

23 February 2024

Department for Education and Skills SA

Via email: CITFActReview@sa.gov.au

To whom it may concern

Re: Construction Industry Training Fund Amendment Bill and Draft Regulations

The South Australian Chamber of Mines & Energy (SACOME) and Australian Energy Producers (AEP), as industry associations representing the resources and energy sector, present this joint submission on behalf of our members.

Cumulatively, the member companies we represent drive the South Australian economy, representing billions of dollars worth of investment and payments to Government. Accordingly, decisions and regulations that impact our sector must be considered in this economic context and with a view to prioritising its long-term financial viability.

Our principal concerns relate to the draft Regulations, specifically Amendment Regulations 13 and 15, which arose out of the Review of the Construction Industry Training Fund. It was recommended that exemptions for the payment of the Construction Industry Training Fund Levy ('the levy') for the mineral and petroleum sectors be narrowed, and the exemptions be removed for the installation of core turbines or generators involved in the generation of electricity.

Specifically, the following work will no longer be exempt from paying the levy:

- The installation of main or core turbines or generators at power stations involved in the generation of electricity;
- Work directly related to the fabrication of a pipeline system used in mineral or petroleum production and processing and subsequent repair work that involves welding or coating a pipeline system used in mineral or petroleum production or processing;

- The construction or maintenance of a sealed haul road or track; and
- The maintenance of an airstrip or landing pad used in conjunction with a mineral or petroleum production operation.

Regrettably, neither SACOME, AEP, nor individual companies were consulted as part of this Review (nor for these Regulations) and both the Association of Mining and Exploration Companies (AMEC) and the Resources Skills and Training Alliance (RESA) were critical of the proposal in 2023. The lack of adequate consultation was noted in the submission from RESA.

Indeed, the Final Report presented to Parliament by the Minister for Education, Training and Skills “supports the suggestion by respondents that further investigation and consultation with the mining [resources] industry determine the full impact of change.” It specifically recommends “engagement with this industry to determine:

- appropriate boundaries for levy imposition
- the impact of any exemption changes
- any necessary governance changes.”¹

This recommendation has been disregarded.

As highlighted in the previous submissions, our sector already invests heavily in education and training programmes for workers and provides long-term employment opportunities. We should not be used to cross-subsidise training in other unrelated industries.

The nature of work in our sectors is that much is done in remote areas, with high operating, training, and regulatory costs. To materially add to the cost of new resources projects is counter to the Government’s stated ambition of increasing production in both minerals and petroleum.

Moreover, the inclusion of generators and turbines for the generation of electricity will add to the already escalating cost of electricity in South Australia.

The past two years have seen both the State and Commonwealth Government present new and challenging regulatory reforms for our sector.

¹ <https://www.education.sa.gov.au/docs/skills-sa/citf-act-review/final-report-april-2023-investigation-review-construction-industry-training-fund-act-1993-sa.pdf> p.61

With steeply rising costs and the likelihood of a slowdown, these new costs would be another impost on our sector at a crucial time for the state's economy, which relies on us to meet its growth ambitions.

On behalf of industry, we request that these Regulations be immediately withdrawn.

Yours faithfully



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