

To: Department for Education, South Australia

Re: Construction Industry Training Fund Act Review

1 February 2023

Introduction

AMEC appreciates the opportunity to provide a submission to the South Australian Construction Industry Training Fund (CITF) Act Review, following the release of an Issues Paper in December 2022.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 540 member companies across Australia, with over 37 member companies with direct project interests in South Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC's member companies account for over \$100 billion of the mineral exploration and mining sector's capital value.

In South Australia in 2021-2022(FY) mineral exploration expenditure was at an 8-year high at \$122.3 million, a 34% increase from the previous year, and \$2.5 billion was spent on capital expenditure. In 2020-21, over \$237 million was generated in royalties from the \$7.1 billion in mineral commodity sales, representing a record high.

Construction Industry Training Fund Act Review

General Comments

AMEC is concerned with the proposal to remove the exemption for mineral exploration and mining under Schedule 1 of the *Construction Industry Training Fund Act 1993* (CITF Act) and Schedule 1(15) of the *Construction Industry Training Fund Regulations 2021* (CITF Regulations).

AMEC does not support the proposed reduction of the minerals sector's CITF exemption, to increase revenue levied from the resources sector, to cross-subsidise training in other unrelated industries. There is limited detail as to the interrelationship between the sectors in South Australia, which could warrant an increase levies payable by related sectors.

The policy decision to require the mineral exploration and mining industry to support the growth and development of other industries, whilst in the midst of significant and increasing inflationary pressures coupled with a skills and worker crisis, is questioned. Any proposed changes to the current exemptions will have long-term impacts on the development of minerals projects across the State. With a strong State and Commonwealth Government agenda towards decarbonisation and net zero emissions, there is acknowledgement that more mining will be needed. To increase the costs of operating, unnecessarily, will impact the industry's ability to meet Government priorities.

Exemption for mining and exploration activities

The existing exemption for activities associated with mineral exploration and mining activities under the *Mining Act 1971* should remain. AMEC does not support the Issues Paper's recommendation to remove the exemption from the levy, that would require core resources operations or other specified activities including earthworks and building activity associated with the construction or maintenance of roads, tracks or airstrips, to become leviable activities.

It is appreciated that the Issues Paper does not propose removing the levy for core resource exploration work, or any works currently identified as exemptions under the WA model. However, the original framework should be maintained.

Levy payable by the exploration and mining industry

Across South Australia, and Australia more broadly, mineral explorers and miners invest heavily into education and training programs for workers in the sector. These programs seek to build the capacity and skillsets of local workforces and communities, and provide long-term career opportunities. The training and development budgets of these operations, from emerging explorers to producing miners, is substantial and should not be compared to budgets of the construction sector. While there are transferrable skills between workers, the specialised skillsets required by mineral exploration and mining workers mean the two workforces are not directly comparable.

The nature of mineral exploration and mining work means that much of the work is extremely remote, warranting higher than average remuneration. It also increases logistical and plant and equipment costs, to ensure safety is prioritised throughout the exploration to development lifecycle. The intricacies of this industry are unique, and the stringent regulations and expectations of the sector are second to none. This results in higher training, operating, and capital costs. To propose levying these factors, in a high-inflation environment, is subservient to Government's agenda to increase mining, to meet decarbonisation targets.

There is no clear justification to remove the exemption for the mining sector, and a lack of demonstrable quantifying data to support. The exemption should remain, for the mineral exploration and mining sector, its associated works and maintenance activities.

Instalments

AMEC welcomes consideration that the Act be amended to enable those liable to pay the levy to make payment through instalments. The requirement to make payment before commencement of building or construction work, or before obtaining building approval, can be a significant barrier to development. Considering escalating costs and timeframes, instalments will be a welcome reprieve for all industries, without relinquishing the responsibility to pay the levy.

Final comment

AMEC appreciates the opportunity to provide comment to this consultation process. The development of a highly skilled and agile workforce is a priority for our industry and the South Australian

Government. We welcome further opportunities to ensure this ambition can be addressed, whilst supporting the steady growth of the sector.

For further information please contact:

Sam Panickar

Director – South Australia & Industry Policy, AMEC

