

**BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND AND LEVY COLLECTION
AMENDMENT BILL 2010**

Second Reading

Resumed from 15 September.

MR M. McGOWAN (Rockingham) [7.02 pm]: I rise to speak for the opposition on the Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2010. I am pleased to indicate to the house that the opposition supports the legislation, which is not a significant amendment to the Building and Construction Industry Training Fund but contains some worthwhile but relatively small amendments. I understand that the major changes relate to the representative organisations that sit on the board of the Building and Construction Industry Training Fund that is made up of representatives of employer and employee organisations. The Civil Contractors Federation of Australia and the Australian Workers' Union of Western Australia may be added to the list of representative organisations on the BCITF board. The bill will also update the names of several organisations that were mentioned in the original legislation. Since this legislation was passed, as I recall in 1990 or 1991 or thereabouts, the names of some of the organisations represented on the board of the BCITF have changed; therefore, we have the same organisations but with different names now represented on the board of the organisation. In addition, the Communications, Electrical and Plumbing Union of Western Australia will be added to the list of organisations that can be represented on the board. Basically, the changes will expand the organisations to be consulted in the appointment of board members, but will not change the current structure of the board of the organisation.

Overall, it is a fairly minor piece of legislation. The National Electrical and Communications Association of Western Australia, the Construction, Forestry, Mining and Energy Union of Workers, the Civil Contractors Federation, the AWU, the Communications, Electrical and Plumbing Union and the Master Plumbers and Gasfitters Association are either new organisations that will be added to the board or organisations currently on the board whose names have changed.

The BCITF is a good organisation and the work that it does is worthwhile. It operates on the basis of a levy on construction contracts in Western Australia that are valued over a certain amount. It levies a percentage on those contracts that is then used to train people working in the construction industry. The fund is generated by industry and is applied to train apprentices predominantly, but also trainees, in the building trades who then work in the industry. If a young man or woman wants to undergo training in the building and construction industry, a range of training opportunities are funded by this levy that is imposed on builders and their projects around Western Australia.

The BCITF has been a very worthwhile initiative. Some years ago, as Minister for Training I had considerable involvement in discussions with the industry over this fund, and the construction industry was quite supportive of this arrangement. Its view was that this arrangement had been very successful in providing training in the building trades in Western Australia, ensuring that young people who are keen to get into the building trades can do so, and providing well-funded training opportunities for young people. As I recall, the amount generated annually by the fund is somewhere in the vicinity of \$20 million, which is spent by the fund on these training opportunities in the industry around Western Australia. It has been a worthwhile initiative of 20 years' duration, and as far as I can recall there have been no scandals or problems. It brings both employee and employer representative organisations together. It has been very successful in doing that to push forward the building trades.

One thing I noted, I suppose with some happiness, was that both the employee and the employer organisations had the best interests of the industry at heart. Making sure there is an ongoing stream of young future employees in the trades was at the heart of what the industry was about and at the heart of what the Building and Construction Industry Training Fund was all about. I was always heartened that both employee and employer organisations worked so well together to secure these outcomes. That is surprising when one considers some of the organisations that were part of the board: the Civil Contractors Federation, the Construction, Forestry, Mining and Energy Union or its predecessor organisation, and the Communications, Electrical and Plumbing Union—the electrical union. Those sorts of organisations were working harmoniously together on a board with the idea of advancing the interests of young people going into traineeships and apprenticeships. I always thought the way that they worked together, as I said, with a minimum of conflict, was very heartening and I thought the organisation worked exceptionally well and did a good job.

In terms of the issues they raised, the BCITF was often very concerned that many of the young people trained in building trades through the fund had skills that were then transferable to the mining industry. Some of their complaints were very much about training apprentices and trainees, spending all this money that was provided

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by the industry through this levy and then these people being sucked out into the mining industry where the pay might be a bit better and they worked on a mine site or in some sort of service or support industry for the mining sector or the oil and gas sector. There were regular complaints, with some justification, from people who paid the levy, that the load of the levy was not being shared equally across industry because only construction contractors—predominantly the big ones in the city—were paying the levy, yet other industries were the beneficiaries of the training provided by the levy.

The counterargument by the mining industry was that it spent far more on training than was spent under the levy, so the imposition of the levy on the mining industry would just reduce its expenditure on training. The mining industry argued that it already put a huge number of people through apprenticeships and traineeships so it did not need the levy imposed on it. Both the Gallop and Carpenter governments accepted that argument and declined to extend the levy to the mining and oil and gas industries on the basis that they already spent significant amounts on training and, as such, there was no need to expand the operation of the levy to those industries. That position could obviously be argued. The former government probably took the easiest course. It would be difficult to expand the operation of the levy onto other industries. I do not think the opposition would be advocating that at this stage simply because of the angst and trouble that the imposition of the levy might cause. The mining industry certainly had figures to show that it was spending a significant amount on training and apprenticeships for young people in Western Australia. That is true. It cannot be argued that the mining industry does not do that. An extensive amount of training goes on at WesTrac, for instance, predominantly in the areas of mining equipment and service-related industries. Training is conducted at various mine sites throughout Western Australia, as well as in all associated industries. That was the decision we took. I reiterated that position on a number of occasions during 2007 and 2008 as Minister for Education and Training.

Whilst my good friend the member for Cockburn might have a different view, neither of us is the opposition spokesperson on this matter so I do not suppose we can announce any change of policy! The member for Balcatta was the relevant minister for a long period. He might like to comment on this matter as well. I am sure he has some views on it. All of us held the line as far as the expansion of the levy goes. It is never popular to impose a new tax or to expand a tax or levy. The imposition of a new tax on the mining industry is somewhat problematic at times, as people have learnt in the past year or so. Our position in government was quite considered in light of recent events. That was the history of that issue.

The rest of the legislation is fairly innocuous and makes only minor changes to the system of training in Western Australia. Some of the organisations, and particularly the unions, were quite impressed that the minister did not engage in his normal tub-thumping on these issues. I think he did a reasonable job by not trying to create an issue where there was not one.

As I said before, the unions and employer organisations did an excellent job as part of this organisation. Both groups genuinely wanted more people to be trained, and trained well, in the building trades in Western Australia. One thing I always picked up from the people who ran some of the relevant unions was that, at their heart, they had a desire for there to be well-trained, world-class trades men and women in Western Australia. They were always very nervous about any efforts to reduce or any talk of reducing the level of expertise of the people who work in the trades in Western Australia. That was particularly so in the building trade, because it can be a very dangerous industry in which to work if the work is not done right. They were always very careful about there being no diminution in the standards of the building trades in Western Australia. I found them to be fair and genuine advocates of that. They had nothing other than a desire for our building trades to be world class.

Having said all that, I will now hand over to the member for Cockburn. I am sure the member for Balcatta will also have a great deal of wisdom to impart. The member for Mandurah is also well known as an expert in the building trades for his expertise with his hands. He came into Parliament straight off the tools.

Mr D.A. Templeman: Some would say that I am more of a tool!

Mr M. McGOWAN: Some would say that he is an expert with the tools. He came into the Parliament as a genuine working-class man. I am sure he has a lot to say about trades.

Dr A.D. Buti interjected.

Mr M. McGOWAN: The member for Armadale is another genuine working-class man. He learnt his trades in the difficult and very hostile environment of the University of Western Australia campus. He will no doubt also bring his wide range of expertise in the building trades to this debate.

Dr A.D. Buti: As a brickie's labourer.

Mr M. McGOWAN: Yes. I will leave it there.

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MR F.M. LOGAN (Cockburn) [7.16 pm]: I will make a contribution to this debate on the Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2010. I support the comments made by that well-known boilermaker from Rockingham, Mark McGowan, the member for Rockingham. I support the passage of this legislation. As was pointed out in the second reading speech and the explanatory memorandum, the bill will simply update the Building and Construction Industry Training Fund and Levy Collection Act to broaden the membership of the board and to change the names of some of the board members. Existing board members include the Construction, Forestry, Mining and Energy Union —

Dr E. Constable interjected.

Mr F.M. LOGAN: Yes, the groups are consulted under section 10. Members of the board include unions such as the Construction, Forestry, Mining and Energy Union, the Timberyards, Sawmills and Woodworkers Workers' Union of Australia and the Western Australian Builders' Labourers, Painters and Plasterers Union of Workers. I doubt whether they are still registered as separate unions under the Western Australian Industrial Relations Act because, in reality, they are one and the same union; that is, the CFMEU. The bill updates the act by changing the name to the CFMEU. They were two separate organisations when the act was first set up, but as the years have gone by, they amalgamated.

Dr E. Constable: We have just brought them up to date.

Mr F.M. LOGAN: Yes. The bill effectively brings that name up to date, but also broadens the membership to include the National Electrical and Communications Association of Western Australia; the Civil Contractors Federation of Western Australia; the Communications, Electrical and Plumbing Union of Western Australia, which is colloquially known as the CEPU; and the Australian Workers' Union. I fully support the addition of those employer and union organisations and consultative bodies to the board because they represent the whole of the construction industry. I know a fair bit about the Building and Construction Industry Training Fund, having worked for the Australian Manufacturing Workers' Union, which is one of the bodies on the BCITF, when it was set up. I used to attend its meetings on a regular basis on behalf of the Australian Manufacturing Workers' Union. As the member for Rockingham said, what is pleasing about the way in which that organisation runs—I can attest to this because I attended the meetings on a regular basis—is the way in which industrial relations issues are left at the door. The matters dealt with during those meetings relate to the training issues covered by the act. Hostility has existed and continues to exist between members of the BCITF, particularly the Master Builders Association, the Housing Industry Association and the Construction, Forestry, Mining and Energy Union. In fact, they often go head to head and toe to toe over industrial relations issues. However, they are one and the same when they deal with training, skills development and the employment of trainees and apprentices in the industry. They think alike and act in the best interests of the industry and those who work in it. Having worked with the BCITF, I assure the house that that is exactly what occurs.

One of the issues that unites the organisations that are listed in the explanatory memorandum, and that will unite the organisations that will be included after the passage of the Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2010, is the issue that was raised by the member for Rockingham; namely, the expansion of the levy. My take on the expansion of the levy is slightly different from that of the member for Rockingham. The issue that has been talked about for many years—it was talked about during the Court, Gallop and Carpenter administrations—is still being talked about. I refer to the expansion of the levy to the mining industry. The levy works on the basis of 0.2 per cent of the contract price of whatever is being constructed, as long as that construction is more than \$20 000. That means that that \$200 is paid into a training levy for every \$100 000 of a particular construction contract. What irritates employers in the construction industry—it certainly irritates the organisations that are listed in the bill and explanatory memorandum—is the fact that the mining industry is exempt from the application of the fund. If a person extends his house or builds a garage on the side of his house and that extension or construction is more than \$20 000—in most cases it would be—he would have to pay the training levy, which is quite appropriate. However, the company that spends \$54 billion to build an LNG plant on Barrow Island or the company that spends \$1 billion, \$2 billion or \$3 billion to expand Rio Tinto's operation does not pay the training levy under the construction fund. People cannot say that what happens in the mining industry does not amount to construction. A lot of people who are trained as a result of expenditure from the fund, which is approximately \$20 million a year —

Dr E. Constable: It is actually more than that. I have the figures, if the member is interested. The income in 2009–10 was \$31.5 million and expenditure was \$26.7 million. In 2010–11 the income was \$29 million with \$32 million expenditure. They have substantial cash reserves of about \$16 million.

Mr F.M. LOGAN: I have the annual report in front of me. Given the number of people who work in the construction industry, \$30 million is relatively modest.

Dr E. Constable: They have very interesting programs.

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Mr F.M. LOGAN: Absolutely. The fund covers everything from rigging and scaffolding through to every form of building and construction trade that one can possibly think of.

Dr E. Constable: The fund supports Indigenous trainees and provides living away from home allowances for apprentices in the north. It is very impressive.

Mr F.M. LOGAN: The fairly modest budget of \$30 million a year covers an extensive range of both trade and non-trade skills. As employers and the member for Rockingham have pointed out, young people are trained—primarily it is young people who are trained—to be skilled tradespeople. After they are trained, they leave their employer or they are pinched and end up working in the north west for a contract company to the mining industry or the mining industry directly. The member for Rockingham said that the mining industry should not be bound by the levy because it spends a lot of money. To a certain extent that is true; however, there is a different way of looking at it. The mining industry spends a fair amount of money on training, but that money is spent across its industry. If we totalled the amount of money that the Western Australian mining industry spends on training people with the types of skills that are covered by the BCITF and used by the mining industry, it would be a very tiny amount because the mining industry does not employ a significant number of people with those types of skills. Rather, it contracts the work out. The contract companies do not spend money because they, too, are not bound by the legislation unless they are working on a site that comes under the BCITF. Therefore, the mining industry gets away with the sham that because it spends a huge amount of money on training, it should not be bound by the BCITF. The mining industry uses the product of the fund; that is, the vast number of skilled people who are trained because of the fund. The mining industry's contribution to creating those skilled people is a tiny proportion of its overall training budget. Most of the people it trains are in different areas. I refer to highly skilled processing trainees and highly skilled white-collar workers. The number of people who come out of the trade skills that are covered by the BCITF who are paid for by the mining industry in Western Australia and the oil and gas industry is quite small. That is what upsets the construction industry and the representative bodies on the BCITF. They have to carry the load for the mining industry out of the \$30 million budget. That is how they feel about it. If we look at the issue in depth, they are absolutely correct. If we make a change to the way in which the levy applies to the mining industry—if we still have it as 0.2 per cent of anything over \$20 000 but cap it at tens or hundreds of millions of dollars—we would be able to raise a lot more money. We would triple the income.

Dr E. Constable: You might have trouble spending it.

Mr F.M. LOGAN: Not really, because it would be applied in areas such as the fabrication industry, which should be covered by the BCITF but is not covered by the BCITF. I will give an example. Pacific Industrial Company—PIC—in Naval Base is fabricating 16 000 tonnes of steel at the moment. If the minister went out to the front of Parliament House she would see all that steel being lifted into the building of BHP Billiton. The big framework on the outside of the building of BHP's new headquarters is all fabricated at Pacific Industrial at Naval Base. The minister cannot say that is not construction. It is clearly construction; BHP is building in the middle of Perth but the company is unable to draw against the fund because it is not directly on construction. Pacific Industrial spend lots of money on training and it loses a lot of labour to contract companies, mining companies and oil and gas companies in the north west. It trains people up, they become highly skilled and they leave and go there. I believe—unlike my colleague the member for Rockingham and probably the former minister who I disagreed with as well—that we should have extended the levy to the mining industry. I say that in order to have a rational approach to it by putting a cap on it, because for example if we did apply it to Gorgon at \$54 billion in terms of the total —

Dr E. Constable: That's just done on calculation. You are talking about \$100 million or something.

Mr F.M. LOGAN: Yes, it is \$108 million that would flow into the BCITF.

Dr E. Constable: That is why I said you might not be able to spend it all.

Mr F.M. LOGAN: That is right, and it was those sorts of figures that the mining industry was immediately throwing around and saying, "Come off it, you've got to be joking. We're not pouring all this money into the BCITF." I can accept that, but the formula would probably be applied in a different way from the way it is applied to the mining industry so that it would be a much lower level.

Dr E. Constable: With a ceiling on it.

Mr F.M. LOGAN: That is what I said; there would be a cap on it so that the mining industry would make some contribution, if not 0.2 per cent of the total value of the construction costs. Without doubt the mining and oil and gas industries in Western Australia are significant beneficiaries of the work of the BCITF. Those industries are significant beneficiaries because of the money that is collected from construction contracts that are paid by

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mums and dads in housing, small business in expansions, and big business in the building of buildings in the city block. That money is paid into the fund, people are trained up and they leave their employer and go and work in the north west in the mining and oil and gas industries directly or for contractors. They are significant beneficiaries of this fund and out of the training that is provided under this fund, and the money that is expended by people who are caught by this levy. I really do believe that some government, either the current government or a future Labor government —

Dr E. Constable: That'll be a while!

Mr F.M. LOGAN: Ha-ha!

If we are back in office in 2013, hopefully whoever is the Minister for Education or Minister for Training and Workforce Development, whatever it is, will take on the mining industry and apply an expansion of this fund to the mining industry in a different way. Western Australians will benefit from that. Western Australian mums and dads and their children, who will be able to get jobs as trainees and apprentices with their training paid for out of this fund, will be the direct beneficiaries of it. I believe that would be the minimum that the mining industry could contribute to the ongoing development of training in Western Australia.

MR D.A. TEMPLEMAN (Mandurah) [7.33 pm]: I heard the minister sigh.

Dr E. Constable: No; it was not directed at you.

Mr D.A. TEMPLEMAN: Probably because she is wondering how I might be able to have any expertise on this bill.

Dr E. Constable: I wouldn't doubt your expertise for one moment!

Mr D.A. TEMPLEMAN: The member for Rockingham of course in his discourse highlighted the fact that I was a man of the tools, which is an interesting phrase. My father, of course, is a tradesman—a boilermaker by trade. I did not take up that skill. My boilermaking skills are very poor.

Mr F.M. Logan: I bet you wish you had; you'd be on a lot more money!

Mr D.A. TEMPLEMAN: I know; I would have been. Despite my father's efforts to train me in all things metal, I was a great disappointment.

Mr F.M. Logan: You are a real disappointment!

Mr D.A. TEMPLEMAN: I know that he still shakes his head in dismay sometimes at some of the —

Mr M.P. Whitely: Where did he go wrong?

Mr D.A. TEMPLEMAN: Of course, he was a boxer also. I think I have already told the house about my boxing escapades. I will not go into that this evening.

My experience on the tools, as the member for Rockingham highlighted, are limited.

Mr M.J. Cowper: You are a "metally" at heart!

Mr D.A. TEMPLEMAN: Absolutely! I am a "metally" at heart, and a strong man and true!

The fact is that this Building and Construction Industry Training Fund and Levy Collection Amendment Bill, which we are debating this evening, is an important bill. One matter that has been highlighted to me in the short time we have been debating the bill is the amount of money that is derived from the levy; indeed it is significant. It could be much more significant, as the member for Cockburn highlighted, if other sectors involved in construction were accountable as well.

I want to raise in the house one issue on this training fund bill that was highlighted to me by one of my constituents. Paul Hough is a scaffolder who has run his own very successful scaffolding business in Mandurah for more than 10 years. He came to me in July and highlighted some real concerns that he had. I am really pleased that the Minister for Commerce is in the chamber because I wrote to the minister about the issues that Mr Hough raised. Having been in the scaffolding industry and having developed a very significant and very effective and productive scaffolding business in the Peel region, a business that now has a lot of activity both within the region and outside the region, he highlighted to me something that I was quite concerned about. That is why I wrote to the Minister for Commerce. The concern relates to the training of scaffolders and the quality or lack of quality of training that he as a business proprietor has seen coming through not only his business but also scaffolding in general in the region. He came to me in July and I wrote to the minister. I am not trying to put this issue onto the minister now—I would have loved to present a grievance on this to the minister—but I do want to highlight this issue, as Mr Hough was so concerned, and has been for a period of time, about what he believes is

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the lack of quality training and training requirements for people seeking a scaffolding ticket. I do not understand it in great detail but there is a series —

Mr W.R. Marmion: Is this for erecting scaffolding around buildings of a certain height?

Mr D.A. TEMPLEMAN: Yes.

Mr W.R. Marmion: For the member's interest, I've actually done that myself as a builder's labourer with no training in the 1970s; very risky.

Mr F.M. Logan: You wouldn't get on site now!

Mr W.R. Marmion: I really did.

Mr D.A. TEMPLEMAN: That is interesting. But the concern that Mr Hough highlighted—which I believe is a very valid concern—is about the overall quality of training given the increased activity in the building industry and the scale of activity across the state. As more and more construction takes place and more and more people, both skilled and unskilled, come into the industry, he raised with me this genuine concern as a proprietor because he is ultimately concerned about his workers. He is concerned about the safety of his workers and about protecting himself as a proprietor and business owner from any serious accident. He said to me, "David, I am genuinely concerned about accidents." In his words, he said, "I really think there are people out there who can go off and do a two-week training course and supposedly then be able to carry out the responsibilities of erecting and maintaining scaffolding in various stages of building projects." To demonstrate and underline his concern, he has made up to five or six phone contacts with WorkSafe in the past six months saying that he has been to a site and has seen it happening. It certainly was not one of his sites because he is making sure that if people are not properly trained, they are not erecting scaffolding. He has contacted WorkSafe. He genuinely believes that there are people going through the scaffolding regime who have little skill or knowledge to safely carry out the work. He believes that the current course is too short and that more extensive training is required. He has said that they should be doing a block program of training and that there should be more rigorous testing of skills attainment. He suspects that they go through what he considers to be a minimum training regime and then are given their ticket and off they go. He has genuine concerns about that.

I wrote to the minister about this matter and he wrote back to me. In the minister's letter dated 5 August, he highlighted that the issue of getting more uniform recognition had been discussed in the past at the relevant ministerial council. He referred in his letter to the declaration in May 2006 of a national standard for licensing persons performing high-risk work. In his letter, he highlighted that in October 2007 some regulations implementing certain licence standards were gazetted. In the last paragraph on the first page of his letter, he states —

High risk work licences issued to workers, such as scaffolders, are based on minimum competencies of the various approved units and provide the basis for further training at the workplace.

I think that Mr Hough's concern is that the so-called minimum competencies are not up to scratch. I think that is what he is really getting at. The minister then highlights in his letter —

It is therefore a requirement that employers provide any further training for scaffolders to meet this duty.

Mr Hough acknowledges this, but of course he is saying that the onus is on employers. I am referring to the last sentence on the first page of the minister's letter, which states that it is a requirement of employers to provide any further training for scaffolders to meet their safety responsibilities. I accept that, but if the employer—in this case, Mr Hough—has concerns about the standard of workers coming to him, in some respects a further onus is being put on him to ensure that his workers are safe, and he wants to make sure that they are safe. In the second-last paragraph of the minister's letter, he highlights —

Western Australia is participating in the process of developing regulations to complement the nationally harmonised Work Health and Safety Bill. The licensing standard and associated regulations are important elements in this process. It is expected that in November of this year, draft regulations will be made available for public comment.

What I am interested in, if the minister is able to comment on this bill or even talk to me personally about it, is where those draft regulations are at the moment. It was expected that they would be available for public comment this month. The minister goes on in his letter to highlight —

This will provide Mr Hough and other interested community members with the opportunity to provide a formal submission outlining their views and make suggestions for improvements.

I am very keen to get a bit of an update on that particular element.

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Mr W.R. Marmion: My understanding is that it has approval to print. I think the licensing bill should hopefully get to the second reading stage this session. That will open up a mechanism for a national licensing scheme across Australia. In terms of the Building Bill that I gave notice of today, we will have the opportunity to implement our own Western Australian elements if we need special licensing conditions for scaffolders. I am not an expert in the area, but I know that riggers are highly trained people; I think the training might even be for a year or more. There may be a gap between a scaffolder and a rigger and maybe that can be looked at.

Mr D.A. TEMPLEMAN: When the minister says that people like Mr Hough will have an opportunity to make a formal submission, at what stage or through what mechanism?

Mr W.R. Marmion: Once the bill is through, an advisory board will be set up and there will be a building commissioner. The building industry will be able to make representations to the building commissioner and through the advisory board on anything to do with building registration.

Mr F.M. Logan: I know what Mr Hough is going on about. It is raised with me as well, particularly in the area of rigging. After the two-week rigging course, you get a rigging certificate and that gives you a basic understanding. I know there is a practical component. Good rigging companies will make sure that, after you have finished your training course, you deal only with light stuff before you move on to heavy stuff. But there are complaints, particularly from the industry, that people are coming out of a two-week training course with a rigging certificate and are going onto sites where they are doing 200-tonne lifts. As you know, minister, 200-tonne lifts are complex and you cannot make any mistakes with them.

Mr W.R. Marmion: It is a level of detail, obviously, that I am not across. I know what you mean. I will get WorkSafe to look at that.

Mr F.M. Logan: The employers are saying that it is fine to do the training course, but surely after the training course you should have periods and controls —

Mr W.R. Marmion: I have worked in these environments and it is the responsibility of the employer to make sure that the person has the qualifications to use a 200-tonne crane or lift. That is my understanding.

Mr D.A. TEMPLEMAN: I think that is the case.

Mr F.M. Logan: It is for using the cranes, but if you just turned up with a rigging certificate, you are expected to do the rigging and they think you can do it.

Mr W.R. Marmion: I am not an expert, but riggers have to have certain qualifications to use different types of slings and loads.

Mr F.M. Logan: That is one of the issues.

Dr E. Constable: Member for Mandurah, what happened to you?

Mr D.A. TEMPLEMAN: Yes, minister, I listened with great interest to that very extensive interjection between the two members, which was recorded by Hansard. What the member for Cockburn highlighted was spot-on in terms of the issues that this particular employer has highlighted. I tried to ring Mr Hough during the dinner break to get an update because he is keen to talk to me again. In Paul's words, he thinks it is an accident waiting to happen. He would hate to see a relatively inexperienced scaffolder injured or killed. That could be avoided if a much closer look were taken at this training element. When there is a boom time in the construction industry, unfortunately a lot of these companies, big and small, race around trying to service work that they are being asked to do. There is great pressure put on them to work to time lines or completion dates. When that pressure is put on these companies, we are likely to see accidents occur. I am pleased that the minister is in the house tonight to listen to the details of this case. I will talk to Mr Hough tomorrow because I am sure he will be keen to follow this up. If I need to write to the minister, I am sure that he will respond appropriately with updated information.

I conclude by saying something about this levy that the member for Gosnells highlighted to me earlier. It will be great to see elements or principles of sustainability embedded in the construction industry, particularly the housing construction industry. The member for Gosnells gave me a copy of a very interesting article that was published recently highlighting the nature of the building industry in Perth in particular. It stated that the world's biggest houses are being built in Australia for a decreasing dwelling population.

Dr A.D. Buti: McMansions.

Mr D.A. TEMPLEMAN: Yes, McMansions.

Mr F.M. Logan: There are a lot in Mandurah.

Mr D.A. TEMPLEMAN: A lot of them are in Mandurah. The Minister for Police purchased a large McMansion in Mandurah. We are seeing this phenomenon continue, unabated it seems. A statistic mentioned to me not long ago was that the floor plan of the average Australian house has increased by 40 per cent in the past 10 or 15 years, yet the number of people per dwelling has decreased from something like 3.5 people 40 to 50 years ago to only 2.3 people now. When considering this whole training regime and the levy that is collected, it is important that we build some genuine sustainability principles into the construction industry. That would be a good thing for Western Australia, as the Minister for Police looks at me in a puzzled manner. I hope that that can be considered in the future.

MR J.C. KOBELKE (Balcatta) [7.54 pm]: While the Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2010 makes only minor changes, it helps to reinforce and ensure the efficacy of quite an important fund in Western Australia for the promotion of training. As someone who was Minister for Employment and Training in 2001–02 and involved with the Building and Construction Industry Training Board, I want to use this opportunity to congratulate the board and its members for their work and also congratulate the government for introducing this bill, which makes minor adjustments to ensure the efficient functioning of the board.

The need for training is very evident currently. At this stage I will not get into apportioning blame or credit other than to say that I think the current government needs to do a lot better in training. We are on the edge of major economic development in Western Australia, driven by the resources sector, and we are likely to end up in a similar situation to the one we were in about three years ago when the shortage of skilled labour was a real constraint on the economy and created a huge number of knock-on problems throughout our society. Training is absolutely fundamental to our economic growth in Western Australia. It is also important in giving our young people the opportunity to fully participate in our community. For many young people the acquisition of skills in the trades and in particular training areas really opens up a life of opportunity as it enables them to get good, stable jobs and build their own family's future. It is very important that we give people that opportunity, as well as needing it for the development of this state.

I will briefly go over the history of the Building and Construction Industry Training Fund. It was established by the Labor government in the late 1980s and early 1990s when Gavan Troy was the minister. The genesis of the bill and its passage through Parliament occurred in the 1980s. We are amending the Building and Construction Industry Training Fund and Levy Collection Act 1990. As I said, Gavan Troy was the minister responsible in those days. He had quite a fight to get this fund in place. A range of interests did not fully support the imposition of a levy on industry to create greater training opportunities to fund people in apprenticeships and grow that training base in Western Australia. As a result of the need to do deals and get various sectors on side, the way the act was originally structured ran into some problems. When Hon Norman Moore was a minister in the Court government, he was responsible for training. He brought forward major amendments during the Court government's term of office. There was some political contest between the Labor Party and the government over some of the aspects of those amendments. I acknowledge—I think we did then—that on the whole they were an improvement. The major improvement I can remember—I am working from memory as it happened some years ago—is that because of the way the board was structured, as required by the deals that Gavan Troy had to do at the time, there was sectoral representation on the board. Everyone who had a key interest in the building industry and who had any sort of clout in whether the bill would get through the initial stages wanted to be represented on the board. There was a board for the fund and a board to run the scheme. It was a bit cumbersome and it was not really working efficiently. Hon Norman Moore put forward amendments, because people saw themselves representing this industry body or this union in how the money should be divvied up and what the outcomes would be. There was a real need for the board to represent the industry as a whole in advancing training and making sure there were more opportunities for young people to get the training they needed for the benefit of those individual citizens and for the benefit of industry. That change was made back in the days of the Court government, which was certainly very much for the better. Because of the political climate at the time and the attack by the Court government on unions, the board was seen to be trying to undermine the very important role that unions play in training. I am glad to see, through the amendments we are dealing with, that there continues to be a strong recognition of the role that unions play and how important they are to ensure that we have a good training system.

I do not want to leave out the employers. Many employers in Western Australia make a huge commitment to training. Unfortunately, a number of employers do not have that commitment. That is a major concern. I will acknowledge some of the people who have made that commitment. Dale Alcock, John Hughes and a number of others have put a big effort into training. They are champions of training. I acknowledge the fantastic effort that they make, along with the many thousands of their colleagues who encourage and support training in a range of industry sectors. That was the last time there were major changes to the legislation. I think it has worked quite well since then. I will not go into too much detail, but when I became the minister in 2001, there was an internal

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management issue within the board that was quite messy. That was sorted out. When we have these very small organisations that are relatively independent, we sometimes have a situation in which the standard of management is not up to the professional level we require. I hasten to add that I have total confidence in the current chair, Ian Hill, who was the director general of the Department of Training and Employment when I was the minister. He is a very competent administrator and a man who has a real passion for advancing training in this state. I have great confidence that under his chairmanship we will continue to see the board go from strength to strength. The review that took place in 2008, as required under the act, has led to these quite minor amendments. Section 32 of the Building and Construction Industry Training Fund and Levy Collection Act states —

- (1) The Minister is to carry out a review of the operation and effectiveness of this Act as soon as practicable after the expiry of 3 years from the commencement of the Building and Construction Industry Training Fund and Levy Collection Amendment Act 2004 and thereafter at intervals of 5 years calculated from the date on which the original report is laid under subsection (3).
- (2) In the course of each review the Minister is to consider and have regard to —
 - (a) the effectiveness of the Board;
 - (b) the attainment of the objects of this Act;
 - (c) the need for this Act to continue in operation; and
 - (d) any other matters that appear to the Minister to be relevant.

I will not cite subsection (3). The point I wish to draw from that is that the amendments we are now dealing with arose out of a review based on the requirement to consider the four matters that I have just spoken to. The review took place in 2008 and now in 2010, as the minister said in her second reading speech, the proposed changes are quite minor, including widening the list of organisations prescribed to be consulted about the appointment of board members, updating references to industry organisations and enabling by regulation the changing of any organisations as they morph or change their names, while still recognising them as representing particular industry or union sectors.

The Building and Construction Industry Training Fund and Levy Collection Amendment Bill represents a minor tidying up of the legislation. The real strength I take from that is that the board and fund are working well. If there were real issues, we would be dealing with a lot more in this bill. The fact that we are dealing with such minor issues is, I think, a commendation of the board, the people who put it in place and the way in which it is now working. That is not to say that we cannot do better. There is always the need to improve training. As I have said, I am not going to be political and talk about the fact that I believe the current government is falling well short of the mark. I am not talking about comparing past years, because there has been slight growth; however, despite the huge demand, this government has not increased resources in the same way that the Carpenter and Gallop governments increased resources. The former Labor government expanded its investment in training because it saw the need. Now, everyone recognises the need, but I am doubtful whether there will be that same expansion of resources.

I will refer to the 2009–10 annual report of the Building and Construction Industry Training Board and the board's potential to enhance some of its programs. In June 2010, the board's equity included almost \$15.7 million in reserves, which is up from \$11.2 million at the end of June 2009. The net cash surplus provided by operating activities is \$4.9 million for the year just ended. In the preceding year, to June 30, there was a deficit of \$1.9 million. If there is a surplus of nearly \$5 million and cash assets of more than \$15.5 million, I would think that there is room to do more. However, obviously I respect —

Dr E. Constable: Member for Balcatta, in 2010–11 the operational plan is for income of \$29 million but expenditure of \$32 million. Maybe those cash reserves can be used in interesting ways from year to year.

Mr J.C. KOBELKE: I thank the minister. That is what I am suggesting. I was also intending to make comment, perhaps not so well informed, about why I think the board is being a bit prudent in what it is doing. If we look at the revenue flow to the board, in 2000–01 it was only \$7.8 million. That revenue flow has grown to \$31.4 million in the year just ended. That is a massive increase. Looking at the figures in a bit more detail—I will not go through every year—we note that the preceding year's revenue was only \$22 million; that is \$9 million down. In the coming year it is anticipated to go down by about \$2.5 million against the current year figure. It does jump around a bit based on the level of economic activity in the building and construction industry.

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According to the annual report, revenue has been very high in the last year because of the federal government's stimulus package. When the federal government poured billions of dollars into the stimulus, particularly for school buildings and other such projects, it increased the level of construction in the community and its role in the economy, thereby increasing the take to the building and construction industry training levy fund. As I have indicated, there was a cash flow deficit in the preceding year. If the government commits to funding apprentices, and those apprentices are to be funded for three to four years, and the funding arrangement is changed, it has to look several years into the future to make sure it can fund the change because that funding is required whether the level of activity in the community, which drives the levy, goes up or goes down. Therefore, it is good when the level of economic activity grows and the funds grow. However, we cannot be sure that there will not be a downturn in the areas of construction that pay the levy and therefore a reduction in income to the fund. The fund will still have to maintain the payments it has set in place for those people in training. Because the board has to make allowances into the future, it is understandable that it wants to hold something in reserve. As the minister has indicated, in terms of its projections, the board is looking to increase expenditure next year, which clearly is in line with my suggestion that given the current level of reserves there is potential to expand funding, although we must keep in mind the major issue of demand and expected near future demand for skilled labour in our economy. To the extent that we can use them, these funds will enhance the state's training effort and ensure that more people are equipped to take on the jobs for which their skills are demanded.

The only other comment I wish to make is that the board is an independent statutory organisation; therefore, it runs its own affairs. Section 6(3) states that —

The Board does not represent, and is not an agent or servant of, the Crown.

The section outlines a range of other matters, but I will not go through them all. It does, however, enable the minister to direct the board. The board is required to submit its annual operational plan to the minister. The minister can approve the plan or he can amend it and approve it. The minister of the day can direct the board through its operational plan. The act also allows for the minister to direct the board. However, I note in the board's "Annual Report 2009–10" that there was no direction of the board other than the minister signing off on the operational plan for the year. Whether it was signed off in the exact form presented by the board or whether the minister amended the plan, I do not know. However, the annual report notes that the only direction by the minister to the board was that which went with the approval of the operational plan.

I want to use this short time to comment on the importance of training, the very good work done by the Building and Construction Industry Training Board and the importance of the levy. It is great to see bipartisan support. During the early days of the fund's formation, there was a degree of opposition from the Liberal Party, and in subsequent years there has been some political difference of opinion between Labor and Liberal about the importance of the fund. The benefit to the state and to the young people receiving training far exceeds the negative impact on industry of having to pay the levy. Clearly, any extra tax is a disincentive to those companies. It can cause them not to do as well and not to expand. We need to be conscious of that, but I think in this case the fund and the way the board has used it have really shown the huge benefit of being able to provide these additional resources to encourage people to get into training, to help them complete that training and to ensure that industry has the skilled workers it needs to be able to flourish in this state.

DR A.D. BUTI (Armadale) [8.11 pm]: I rise to make some general comments on the Building and Construction Industry Training Fund and Levy Collection Amendment Bill and to support the proposed amendments that other speakers have supported. I should mention that the member for Rockingham stated that my building experiences were gained on the campus of the University of Western Australia. That is not completely true. I did work as a brickie's labourer. My father worked on many landmark buildings in Perth. He was involved in building the old football stadium at Subiaco Oval, Burswood Casino, the Hyatt Regency Perth Hotel and so forth. I therefore have some experiences that were obtained outside the UWA campus.

The member for Cockburn asked whether the mining industry was being given a free ride. One could make an analogy with the sporting industry. When a player transfers from one soccer club to another, the club that obtains the benefit of the player pays compensation. That compensation is basically a recognition of the training that has been developed by the former club. One could argue that the mining industry should be paying a greater contribution to the training levy for the construction industry, because, as was mentioned by the member for Cockburn and member for Rockingham, many people who train in the building industry end up in the mining industry. I would advocate that the mining industry should pay what could be considered a compensation training fund to assist in the development of skills of young people in the building and construction industry.

The Building and Construction Industry Training Fund and Levy Collection Act, and the bill that seeks to amend the act, is very important for a number of reasons. Of course, the building industry is a very important economic cog in Western Australian industry, so it is important to have a skilled workforce. It is also true to say that for a

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number of years the opportunities that were presented to many males, particularly young males who do not have an academic bent, were very limited. However, with the expansion of the building industry that problem has been alleviated to some extent. It is important that we have the funds to train young men particularly, and also females, who do not have an academic bent or are not going to pursue a university career. One would hope that the increased skills that come about from the funds in this levy scheme mean that safety on building sites will be improved. If there is a skilled workforce, hopefully the safety issues are improved.

A combination of employer associations and unions are involved in the scheme. By all accounts, it works quite well in comparison with schemes that have been developed overseas. For instance, in the United Kingdom in the coal industry, or what was the coal industry until Margaret Thatcher destroyed it, there was a famous law case called Cowan and Scargill. Arthur Scargill was president of the National Union of Mineworkers. His union decided that the funds in the superannuation scheme of the industry should not be invested in companies that engaged in child labour in Africa. Of course, the employer associations said that it was contrary to the purpose of the fund, which was to obtain the best economic return for the fund members. From what I have heard this evening, employers and employees have been working harmoniously in respect of this training fund levy, which is to be commended. The proposed amendments are very minor, but they are a recognition of the building industry today. There is a widening of the list of organisations. There are the Civil Contractors Federation of Western Australia; the Communications, Electrical and Plumbing Union of Western Australia; and also the Australian Workers' Union, West Australian Branch. I should note that it is very good that recognition has been made of the work of the AWU, which is a very strong union that does its best for its members. To have it now as one of the organisations involved with this training fund levy can only improve the operation of the scheme.

I suggest to the Minister for Education that she give serious consideration to the issue of the mining industry and whether it is getting a free lunch for its contribution. We should all applaud the funding of the skill level in the building trade, but many of those skilled workers are snapped up by the mining industry. One therefore has to ask whether the mining industry should be contributing more. The member for Mandurah mentioned the comment made to him by the member for Gosnells on sustainability in the building industry. The government should also consider that.

The scheme has been proceeding well. These minor amendments should assist in the further development of this scheme. It is very good to see the addition of the new organisations, particularly the AWU.

MS L.L. BAKER (Maylands) [8.17 pm]: I would like to make some very quick comment on the Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2010. Members might be interested in why I am standing on my feet to comment on this bill.

Mr D.A. Templeman: I am very interested.

Ms L.L. BAKER: This is good for the member for Mandurah, because I will tell him. Two of the key board members for the fund are the Master Plumbers and Mechanical Services Association of WA and the Master Painters, Decorators and Signwriters Association of WA. They are located in Caledonian Avenue, Maylands, and are major trainers in my neighbourhood; they do extensive training. They manage a group training scheme for their industries from Caledonian Avenue and do an amazing job. They have been huge supporters of the BCITF since its inauguration, which I remember very clearly because at that time I was involved in industry consultations on the State Employment and Skills Development Authority legislation, which was being drafted.

I want to refer to the commitment of these two very important organisations. They have a very successful partnership with John Forrest Senior High School, which I am sure that the minister representing the Minister for Training and Workforce Development would be well aware of. I want to record in *Hansard* my great pride in having this partnership in my electorate. They have a training centre for plumbing and gas fitting, which is being built at the moment with Building the Education Revolution funds on the grounds of John Forrest Senior High School. It is an enormous plus for the schoolchildren and for all the students in this catchment area. They do amazing work. MPA Skills, as it is known, is a remarkable organisation. I would just mention Bill Busby and Tim Swift, the president and vice-president of the association. They are very committed men and do an amazing job in making sure that training is an integral part of their industry's development.

I also quickly want to mention that I have noticed that the master painters and plumbers and gasfitters associations are very committed to developing women in trades. They have an amazing facility at their premises on Caledonian Avenue. They have three or four very large office buildings and an on-site, permanent display. The apprentices train on-site and go out onto different sites and to different employers, but there is also a static display of all the latest products and services involved in the painting and plumbing and gasfitting industries. They train a lot of young women in painting, and they also train some women in plumbing and gasfitting. That is great to see. The BCITF is a fantastic resource that contributes to the training of girls and women in trades, as well as boys and men in trades. I also want to put that on the record.

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Finally, members have mentioned sustainability. I am proud to say that MPA Skills is also very focused on the environmental sustainability of all the products and services that it uses. Because of its commitment to sustainability, it trains all its apprentices in state-of-the-art products. It has static displays on how to recycle the brushes and the water that is used, and any waste products that are produced. It also has static displays of all the latest plumbing devices, which are, again, state-of-the-art in water saving and energy efficiency.

In my contribution to this debate I want to recognise that the BCITF is making extraordinary advances in providing training in the building and construction industry. I also want to recognise and applaud the work that MPA Skills is doing in forwarding that agenda within this industry.

DR E. CONSTABLE (Churchlands — Minister for Education) [8.20 pm] — in reply: I have found it very interesting to listen to this very wide-ranging debate on the Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2010. The purpose of this bill is to make a minor amendment to the Building and Construction Industry Training Fund and Levy Collection Act 1990. Although this is a minor amendment, it is an essential one, because its purpose is to update the titles and names of the unions and employer organisations that need to be consulted by the minister. An amendment was also made to this bill in the upper house to add a number of new organisations to that list.

This has been a very wide-ranging debate, as I have said. I was very interested to listen to the disagreement between the member for Rockingham and the member for Cockburn about whether the levy should be extended to include the mining industry. We heard of the history of two former Premiers, Premier Gallop and Premier Carpenter, who decided not to extend the levy to the mining industry. The member for Cockburn tried to be convincing in his argument that the levy should be extended to the mining industry, whereas the member for Rockingham said that the status quo should be maintained. So it was interesting to see two members of the opposition disagree with each other in this debate.

The member for Mandurah highlighted a number of safety issues, particularly in the scaffolding industry. The scaffolding industry is a very important part of the building and construction industry. It is interesting to note that 11 per cent of this state's workforce is employed in the building and construction industry. That makes this a very important fund indeed.

I thank the member for Rockingham and the member for Cockburn for their contribution. I also thank the member for Balcatta, who gave us a history lesson about this legislation. Although that was interesting, it perhaps was not relevant to the particular bill in front of us. I also thank the member for Armadale for his contribution. The member for Maylands drew attention to a very important school, John Forrest Senior High School. I have visited that school. The trade training centre at that school will make a big difference to the students in that area. So I agree wholeheartedly with the comments made by the member for Maylands. The member for Maylands' short contribution was very valuable, and I thank her for that.

The member for Cockburn mentioned the range of programs that are funded from the money that is raised by this levy. I would like, in conclusion, to draw attention to the fact that a lot of work is done in providing careers assistance for secondary school students who are seeking to undertake an apprenticeship or engage in other ways in this very important industry in our state.

I thank members opposite for their support for the bill. The bill tidies up the appointment of members to the Building and Construction Industry Training Board. I am sure this bill will make a big difference to the smooth running of this organisation.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Dr E. Constable (Minister for Education)** and passed.