funding for the delivery of pre-apprenticeship programs in schools through the Vocational Education and Training in Schools program to encourage young people to think about construction as an important career opportunity.

Whichever way we look at it, the work done in the first place to set up the fund has been highly successful. Today the fund is highly successful. As mentioned, there has been a debate for a long time about the extent to which the resources industry contributes, particularly around the issue of engineering construction. There is no question that the resources industry does its own training and that it contributes to training. The issue is around the extent to which it contributes to formal, portable, recognised qualifications. In that engineering construction area of work, I think there is an opportunity to look beyond the contribution that industry has made to date.

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I want to talk about a great example of the resources industry working closely with training and government in recent times. When we were elected to government, as training minister, I had a series of meetings with all the major employers, medium and large, in the resources industry about training matters. I had some really good conversations, particularly with the bigger employers, about the nature of our geography and how the size of the resources industry in Western Australia has meant that industry has had to innovate. Industry had to come up with its own set of bespoke, if you like, training packages for staff because there is a big desert on one side and a big ocean on the other. If the resources industry wants to build its own workforce and use local workers as well, it needs to invest in training, and it does. I told employers that there seems to be a gap in the training market in the provision of a core set of skills around automation. Each of those big companies uses automation to a greater or lesser extent and they have all developed a particular set of skills that they require. But for a young person looking for a job in that area—members can visit any school and they will find that the most engaged part of that school is the robotics class—or qualifications in automation or robotics, not one core set of skills is available through a training provider that they could present to a prospective employer and say, “Here is a set of qualifications that I already hold in a core set of skills that you require. You should offer me a job and you can add your bits to the top.” I raised the issue with each of the companies that I met with. I said that I thought work needed to be done between TAFE and some of the industry players to get in place a portable—that is, it can be taken from job to job—recognised, high-quality training qualification in automation. Each company could then employ that person and, if needed, they could top up that skill base with their own bespoke, specific company requirements. But it would be an entry level qualification. I am pleased to say that Rio Tinto came to the table pretty quickly with \$2 million and is now working in partnership with South Metropolitan TAFE on that core set of skills.

In addition, Rio Tinto contacted all the other major players in the resources industry and just last week at Scitech we announced an industry collaboration. The other significant players in the resources industry are interested in being part of that work and extending those skill sets into schools. We will look at developing, very early on, vocational training in automation skills. Last week, we announced an industry collaboration and the establishment of a board to be chaired by Jim Walker, chair of the WA State Training Board. As some people would know, he is ex-WesTrac. That will bring together all the major players in the resources industry. The Chamber of Minerals and Energy will be deputy chair of that collaboration. I think there is really exciting work to be done there.

The consideration of getting the resources industry to contribute to this fund is not based on the proposition that the resources industry does not contribute to training—of course it does. It is about recognising that for that particular bit of the industry’s work around engineering construction in particular, it currently does not contribute to formal qualifications, and when the economy is at its peak, it takes the best workers out of the construction industry, which the civil construction industry has paid and committed its training dollars to, and those people do not come back once they have gone to the resources industry. I think it is an equity issue and recognising that an element of the resources industry’s work requires formal qualifications and apprenticeships, and currently the industry is not pulling as much weight as it could in that area. Getting the resources industry to contribute to the training fund for that kind of work is worthy of serious consideration. That is why I welcome today’s motion. It is under active consideration because it is important to recognise that everybody should pull their weight. The conversations, discussions and negotiations that I have had to date have been really positive and I am really hopeful that we will get an agreed outcome in the not too distant future.

The other point that needs to be made is that this is a really difficult time for training. I want to put two elements on the record. I say this at each of the awards events that I attend. I know that there will be people in the construction industry who will follow this debate. I do not know whether enough of them are as geeky as some to come and watch the debate live. There might be people watching it on their computers, I do not know—you might be the only geek, mate—but I know that they will follow the debate in *Hansard*. They will have heard me say this before. We need to recognise that in the last couple of years in particular, when the economy has been really tight, those companies in the construction industry that have continued to invest in training need to be recognised for the contribution they have made to our economy. One of the easiest things to do when the economy is not going well and the books are not looking good is to ditch the commitment to invest in training. On behalf of the government, I place on the record my appreciation for the contribution of those companies that have continued to invest in training over what has been a very difficult time for the construction industry. The two things that are easy to walk away from are marketing and training. One will diminish business in the short term, and if companies walk away from training, they will diminish their business in the long term because they are not ensuring they have the skill set they need in the future by bringing new blood into their industry. I commend companies like the Housing Industry Association, for example, the membership of which has continued to contribute to training in that field.

The other point I want to make about why this is an interesting time for the training sector is what is happening federally. Last year the federal government announced in its budget that it would not renew the existing format of national partnerships for training, but that it would replace those with a new scheme called Skilling Australia. Skilling Australia was to be funded through a levy system introduced via legislation on foreign workers. It was to

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fund apprenticeships, pre-apprenticeships and traineeships only. The difference between the new system and the system that was in the national partnership prior to that was that the commonwealth was walking away from the component of funds it would provide to the state for general training. The sections of the labour market that need skilled workers but do not necessarily rely on an apprenticeship, a pre-apprenticeship or a traineeship are the areas where in the economy the labour market is growing; namely, in disability, health, aged care, hospitality and tourism. However, there is not necessarily a whole suite of qualifications in those areas around apprenticeships, pre-apprenticeships and traineeships. The federal government has walked away from funding general training. That is a structural shift. I am not sure whether the federal government understands the consequences of that decision, but every state is having to grapple with a black hole in their training commitment because the feds have walked away from funding general training. That is a really serious issue. It is even more serious in a state like Western Australia where for the feds to walk away from funding general training at a time when we have the worst set of books since the Second World War means that we really have to scabble hard to find ways to continue to prop up general training because we know that that is what our economy needs.

Of course, we need the range of qualifications for which apprenticeships, pre-apprenticeships and traineeships will continue to exist, like the construction and manufacturing industries and others, but we desperately need to build our workforce in those other areas of the economy. The fact that the federal government has walked away from that \$54 million commitment—the difference between what it funded in 2016–17 and 2017–18—is dependent on a piece of legislation that it said would be through by January this year. It is not; it is due to be debated in the Senate in, I think, May. The negotiations with the federal government on this have been really difficult. It started by saying, “Come to us with a project—any project. We will think about any project. Put up any project and we will fund it, because we want to spend money on this.” This was before it had any money. It still does not have any money because the legislation to pay for it has not passed the Senate. States like Western Australia dutifully put together proposals to be considered, but then it was like an episode of *Utopia*. What was the program before *Utopia*, done by the same group of people and set in Canberra?

**The PRESIDENT:** That would be *The Hollowmen*.

**Hon SUE ELLERY:** Thank you, Madam President, for your interjection. It was like an episode of *The Hollowmen* and *Utopia* combined because I think someone had a great idea, but they did not think about the consequences or about how they would make the projects work. Every proposal that has been put up by Western Australia has been rejected. When we ask what the goalposts are and what kinds of projects the federal government will fund so that we can develop projects to match them, we are told, “No, that is not up to us to tell you; it is up to you to keep coming to us with requests for projects.” It is really, really frustrating. I know I am not the only minister for training in Australia who feels that way; every single jurisdiction is as frustrated. We have had to take measures, like some of those we have already announced for payroll tax and others to find ways to fund training. That is hanging over us, so any opportunity we have to ensure that we can increase the pool of funds that is available in Western Australia for training will be looked at very closely. The feds have done a seismic shift in what they will fund and every state has had to grapple with how we come to terms with that. Giving consideration to making sure that the full scope of construction work is contributed to by every sector that undertakes that full scope of construction work is an important part of those considerations.

I welcome the motion moved by Hon Martin Aldridge because, as I said, for a range of reasons—those that have existed historically and the new situation we find ourselves in—this is an important matter to be considered by government right now, and it is being considered by government right now. I would like to support the motion, but I would like to amend it, to have the effect that we note the changes made in the funding agreements. Paragraph (c), which will become new paragraph (d), currently states “supports the amendment”. I propose it states “supports in principle”, and the motion be renumbered accordingly. The effect of my amendment is basically to recognise what is happening at a commonwealth level, but also to ask this house to support in principle the amendment because this is a matter under live consideration. People have raised some of the matters that need to be taken into account. I am very comfortable with a motion that states that in principle we support amending the regulation. What I do not want to do is commit to a decision that has not been made yet and that is still under active consideration. I am pleased that I was able to have discussions behind the Chair with the mover of the motion. I think there is agreement from him to my amendment.

I am pleased to support the substantive motion, with the amendment that I will move in a minute. I reiterate the points that I have made already. This fund has done outstanding work and it is to be congratulated, and all those who have contributed to it are to be congratulated. It is an appropriate time, before the next peak in our economy comes, to ensure that everybody who uses the broadest scope of construction industry skills contributes to that fund. It is an appropriate time to do that.

*Amendment to Motion*

**Hon SUE ELLERY** — without notice: I move —

That the motion be amended as follows —

- (1) To insert after paragraph (b) —
  - (c) notes the changes to the commonwealth funding agreements for funding training places which have resulted in \$54 million less for Western Australia in 2017–18, compared to 2016–17;
- (2) To insert into paragraph (c) after “supports” —

in-principle
- (3) In paragraph (d) delete “immediately”

**The PRESIDENT:** Members, the Leader of the House has moved the amendment standing in her name. I flag that there are three parts to this amendment; therefore, members will be able to speak to the whole amendment. However, when we put the amendment to a vote, because two parts of the amendment deal with inserting words and one part deals with deleting words, I will put each component separately. The question is that the amendment be agreed to.

**HON MARTIN ALDRIDGE (Agricultural)** [1.50 pm]: I confirm the view put by the Leader of the House that the words of the amendment moved by the Leader of the House have been agreed to by me and the National Party behind the Chair. The amendment is reasonable and it reflects—to use the words of the Leader of the House—the active consideration that the government is giving to this matter, which we have known about for some months. I do not believe the substantive motion is overly prescriptive, and nor will be the motion as amended if that is accepted by the house. However, I hope the amendment will provide an opportunity for the majority of members of this house to support the motion, in light of the government’s position that this issue is under active consideration. I refer members to what will become new paragraphs (d) and (e) of the motion. They contain the words “supports the amendment of regulation” and “calls on the government to amend the regulation”. In my view, that will give the government sufficient flexibility to do a range of things, not the least of which is decide what the landing point on this matter should be. It will also enable the government to consult. I understand that consultation is active and has been ongoing for some time, and that will give the government the opportunity to fully understand all the industry positions that are involved.

If the majority of members of this house support this amendment to the motion, and also the motion as amended, it would give the government confidence in dealing with the members of this chamber, who represent no less than seven parties, in any decision it might make in the future. Obviously, amendments to regulations, or any new regulations, would be subject to disallowance by either house of the Parliament, as has occurred on previous occasions in this term and in probably every term of the Parliament. That would send a policy signal to the government that would give it some confidence in making a decision that the principle of extending the Construction Training Fund levy more broadly across the building and construction sector is supported by this place. With those few words, the National Party will be supporting the amendment as put by the Leader of the House.

**HON DONNA FARAGHER (East Metropolitan)** [1.53 pm]: I also do not intend to speak for long on the amendment moved by the Leader of the House, except to say that it is clear from the minister’s contribution to the debate on this motion, and from the discussions I have had with all the respective industries that have an interest in this fund, that the government is engaging in active discussion on the removal of the exemption, whether that be in part or in full. As I stated in my contribution to the substantive motion, the opposition still takes the view that there are different perspectives on this issue. However, we also appreciate that there is merit in considering this issue more fully. The opposition took the view that in order for this matter to be considered more fully, it should be referred to a parliamentary committee. However, I accept that the house has voted on that and did not take that position. It is clear that this matter is being actively considered. We simply request that the government consults properly and appropriately, not just with the resources sector but with the construction industry, and also with the Housing Industry Association of Western Australia, some members of which are in the gallery this afternoon, to ensure that any unintended consequences are appropriately considered and dealt with. Any change to the exemption will affect not only the resources industry, but also the construction industry. In the long term, the government may change the way in which the fund is operated, and maybe also how it is administered. Those matters should be properly canvassed and considered and should not be rushed. Either way, we recognise that this issue is being actively considered by the government, and it is the purview of the government to do that. Notwithstanding what the minister has said about the federal government, I am not sure whether the amendment to paragraph (c) is needed, because this motion is very specific to the fund. I just make that point, and that is an argument that could be had at another time.

We support the amendment moved by the Leader of the House, because, as Hon Martin Aldridge indicated, it will provide flexibility for the minister and the government to consider this issue. We simply ask that it is looked at carefully and thoughtfully. We will be very interested to see the final make-up. We need to consider a range of

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options. We know that the resources industry does not support the wholesale removal of the exemption but is prepared to look at modifications. Ultimately, that will be through discussion and negotiation with the minister. The minister has not at all times shown a great record on consultation in her portfolio.

**Hon Sue Ellery:** You're nasty!

**Hon DONNA FARAGHER:** It is true, minister. The minister knows that. She does not have a strong track record. But let us see whether in this instance the minister can demonstrate good consultation and reach an outcome that is supported by all the industry groups that have an interest in this matter.

**HON ALISON XAMON (North Metropolitan)** [1.58 pm]: I rise on behalf of the Greens to indicate that the Greens will also be supporting this amendment. It is important that the debate on this motion includes what has happened with the federal government funding, because that is part of the overall context of the strain that our training system has come under. It is important that we in this chamber continue to draw attention to this issue, because it is a very serious matter.

I am also pleased that the proposed amendment to the motion will provide a degree of flexibility in how the negotiations with the resources industry will proceed. It is pleasing to hear that those negotiations have progressed. I note that at the time this motion was put on the notice paper by Hon Martin Aldridge, those of us who are not in government did not have knowledge of the government's intention around the future of the Building and Construction Industry Training Fund and whether progress would be made to include the resources industry as a contributor to this very important fund. I share the views expressed by the minister with regard to ensuring that the resources industry starts to contribute a bit more of its fair share, because it has been a net beneficiary of the training paid for by so many other areas within the construction sector. That is very important.

Nevertheless this has, on the whole, been a really useful debate. It is a really important issue and this motion has turned out to be quite timely, unlike many other motions on notice that we end up debating in this place. There is a benefit, in this instance, of having the debate come on so long after the motion was put on the agenda because we are able to note that there has been progress made by the government in this area. I will be very keen to continue to hear regular updates on the progress of the negotiations and what the outcome is likely to be. I share the concerns raised about the consultation and hope that it will be effective and comprehensive and that all parties that should be consulted on this matter are consulted. Even if they do not end up with the outcomes they might prefer, I hope they at least feel as though they have had a fair hearing and that their concerns have been duly considered.

This is an important amendment that probably helps to round out what was already a good motion in the first place and to reflect where events have landed since the motion was first put on the notice paper.

**HON ROBIN SCOTT (Mining and Pastoral)** [2.01 pm]: I have been a member of this house for more than 10 months now, and for the first eight months I listened to all the wonderful speeches; everybody sounded so intelligent and like they really knew what they were talking about, and I thought, "I'm never, ever going to be as good as them." Then along came this motion on the Building and Construction Industry Training Fund, the one thing I know about. I have been in this industry for more than three decades. I started my apprenticeship in 1970, earning \$12 a week. I know exactly what goes on in the Building and Construction Industry Training Fund and I am not against it, but I am certainly against asking the resources industry to contribute to it.

The Leader of the House said that she really likes the Building and Construction Industry Training Fund because it does not ask her for money. It does not need to ask her for money; if she were to go to its offices and open the cupboards and drawers, they would be stuffed with hundred-dollar bills. It is making a lot of money from a lot of companies. On behalf of the crossbench, we will oppose all amendments and the motion.

**The PRESIDENT:** Members, I am now going to put separately each part of the amendment moved by the Leader of the House. The Leader of the House has moved to amend the motion moved by Hon Martin Aldridge as follows —

- (1) To insert after paragraph (b) —
- (c) notes the changes to the commonwealth funding agreements for funding training places which have resulted in \$54 million less for Western Australia in 2017–18, compared to 2016–17;

Amendment (insertion of words) put and passed.

**The PRESIDENT:** The next part of the amendment moved by the Leader of the House is —

- (2) To insert into paragraph (c) after "supports" —  
in-principle

Amendment (insertion of words) put and passed.

**The PRESIDENT:** The third part of the amendment moved by the Leader of the House is —



(3) In paragraph (d) delete “immediately”

Amendment (deletion of words) put and passed.

*Motion, as Amended*

**The PRESIDENT:** Finally, members, the question is that the motion, as amended, be agreed to.

**HON SUE ELLERY (South Metropolitan — Leader of the House)** [2.04 pm]: Sorry, Madam President. If any member wants to speak to the substantive motion, now is their opportunity.

**The PRESIDENT:** Thank you; sorry, I was jumping the gun there. There may have been people who wanted to come back to speak to the main motion who might have missed the opportunity earlier. The question is that the motion, as amended, be agreed to.

**HON MATTHEW SWINBOURN (East Metropolitan)** [2.04 pm]: I am pleased to have the opportunity to speak to the amended motion and to thank Hon Martin Pritchard for bringing forward the substantive motion. Sorry, my mistake; Hon Martin Aldridge. He is one of the Martins in this house!

Hon Robin Scott has indicated his connection to the construction industry. I cannot attest to being either as old or as well connected to the industry in terms of time as he is, but I have a long connection with the industry as well. My father is a trade-qualified carpenter who ran a construction business for many, many years in Perth and the south west. I also worked for the Construction, Forestry, Mining and Energy Union for almost a decade, representing the trade-qualified construction workers that Hon Robin Scott has been very eager to demean, defame and talk down in respect of their skills —

**Hon Robin Scott** interjected.

**Hon MATTHEW SWINBOURN:** Well, it came across that way, honourable member, and I think it is really disappointing to cast such a slur across so many trade-qualified people in this state and say that they were not good enough —

Several members interjected.

**The PRESIDENT:** Order!

**Hon Robin Scott** interjected.

**The PRESIDENT:** Order, member! I am speaking. When I speak, you do not. There is one member on his feet. You are not able to interject. You have had an opportunity to speak. This member has sought the call and he is on his feet. Allow him to make his contribution in silence, please.

**Hon MATTHEW SWINBOURN:** The union I represented for many years —

*Point of Order*

**Hon COLIN TINCKNELL:** Madam President, he was misrepresenting what our member said.

**The PRESIDENT:** No, Hon Colin Tincknell. There is no point of order. Hon Matthew Swinbourn was on his feet, delivering his speech. Another member made an unruly interjection. I called that member to order and that is the end of it. I have asked him to sit and listen quietly while the member who has been given the call has the opportunity to speak. There is no point of order; please take your seat.

*Debate Resumed*

**Hon MATTHEW SWINBOURN:** The union I worked for represented the occupations of carpenters, bricklayers, crane operators, engine drivers, painters, plasterers, glaziers, tilers, riggers, scaffolders and, of course, builders' labourers. Although it did not represent electricians, I certainly have had my fair share of contact with electricians, and members of my family have been trained as electricians in both the mining and construction industries. I would also like to acknowledge the presence in the gallery today of a representative from the Housing Industry Association, an organisation that heavily supports the training of construction workers in the construction industry. I am also proud to say that the CFMEU was part of the collaborative push with industry in the 1980s to establish the Building and Construction Industry Training Fund. It continues to support the fund and its objectives.

I have had the privilege of attending the Construction Training Fund's Construction Futures Centre in Belmont, which is part of my electorate. It was formally opened in December last year. For those members who have not had an opportunity to visit the Construction Futures Centre, I strongly encourage them to take up that opportunity; I am sure it could be facilitated through the minister's office. There is some great material there, including a virtual reality crane. People put VR goggles on and get an idea of what it is like to work in a tower crane, 25 to 30 metres in the air. By all accounts, it is actually a bit scary for some because it creates a feeling of vertigo, so it weeds out those who might not be genuinely interested in being a crane operator!

**Extract from Hansard**

[COUNCIL — Wednesday, 11 April 2018]

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Hon Peter Collier; Hon Rick Mazza; Hon Robin Scott; Hon Sue Ellery; Hon Martin Aldridge; Hon Donna Faragher; Hon Alison Xamon; Hon Matthew Swinbourn; Hon Colin Tincknell; President

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The Construction Training Fund, through its training centre and other initiatives, which include providing rebates to employers who contribute to the fund for the purposes of training, has many innovative ways of delivering value to the industry and the community through the resources it collects. In my view, the act remains a forward-thinking piece of legislation, and the small proportion of 0.2 per cent of the value of a construction project remains a small but significant contribution towards the training of future construction workers. The act is the product of a collaborative approach during the 1980s in the construction industry, which included the employers in the industry, the unions and the government of the day. In its initiation, it was explicitly stated that the fund would be used to improve the quality of training and increase the number of skilled persons in the building and construction industry. It was accepted that the growth of our economy continued to be tied to the success of the construction industry, and thus a sufficiently trained workforce is paramount. The agreed levy rate was 0.2 per cent, which remains the current rate, and is comparable to other levies payable across the commonwealth.

This brings me to the point about levies paid in other jurisdictions, and the exemptions that might exist in those jurisdictions. I note that in Tasmania, where the levy rate is 0.2 per cent, with a floor of \$20 000, there are no resources-specific exemptions. Tasmania is obviously not a resources state on the scale of Western Australia, but its levy still collects a significant amount of money. In 2017, it collected over \$3.3 million. In Western Australia we have a levy rate of 0.2 per cent with a \$25 000 floor, with a number of exemptions, including, effectively, the oil and gas and mining sectors. Queensland also has a levy, and its levy for the resources sector is 0.1 per cent. The levy does not exclude the resources sector, and Queensland, although not at the same volume as Western Australia, is a significant resources and oil and gas producing state. In that state the resources industries contribute to the training levy. The ACT also has a training levy, but I am not sure whether it has any mining and resources industry. The levy in other states includes mining and oil and gas projects, which are construction projects, quite importantly.

The fund contribution is entirely appropriate and reasonable. It is for the benefit of the Western Australian community, specifically those engaged in the construction industry. Most of us during our lives, whether we have family connected to the industry, or we build a house, or we are part of a business that builds, will have some contact with the construction industry. If I recall correctly, it employs about 10 per cent of our workforce, so it is a significant part of the Western Australian economy. The value of training and vocational education is beneficial not just for the worker and employer but also for the state at large. The worker gains ability, understanding and capacity for a broader range of tasks, and the industry gains from having a better trained pool of workers.

The economic powerhouses of our mining and oil and gas sectors have been prolific contributors to the growth of our state, and that is to be acknowledged. They are positive contributors to the state of Western Australia, and this is not an exercise in beating up the mining and oil and gas industries. However, they have evaded contributing to the levy since the Court Liberal government exempted them from the reach of the act in the 1990s. It is to be remembered that those industries were originally included in the scope of the levy. The exemption is not there on the basis of economic merit. It is in place through mere historical fact, through the workings and appeasements of a previous government. Given its dependence on skilled construction workers, one might assume that the mining and oil and gas sector would be one of the first to support a statewide training initiative that would help to ensure a qualified and available local workforce, able to build its very large construction projects. Unfortunately, the then Liberal Premier, Richard Court, was committed to undermining the future of the fund, and subsequently the training of Western Australian construction workers.

A review of the act in 1994 by Len Hitchen suggested the discontinuation of the fund in its entirety on the basis of concerns of a philosophical and ideological nature. The suspect claims about the efficacy, effectiveness and efficiency of the fund were as much smoke and mirrors as anything else, engineered to remove the liability of large companies for supporting the training of the local construction workforce. The current opposition is to be commended for its support of the fund. It also supported the fund when it was in government, so it would be fair to say that, notwithstanding the previous Liberal government—I am talking about the Court government—there is now a consensus amongst most groups and major political parties of the benefits of the fund. The Hitchen report took a blinkered ideological view on the mining and petroleum industries. It was claimed that the levy operated as a distortionary tax on economic development. Not only was the levy seen as inappropriate, it was argued by the mining and petroleum industries that they were in a highly competitive environment that is not helped by a levy imposed for training, when the industry already contributes significantly to training for its own industry purposes in many of the areas covered by the BCITF act.

It is interesting to note that the industry has not really developed its arguments against being included in the fund very far from what it was offering back in 1994. These two points show the true intention of this view—to change the act to unfairly advantage the mining and petroleum industries at the expense of other industries that are required to contribute. More importantly, the claim that this levy would be detrimental to the economy at large highlights the review's short-sighted and ideologically driven motives. It is eminently clear that the first point about the levy

being a distortional tax is not true. Investing in the ability of the workforce prepares us, as a state, to make the most of economic opportunities as they arrive. It has also not been uncommon for representatives of the resources industry and its peak bodies to raise the issues of skills shortages and call on governments of either persuasion to do something about them. However, the adequate training of the workforce could have lessened the skills shortages that existed, particularly during the construction phase of the mining boom. Having lobbied to not contribute to the BCITF, resources industries themselves bear some responsibility for the consequent skills shortages that arose during the construction phase of the mining boom. Unfortunately skills shortages are nothing new in Western Australia. In fact, one of the reasons for the development of the fund was to help alleviate skills shortages in the building and construction industry.

In 2005, before the most recent mining boom, the Australian Bureau of Statistics saw the trend of increasing shortages of skilled workers in the Western Australian economy. Between 2002 and 2005, the number of people employed in skilled positions rose by 18 per cent, which was 79 per cent of the total employment growth over that period. The point is that there were indicators leading up to the skills shortage experienced in the construction phase of the mining boom, and we could have been better prepared. The second part of the ABS investigation into skills shortages in Western Australia, which was published in 2006, showed that the period between 2002 and 2005 was marked by some of the strongest economic growth in the state to that date, and that economic growth continued for some time. It made the key point that the demand for the state's resources commodities placed significant pressure on labour supply. The labour supply placed pressure on not only people employed by the mining and petroleum companies to perform mining and oil and gas work, but also the construction workforce that arose from the need to build the plants, the trains and all the sorts of things necessary for us to extract our minerals and oil and gas. That is the part that is excluded from the levy.

Between 2006 and 2008, a review by the ABS into Australian economic indicators noted that, in the context of an Australia-wide review, Western Australia in particular had relatively extensive skills shortages throughout 2006 and 2007. It is eminently clear that the lack of skilled labour was more distortional to economic development than the levy itself could ever have been. We have here an example of base self-interest holding back our state, by the refusal to contribute to the training of construction and building workers.

Of course, it is incumbent on us to learn from lessons of the past, and to ensure that the fund achieves its true intention—that is, to provide a sufficiently trained construction labour force so that our state has the capacity to capitalise on the economic opportunities afforded it. Other members have spoken on the history of reviews of the act and the consistency in the position since the insertion of the exemption from payment for construction in the resources sector. Discussion on the removal of exemptions has been going on almost since it was implemented, but in 2002 a ministerial review, chaired by Mr Norm Marlborough, the then training minister, raised the issue of exemptions and concluded with a substantive recommendation that there should not be any provision —

**Hon Donna Faragher:** He's a blast from the past!

**Hon MATTHEW SWINBOURN:** He is.

The recommendation was that there should not be any provision for levy reduction or exemptions, except for work being undertaken for charitable purposes. Key to the push for the removal of exemptions were the reviews of 2008 and 2014, chaired by Mr Robert Stratton. The 2008 review recommended that the levy continue, with the change that the resources sector be required to pay a levy of 0.1 per cent on all engineering work that was not then subject to the levy. I note that that is still half what construction industry participants have to pay.

What was the justification for that recommendation? It appears that the justification was more comprehensive than one founded on the concerns of a philosophical or ideological nature. It was shown that submissions to the review by independent consultants could be summarised by the following comments. Firstly, the resources sector hires from an existing pool of building and construction workers, but avoids contributing to their training; secondly, the movement of skilled workers towards the resources sector has placed significant pressure on housing prices, due to migration and lack of construction workers in the non-resource construction sectors; and, thirdly, there are construction levies in other states where the resources sector is not exempt. Central to the reasoning presented by the 2008 Stratton review was that the strong growth of the resources sector and its expected continued growth beyond 2008 would place a high degree of stress on the labour market and subsequently affect the labour market outside of the resources sector.

There have been claims made regarding the size and degree to which the resources sector engages in training. To say that the resources sector trains all the workers it relies upon independent of the Building and Construction Industry Training Fund is simply misinformation and misleading. It undoubtedly trains its own direct employees engaged in the production phase, which is absolutely in its self-interest. But the workers it uses to build and construct its projects are not trained by it in terms of their trade qualifications. It is known that the resources sector

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pays its construction workers well, but it is also commonsense that high wages are designed to attract workers from other industries and companies and other areas of the state. Indeed, the resources sector has contributed to its employees' training, but so do other industries in Western Australia.

Perhaps this is a good time to give an example of how illogical the exemption is. If we consider the building of a hospital by a private enterprise like St John of God, if it commissions the building of that hospital, it is required to paid a 0.2 per cent levy like everyone else except for those who are excluded. St John of God—just to pick on it—also engages in significant training of the people it uses for the operation of that hospital. That includes the doctors, nurses, physiotherapists, managers, administrative staff, other health professionals and cleaners—all those workers. It pays for the training of those workers and engages in copious amounts of training, including on-the-job training and off-the-job training—a massive amount of training. It is expensive. But we do not hear the health sector arguing for an exemption from the levy when it builds a hospital. I am sure it understands the benefit it gains by contributing to the building and construction levy when it pays for a new building such as a hospital. Its position is as logically consistent as that in the resources industry, which claims the opposite: it pays for its own training and therefore it does not need to contribute to the fund when it builds its projects.

It should be kept in mind that the 2008 Stratton review made a recommendation of a 0.1 per cent construction levy prior to the bulk of the mining boom. A levy of half the levy of every other industry was proposed, with the expectation that from 2008 to 2013, 40 000 new workers would be required. But yet again the recommendation of that 0.1 per cent levy on resources-related construction projects was never imposed on that sector. I have previously said that it is in its own interests that construction work be adequately skilled to support the large projects often seen in the resources sector. In the last construction phase of the boom there was a lack of skilled construction workers to work on those big projects up there—Gorgon, Pluto, Wheatstone. What did we see? We saw the bringing in of skilled foreign labour because we did not have sufficient locally trained people to do the work. We also saw construction workers having to be flown from all over the country to do construction work. The cost of that was felt environmentally, because we have to pay for them to fly, and the impact that that has on the environment, but also locally when we have levels of unemployment in other areas that we could address through further training, was significant. So the lack of a readily available skilled construction workforce would have certainly been contrary to its interests. Had the fund been extended and there had been more money in the system to extend the training, that would have been ameliorated to some degree—probably not completely, given the size of it—but there still would have been a greater focus on those local workers and giving them the opportunity to earn that money, rather than shipping workers in from all over the place.

We again find ourselves asking why the resources sector continues to not contribute to the fund. The language of the 2014 Stratton review strengthened, calling the exemption an anomaly, and noting how fundamentally inequitable it is. The review went on to recommend the withdrawal of the exemption then applying to engineering construction projects in the resources sector, and to consider applying a tiered levy based upon project value. Even a tiered system would be a step in the right direction. This segregation is similar to the example of Queensland, where the levy is paid on the value of construction up to \$5 billion, but not above that amount.

Clearly, review after review has stated that the exemption of the resources sector from contributing to the BCITF is inequitable and anomalous amongst the commonwealth; that drives home the idea of fairness. We have an exemption in our state that is unfair and implemented not on the basis of an economic rigour, but on ideological economic dogmatism and base self-interest. It has led to the hindrance of our great state during the boom times, leaving us wanting for skilled labour. To my mind, central to the solution of an unfortunately cyclical occurrence of a skilled worker shortage is the BCITF; however, the BCITF should be supported by giving no exemptions, as everyone in the state who utilises skilled construction workers benefits from the state-based training of those workers. It is vital that Western Australia has a workforce able to undertake a wide range of roles in the future, and it starts with training.

Hon Robin Scott made a number of comments in our last sitting period and today. Central to my contention with the statements of Hon Robin Scott is the conflation of two important but separate issues—operational training, which is typically firm-specific, and construction training, which is general in nature. The Building and Construction Industry Training Fund is intended to improve the outcomes of training in the building and construction industry, not the outcomes in the mining industry. It is targeted as such, with the levy applying to construction projects.

It is great that members of the Chamber of Minerals and Energy of Western Australia—namely, Rio Tinto, BHP and Alcoa—train their employees. It is what we would expect them to do. It is the implied directive of the competitive market that they find themselves in. However, the examples given by Hon Robin Scott appear to be examples of this inappropriate conflation of operational training and construction training. The example used of Rio Tinto's commendable allocation of \$2 million towards vocational education and training is not relevant to the debate because Rio Tinto has shown that this funding will be used for operational training. More specifically, the

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\$2 million will be used for programs such as autonomous truck control, pit control, plant control, robotics, and data analytics.

As needed, interesting and forward thinking as this skill development is, it is not relevant to construction training and thus not relevant to the debate about the Building and Construction Industry Training Fund. The same could be said about the reference to Alcoa. It is commendable that Alcoa has taken on a cohort of 25 new apprentices. These apprentices have been allocated to operational roles at the refineries or mines at Kwinana, Pinjarra, Wagerup, Huntly and Willowdale. These refineries or mines have been in operation for substantial periods and thus their conflation in a debate about construction projects seems somewhat askew. To the best of my knowledge, BHP has not publicly specified the details of its apprentice uptake, but I believe it would be safe to assume the story would be similar to that of Alcoa. Nevertheless, I would like it to be noted that the uptake of trainees and apprentices at Alcoa and BHP is a fundamentally good thing. Unfortunately, I fail to see the relevance to a debate about the Building and Construction Industry Training Fund. It is similar to talking about the uptake of training doctors and nurses in a hospital.

I do not think that we should be excluding one particular industry that engages in construction work to the detriment of all those who contribute to it. It is as simple as that. They are not especially special from the other industries in this state. They are important, but they are not a special case. For me, it is a question of fairness. I think this is ultimately what it comes down to. It is fair for them to contribute to the Building and Construction Industry Training Fund because they are a consumer of building and construction work, as are all those other entities that contribute to it. It is unfair to place the burden on those who participate in that system and who benefit from the rest of us. I commend the motion and thank Hon Martin Aldridge for the opportunity to speak on it today. I was also pleased to hear from the Leader of the House that this is a live issue for the Labor government. I very much look forward to the developments as they occur.

**HON ROBIN SCOTT (Mining and Pastoral)** [2.33 pm]: I would like to respond to some of the remarks made by Hon Matthew Swinbourn. I am certainly not degrading any of the tradespeople in the building industry. I was talking earlier about licensed trades such as electricians, plumbers and refrigeration mechanics. I was brought up in Scotland where a tradesman was treated as a highly respected man. I would often hear people say, when someone passed, “He’s a tradesman.” We did not know whether he was a painter, tiler, roofer or glazier. We only knew him as a tradesman; so he was an upstanding person in our community. Here in Australia, the same thing applied when I first came here. I take exception to the statement that I was denigrating these trades—I certainly was not. The building and construction industry does a good job when it comes to the manual trades, particularly carpenters and roofers. They do an excellent job because that is what they do—they build roofs, put in window frames, doors and cupboards, and all that sort of thing. It is a great thing. The only thing I am pushing is this: in the resources industry, the licensed trades do not just get operational training. There is no such thing. That is just a made-up term. I do not know where “operational training” came from. People trained up in the resources industry can work on any machinery and, as long as they have a schematic diagram, they can fix it or at least find out why it is not working. This idea of operational training is absolute rubbish. We have to get away from the idea that the resources industry is trying to train its own people to do its own type of work. People who have trained in the resources industry can travel the world, particularly if they were trained in the Australian resources industry. In Scotland, we were taught about how important the Western Australian School of Mines was. It was a very famous school. I had heard about it before I even came to Australia, along with Wave Rock by the way!

After listening to Hon Matthew Swinbourn, he got what I was saying so wrong. I wonder what else he and other members of the government have got wrong. The whole point here has been missed. I am all for training. Training is the most important thing for a young person. I am a perfect example. The first job I had in Australia paid \$66 a week for laying drains in Langford before the first house was ever built there in 1970. I got the opportunity of an electrical apprenticeship that I had been wanting since the age of 12. After leaving Scotland at the age of 16, I was on the scrap heap. There were no jobs. I came to Australia and got an apprenticeship at the age of 16. My pay went down to \$12 a week. I can tell members now that I would have done my five-year apprenticeship for nothing—all I wanted was my electrical trades certificate. I was very fortunate to get it. Fortunately, the company I did it with trained me in the whole gamut of the electrical industry. Nowadays I see young apprentice electricians coming out, particularly from the construction industry, who have not got a clue about anything, not even the fundamentals of electrics. They wire up houses day after day after day.

I want to ensure that the resources industry is represented here correctly. I am not rubbishing the Building and Construction Industry Training Fund. I want every member in here to understand that there is a place for the training fund, but the resources industry can look after itself.

**HON MARTIN ALDRIDGE (Agricultural)** [2.37 pm] — in reply: If no further members wish to speak, I will use my opportunity to provide a reply. I would like to thank all members who have contributed to the debate that

**Extract from Hansard**

[COUNCIL — Wednesday, 11 April 2018]

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Hon Peter Collier; Hon Rick Mazza; Hon Robin Scott; Hon Sue Ellery; Hon Martin Aldridge; Hon Donna Faragher; Hon Alison Xamon; Hon Matthew Swinbourn; Hon Colin Tincknell; President

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we have engaged in over the last two sitting weeks. It has been quite a constructive use of motions on notice time, albeit almost a year on from when I put the motion on the notice paper, which I think was late May 2017. I want to thank all members who contributed, even those I do not agree with. I thank them for expressing their views nonetheless. I want to reply to a few of the contributions. There does seem to be some confusion around what the Construction Training Fund levy applies to. I would encourage members who have not had the opportunity to actually look at the levy and program guidelines that are published by the Construction Training Fund. It has put quite clearly in that document what is in, what is out, and how it defines building and construction. It is a succinct document that is quite easy to read and would help members understand what projects the CTF currently applies to and which projects it does not apply to. I know some members raised issues about mining equipment, such as bulldozers and cranes, being captured. That is simply not the case, if members are aware of the definition of construction work within the legislation and the regulations, but it is also contained in the program guidelines relating to the CTF.

I also want to address some of the remarks made by members representing the Chamber of Minerals and Energy, which are the members of One Nation in this chamber. I want to speak about a few of the issues raised. Hon Robin Scott said that not much had changed since the creation of the Building and Construction Industry Training Fund. No substantiation was given to that comment about no change arising from the BCITF, but the member went on to say that he supports the BCITF. It is a rather odd argument. If nothing has changed, why would the member support the continuation of the Construction Training Fund? Hon Robin Scott's and One Nation's argument basically boils down to the CME argument that the resources sector pays enough. That is a very simplistic argument and one that does not go to the detail expressed by many other speakers who contributed to the debate over the last two sitting weeks.

A comment was made about the sector employing more apprentices and trainees in the construction sector, which is an arguable point. Madam President may have heard of the line "Lies, damn lies and statistics." I think that statistics can be skewed to suit the argument someone wishes to present. For interested members, I think some other sources suggest that the training rate for the resources sector in Western Australia is closer to three per cent, rather than the 13.4 per cent that the resources industry claims through the briefing note that Hon Robin Scott directly quoted. Indeed, the CME's pre-budget submission for the 2018–19 budget, in its own briefing paper, admits that apprentices and trainees constitute around 3.7 per cent of the workforce of CME member companies, which is much closer to that three per cent figure I just mentioned. In comparison, looking at training rates, including trainees and apprentices, the BCITF annual report 2016–17 puts its training rate closer to 9.9 per cent. The training rate is the apprentice-to-tradesperson ratio. I think some of those figures have been misrepresented in the debate so far.

Hon Robin Scott went on to ask how collecting a levy from the resources sector could benefit apprentices and trainees in the resources sector. I think that question goes to the fundamental flaw in his argument. This motion is about the building and construction sector; it is not about the resources sector. The resources sector is a consumer of the building and construction sector and its skills, just like hospitals, hotels, mums and dads building a house, or somebody building a road or a new freeway. It is no different. It is a consumer that is engaging the building and construction sector to do a job. In most cases, it is not the resources sector that is doing that building and construction.

The issue before us has many planks, not the least of which is housing affordability. Members would know that particularly when we have economic booms, largely driven by sectors like the resources sector, pressure is put on a range of people, services and industries within our community. Housing affordability is one of those things. There is a direct relationship between the supply and demand of skills and the cost to construct. We saw that as we came off the last boom, when we were still in government. We actually saw construction projects coming in 30 per cent cheaper than what was forecast or budgeted at the time for those projects. It is simple supply and demand. This motion is about jobs and skills for our youngest Western Australians hoping to enter the workforce. I certainly back those Western Australians over briefing notes supplied to me and other members by the Chamber of Minerals and Energy. This motion is about making sure that when we see that incline in building and construction activity, which is happening—and there are predictions that within the next four, five or six years we will probably see skills shortages again in Western Australia—that we are prepared for that and have made sure that we have a building and construction sector that is prepared to meet economic activity in the state at that time.

Some members who spoke on the motion hold the view that the BCITF is flawed. Some members even advocated that it is not required. Obviously, those positions are not largely accepted by members of this place. I certainly do not accept them. Many speakers talked about equity. Hon Matthew Swinbourn gave some very good practical examples of the application of the training fund levy. There can be very major commercial projects—new hotels, new hospitals, new shopping centres—significant projects, significant employers and significant investors in training and skills within their organisations that are required to pay the BCITF levy, yet we have this historical

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occurrence, which was not proposed at the time of the passage of this legislation, that for some time has provided an exemption from the application of the training levy to the resources sector. Some members called this a government subsidy. It could not be anything further from a government subsidy. If they want to call it anything, they should call it a consumer subsidy, because it is the consumer who is paying the levy through their construction costs. I argue that if there was no training fund or a weakened training fund, it would lead to a need for government intervention to address market failure and for taxpayer-funded government subsidies. I think a strong construction training fund is in the interests of the Parliament, the government and indeed all Western Australians.

I want to conclude on one last point. Some members disputed that the resources sector will not benefit from payment of the levy. That is not true. Members who have presented those arguments have said lots of things, but many of them are unsubstantiated and many of them were taken straight from briefing notes provided to them from the Chamber of Minerals and Energy. Most of their addresses were delivered word for word from copious quantities of notes. I think the majority of members of this house have understood and respected the arguments put by most members, and I hope that they will very shortly support the motion before the house in its amended form. I think that the resources sector will benefit from a greater supply of a skilled workforce and the ability to more rapidly deploy a skilled workforce when there are economic upturns and more affordable construction. The resources sector, like the government, will benefit from the supply and demand of a skilled workforce in Western Australia. We saw government projects coming in at 20 per cent to 30 per cent less than was budgeted at the time of making the financial commitment because of the availability of that workforce.

I think that this motion is sound and that those members who supported the Leader of the House's amendment understand the issue. This motion will support future skills and the development of young Western Australians entering a bright and promising career in the building and construction sector. Improving the Building and Construction Industry Training Fund will benefit all Western Australians for many years to come. Unfortunately, this motion will not pass unanimously, and that is a shame. I thought we could reach a point in this place at which members could find a way forward to support this motion, but, unfortunately, some members have taken very simplistic and narrow arguments, falling behind organisations like the Chamber of Minerals and Energy, and they refuse to see the long-term benefits of having a strong Building and Construction Industry Training Fund in Western Australia. I commend the motion to the house and thank all members who contributed to what I think has been a very good debate over the last two sitting weeks.

*Division*

Question put and a division taken with the following result —

Ayes (29)

Hon Martin Aldridge	Hon Sue Ellery	Hon Kyle McGinn	Hon Dr Steve Thomas
Hon Jacqui Boydell	Hon Diane Evers	Hon Michael Mischin	Hon Darren West
Hon Robin Chapple	Hon Donna Faragher	Hon Simon O'Brien	Hon Alison Xamon
Hon Jim Chown	Hon Adele Farina	Hon Martin Pritchard	Hon Pierre Yang
Hon Tim Clifford	Hon Nick Goiran	Hon Samantha Rowe	Hon Ken Baston ( <i>Teller</i> )
Hon Alanna Clohesy	Hon Laurie Graham	Hon Tjorn Sibma	
Hon Peter Collier	Hon Colin Holt	Hon Matthew Swinbourn	
Hon Stephen Dawson	Hon Alannah MacTiernan	Hon Dr Sally Talbot	

Noes (4)

Hon Rick Mazza	Hon Charles Smith	Hon Colin Tincknell	Hon Robin Scott ( <i>Teller</i> )
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Question thus passed.