

CONSTRUCTION INDUSTRY TRAINING BOARD

Annual Training Plan

2005-2006

INTRODUCTION FROM THE PRESIDING MEMBER

I am pleased to present the Construction Industry Training Board's 2005-2006 Annual Training Plan.

The Plan is my first as Presiding Member and it owes much to the experience gained with previous plans developed under my predecessor, Mr Richard McKay over the first 10 years of operation of the CITB.

The Plan is an evolution of former initiatives that have proven to be successful. The changes reflect a broadening and deepening of its programs that had their origins in earlier and simpler times. In particular, changes to the Entry Level Training Apprentice and Trainee Support Program reflect a desire to broaden the reach of CITB support.

At its strategic planning forum conducted in February 2005, the Board articulated its vision for the industry as one that was highly skilled, with a culture of training, and with high standards of health and safety.

In order to achieve this vision, the Board has refined its strategies to balance its long and short term objectives in light of increasing demand for funds.

The 2005-2006 Annual Training Plan brings the vision into clearer focus: to encourage individuals and employers to commit to skill development that will benefit the industry and the careers of the individuals within it.

The Board's Current Worker program will continue to deliver skill and career development opportunities to cater to the immediate and medium term needs of existing workers. The Current Worker program has been successful in raising the awareness of the need for on-going skill development amongst the industry.

The Entry Level Training program seeks to maintain a foundation of skills for the longer-term. The suite of sub-programs will raise awareness of career opportunities amongst prospective new entrants, and will build commitment on the part of new entrants and their employers to achieve skills and qualifications needed by the industry.

The 2005-2006 Annual Training Plan has been prepared in accordance with the requirements of the Construction Industry Training Fund Act 1993. The development of the Plan and the establishment of the underpinning policy settings has been the result of the contributions from the Board's advisory committee members who have given their time willingly. I thank all the committee members and the many others who have contributed to this Plan.

Mary Marsland
Presiding Member

FUNCTIONS OF THE BOARD

The Construction Industry Training Fund Act 1993 prescribes the Board's functions. The functions include:

- Generally to coordinate training and personnel development within the building and construction industry
- To promote increased productivity, career opportunities, personal satisfaction and occupational health and safety within the building and construction industry through training
- To review and evaluate employment related training programs to ensure that they meet the training and skill requirements of the industry and to support appropriate training programs in the industry
- To ensure a more equitable distribution of effort amongst employers in relation to employment related training

These functions set the parameters of the objectives in the Annual Training Plan.

In developing the Plan, the Board has sought the advice of its advisory committees to ensure that the objectives and strategies meet the priorities of the industry.

Program Funding Allocations

The Board will operate two programs to cater for existing workers and new entrants. Details of these programs are provided on the following pages.

The Board has agreed that the total funding available to the two programs will be \$8.5 million. The approximate sectoral contributions of the total funding available for the two programs are shown below:

	Civil	Commercial	Housing	Total
Current Worker Program	13.0%	14.8%	17.3%	45.1%
Entry Level Training	5.5%	16.7%	32.7%	54.9%
Total	18.5%	31.5%	50.0%	100%

These allocations are based on the forecast levy collections by each sector for 2005-06.

The allocation of funds to the Entry Level and Current Worker Programs is to be reviewed annually.

The Board will also make a one-off provision of up to \$500,000 in 2005-06 as an innovation and contingency fund to be applied to special skill development projects as needed.

PROGRAM 1 – CURRENT WORKER PROGRAM

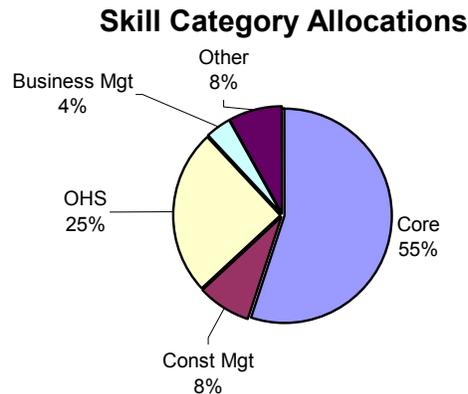
	Objectives	Strategies	Outcomes
1	To improve skill levels and workplace performance, increase safety awareness and practice, and facilitate career opportunities	<ul style="list-style-type: none"> Fund skill development and recognition activities for eligible workers in partnership with service providers Utilise a network of Registered Training Organisations to deliver selected training within a sound quality management framework 	<ul style="list-style-type: none"> 90% satisfaction rating of training outcomes by participants and enterprises Increased application of skills learnt on workplace performance, safety, and career opportunities as reported by participants and enterprises as measured against benchmarks
2	To extend training effort amongst employers	<ul style="list-style-type: none"> Encourage and support enterprises to invest in training and skill development 	<ul style="list-style-type: none"> Positive impact of funding on the decisions by enterprises and individuals to undertake training as measured against benchmarks
3	To facilitate training participation by identified groups in the industry	<ul style="list-style-type: none"> Provide advice to enterprises on funding and resources available for special needs groups 	<ul style="list-style-type: none"> 25% of training participants are from non-metropolitan areas Increase in number of construction industry enterprises accessing CITB sponsored training

In consultation with its Advisory Committees, the Board has established a schedule of training activities that are appropriate to the needs of the sectors in the industry.

The Board will enter into contracts with registered training organisations (RTO) to provide training, assessment and other services to be delivered to the industry in accordance with the approved schedule of courses.

Funds in the Current Worker Program will be allocated to the skill categories in the approximate proportions shown in Figure 1.

Figure 1



PROGRAM 2 – ENTRY LEVEL TRAINING

	Objectives	Strategies	Outcomes
1	To maximise the uptake and completion of industry qualifications by new entrants	For apprentices and trainees under contracts of training: <ul style="list-style-type: none"> ▪ Provide financial support to offset the cost of their tuition fees 	<ul style="list-style-type: none"> ▪ Improved skill level and completion rates of new entrants as measured against benchmarks
2	To improve the quality of workplace learning and training of apprentices and trainees	<ul style="list-style-type: none"> ▪ Provide financial incentives to employers to ensure their apprentices and trainees receive a broad range of on-job experiences consistent with their training plans 	<ul style="list-style-type: none"> ▪ An increase in the awareness and acceptance of careers amongst school students and final year apprentices and trainees
3	To raise awareness of safe work amongst apprentices and trainees	<ul style="list-style-type: none"> ▪ Provide financial incentives to employers to encourage completion of contracts of training 	<ul style="list-style-type: none"> ▪ Increase in the incidence of training providers and employers accessing alternative targeted funding
4	To expand career options of those about to complete their contracts of training	<ul style="list-style-type: none"> ▪ Encourage apprentices and trainees in their final years to take up training opportunities that develop skills for business and licensing requirements 	<ul style="list-style-type: none"> ▪ Increased uptake of safety and other Board approved training by apprentices and trainees
5	To encourage prospective new entrants in schools and the community to enter careers in the industry	<ul style="list-style-type: none"> ▪ Assist training providers and employers to access funding for identified groups 	
6	To support the induction of identified groups into the industry	<ul style="list-style-type: none"> ▪ Ensure that apprentices and trainees are supported in safety training available to the industry For prospective new entrants: <ul style="list-style-type: none"> ▪ Provide information and advice on training and careers to schools and the community that promote construction careers ▪ Support schools and community groups to provide a positive experience of the industry to prospective new entrants 	

The key strands of the Entry Level Training Program are: Doorways 2 Construction Program, Career Initiatives, and the Apprenticeship and Traineeship Support.

Apprentice and Traineeship Support has undergone a thorough review leading up to this Plan. It has been expanded to include Tuition Funding for apprentices, On-Job Quality Training Incentive and Completion Incentive for eligible employers.

Appendix 1

RESearch AND **P**LANNING

Research is a Board function within the Act. The research conducted by the Board is intended to support decision making, to evaluate the training programs within the Annual Training Plan, and to carry out the Board's other statutory planning and advisory functions.

The research will be focused on monitoring and evaluating the effectiveness of current programs so that the Board is provided with meaningful and timely information for its decisions. The research will enable the Board to engage with stakeholders so that appropriate strategies are developed to deal with emerging issues that affect training for the industry.

Approximately 2% of the Board's funds will be available to support this function.

GOVERNANCE, **F**INANCE AND **A**DMINISTRATION

The Board is required to administer the Act within a sound corporate governance framework.

The Board seeks to ensure that the industry complies with the requirements under the Act, that levy funds are soundly managed and that systems and processes are fair, transparent and efficient.

The Board is provided with monthly reports on its financial position and performance as well as regular reports on levy collections, compliance, investments and training expenditure.

Approximately 10% of the Board's funds will be allocated to support this function.

Appendix 2

ATP 2005/06 Resource Plan

BACKGROUND

The industry downturn anticipated in the 2004/05 ATP did not eventuate to the extent expected. Levy collections in 2004/05 have proven to be only marginally lower than in 2003/04. The Housing sector did cool but not at the expected rate, and increased activity in commercial and civil sectors offset some of the decline in Housing. Training uptake was also at lower levels than anticipated because anecdotally at least, workers were 'too busy' to train.

This has resulted in a situation where rather than returning a deficit result as budgeted, the CITB is expected to show a significant surplus for 2005/06.

2005/06 will mark the introduction of significant change in the CITB's Apprentice and Trainee Support policy. The revised policy expands access to CITB funding support. It will see the number of eligible apprentices grow as access to CITB programs is equalised beyond just the Group Schemes as had previously been the case. The new policy initiatives include:

- Retention of tuition funding
- Introduction of a Completion Incentive
- Introduction of an "On-Job Training Record (Log Book)" Incentive

The Board's Strategic Reserve provides the flexibility to resource this change. The CITB's strong financial position has also allowed the creation of a "Innovation and Contingency" provision for 2005/06 in addition to the budget provided for training programs.

The CITB initiated a Five Year forward planning horizon in 2004/05 and the Budget has been structured accordingly in order to meet the medium term needs of the SA Building and Construction Industry.

KEY POINTS

	05/06 Budget	04/05 Estimate	03/04 Actual
Expected total revenue	\$9.3M	\$8.6M	\$9.4M
Total Training expenditure budget	\$8.5M	\$7.558M	\$7.732M
Entry Level Training / Current Worker mix	55%/45%	55%/45%	58%/42%
Total Training Places (Current Worker)	23,000	24,500	22,908
Apprentice Numbers (Tuition Funding)	2,500	2,083	1,614
Apprentice Numbers (Quality Funding)	discontinued	1,422	1,400
Apprentice Numbers (Completion Funding)	2,186	N/A	N/A

BUDGET

The CITB Strategic Reserve (see below) is to be used to fund a deficit budget in 2005/06 in order to maintain training activity.

The deficit is to be contained at no more than \$500K programmed expenditure. Funding of the Current Worker program on a price per hour basis is to be restored to the 2003/04 level and adjusted for CPI.

RESERVES **P**OLICY

The CITB Reserves Policy was adopted in early 2004 in order to meet the strategic needs of the CITB and its stakeholder community, in the context of prudent Risk Management. A Prudential Reserve has been established in order to cover a range of extant and potential liabilities. The net amount will be subject to annual review based on actual contractual commitments and the like. At the moment it is of the order of \$5M.

The balance of Accumulated Funds is to comprise the Strategic Reserve. The Strategic Reserve, accumulated over previous periods of growth, will be a key element in the support of training activity at the levels required in the years ahead, to counter the impact of any cyclic variation in levels of activity.

This is to be used at the Board's discretion to fund specific projects or areas of need. The Board has directed that it be maintained at a level of not less than \$500K on an on-going basis. As at 31 May 2004, it stands at \$4.8M, due largely to the previously unanticipated trading surplus now expected in 2004/05.