

# CONSTRUCTION INDUSTRY TRAINING BOARD

## ANNUAL TRAINING PLAN

2006-2007

### Introduction

I am pleased to present the Construction Industry Training Board's 2006/07 Annual Training Plan. The Plan is my second as Presiding Member, and builds on the successes of CITB initiatives in preceding years. In particular, it continues to encourage individuals and employers to commit to skill development that will benefit the industry and the careers of individuals within it.

The plan includes an effort to more closely align program objectives with specific requirements detailed in *The Construction Industry Training Fund Act 1993* as amended (*CITF Act*), so that the strategies and outcomes will ensure the Plan is executed in a more accountable and measurable manner. The changes reflect a refinement of focus rather than any major changes to program structure.

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 needs of the industry. 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 2006/07 Annual Training Plan has been prepared in accordance with the requirements of the *CITF Act*. 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 Members of the Board, staff and the membership of the extensive network of committees and the many other stakeholders 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:

- Coordinating training and personnel development within the building and construction industry
- Promoting increased productivity, career opportunities, personal satisfaction and occupational health and safety within the building and construction industry through training
- Reviewing and evaluating employment related training programs to ensure that they meet the training and skill requirements of the industry
- Supporting appropriate training programs in the industry
- Ensuring 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 \$11m. The approximate sectoral allocation for the two programs remains unchanged from 2005/06 as shown below:

	<b>Civil</b>	<b>Commercial</b>	<b>Housing</b>	<b>Total</b>
Current Worker Program	13%	15%	17%	45%
Entry Level Training Program	6%	17%	33%	55%
<b>Total*</b>	<b>19%</b>	<b>32%</b>	<b>50%</b>	<b>100%</b>

\*rounded

The Innovation and Contingency Program introduced in 2005/06 is to be continued.

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

## Program 1 – Current Worker Program

Objectives	Strategies	Outcomes
<b>To facilitate, support and promote a training culture across the industry</b>	Reduce the cost of training to industry by subsidising endorsed training programs delivered by CITB approved Registered Training Organisations	A greater uptake of training, measured by hours of training and numbers of training places
	Promote to, and broadly engage stakeholders and enterprises regarding the benefits of training to the industry	Improved levels of awareness of the importance of training and the means by which it can be accessed
	Provide training which is accessible to all, regardless of geographic location	Balanced regional training provision and delivery
<b>To improve workplace productivity and performance by developing and maintaining a highly skilled and accredited workforce</b>	Broaden and develop the skills base of the industry workforce	An increased application of skills learnt
	Address changing techniques, technology, regulation and compliance applicable to the industry	The workforce has a broader skills-base which keeps pace with changing technologies and industry requirements
	Improve the proportion of the workforce with recognised qualifications by supporting the uptake of skills recognition processes	An increase in the proportion of the workforce with recognised AQF qualifications An increase in the number of recognised current competencies (RCCs) funded
<b>To ensure a more equitable distribution of effort amongst enterprises in relation to employment-related training in the industry</b>	Promote skill development at the enterprise level to encourage enterprises to invest and participate in training	An increase in the number of new enterprises accessing training funds An increase in the number of enterprises registered and active in the Current Worker Program
<b>To enhance career opportunities and broaden workforce employability through training</b>	Promote and support the up-skilling and cross-skilling of the existing workforce and those returning to the industry	The skills of the workforce meet industry requirements
	Liaise with key stakeholders in relation to training and personnel development requirements	The level of training activity is balanced against present and projected economic trends
<b>To facilitate the development and adoption of safe work practices across the industry</b>	Ensure that the industry and its workforce are supported in all aspects of safe work practices, through training.	A demonstrated commitment to training in the area of safer work practices
	Promote increased OH&SW within the industry through training	A safer working environment through 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 of: Core construction skills (50%), Construction management (13%), OH&S (21%), Business management (12%), and 'Other' (4%).

## Program 2 – Entry Level Training

Objectives	Strategies	Outcomes
<b>To encourage prospective new entrants in schools and the community to consider careers in the industry</b>	Provide information and advice on training and careers to schools and the community that promote construction careers	An increased awareness and acceptance of building industry careers amongst school students
	Support schools and community groups to provide a positive experience of the industry to prospective new entrants through involvement in the D2C program	An increased interest by schools and the community in the D2C program
	Encourage support and engage the teaching community in the delivery of D2C through the provision of scholarships	Maintenance of a population of appropriately qualified, committed and enthusiastic teachers delivering D2C
<b>To encourage enterprises to take on apprentices and trainees in approved vocations</b>	Provide financial incentives to enterprises taking on D2C graduates under contracts of training	An increase in the proportion of D2C participants gaining contracts of training
	Provide financial incentives to enterprises for placing apprentices and trainees in approved vocations	Apprentice and trainee commencements in approved vocations are consistent with 10 year long term trend
	Develop a marketing plan to contact potential employers not currently involved in apprenticeship programs	Increased awareness of financial and tangible benefits of employing under contracts of training
<b>To maximise the proportion of new entrants undertaking approved vocational qualifications</b>	Provide financial support to off-set the cost of tuition fees for apprentices and trainees under contracts of training in approved vocations	The levels of apprentices and trainees in approved vocations in-training are sufficient to maintain the industry workforce at required levels
	Provide financial incentives to enterprises to support the completion of approved vocational qualifications	
	Encourage new entrants to have relevant skills acknowledged through a formal recognition framework	An increase in the proportion of new entrants in approved vocations gaining formal recognition of their skills
<b>To improve the quality of workplace learning and training of apprentices and trainees in approved vocations</b>	Provide financial incentives to enterprises to ensure their apprentices and trainees in approved vocations receive a broad range of on-the-job experiences consistent with their training plans	A wider acceptance and adoption of on-the-job recognised training
	Encourage and support apprentices and trainees in their final years to take up training opportunities that develop skills for business and licensing requirements	An increase in the number of recently completed apprentices in approved vocations gaining appropriate licenses
<b>To raise awareness of safe work practices amongst apprentices and trainees in approved vocations</b>	Ensure that D2C participants, apprentices and trainees in approved vocations are supported in safety training available to the industry	Participation levels in approved OH&S specific training is consistent with workforce numbers

The key strands of the Entry Level Training Program are: Doorways 2 Construction (D2C), Career Initiatives and Apprenticeship and Traineeship Support.

Apprentice and Traineeship Support includes: Tuition Funding for apprentices, On-Job Training (Log book) Incentive and Completion Incentive for eligible employers.

# **Appendix 1**

## **Research, Planning, Governance and Administration**

### **Research and Planning**

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 budgeted expenditure will be available to support this function.

The CITB performs the additional function of the Construction Industry Skills Board under a deed of agreement with the Department of Further Education, Employment, Science and Technology.

### **Governance, Finance and Administration**

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 budgeted expenditure will be available to support this function.

## **Appendix 2**

### **ATP 2006/07 Resourcing Plan**

#### **Background**

During 2005/6, for the second year in succession, levy collections exceeded expectations. The industry downturn that had been widely anticipated did not eventuate. Housing sector activity did decline, but not at the expected rate, and increased activity in commercial and civil sectors boosted overall collections due to several major projects including the Port River Expressway, and a large distribution facility at Edinburgh Parks.

Despite an increase in the rate of funding incentives in July and again in January, considerably lower levels of training than anticipated have occurred. Significant in this are proposed changes to mandatory Occupational Health and Safety (OH&S) site induction training, which to date has been implemented in South Australia through the State-based 'Green Card' program. However with uncertainty around the timing of an imminent uniform national OH&S program, individuals have delayed their Green Card renewals. This is significant because the Green Card is a high volume activity and a reduction of activity in this area has a marked effect on CITB indicators. The net effect is likely to result in a significant CITB surplus for 2005/06.

Levy revenues are expected to moderate in 2006/07. However, the accumulated surplus gives the CITB confidence and resources to put in place an ambitious but sustainable Plan for 2006/07 and beyond. The enhanced Apprentice and Trainee Support (ATS) policy will be maintained and promoted in order to maximise the number of apprentices in the industry. The revised ATS policy introduced in 2005/06 expanded access to CITB funding support beyond just Group Schemes as had previously been the case. In 2006/07 all construction industry apprentices in approved vocations will attract CITB incentives for their employers. ATS policy includes:

- Retention of tuition funding at up to \$400 per annum
- Increases in the rate and scope of the Completion Incentive up to \$1500 per apprentice per annum
- Increases in the rate and scope of the On-Job Training (Log Book) Incentive up to \$1500 per apprentice per annum.

In addition, resources will be allocated to increase awareness of these incentives throughout the industry.

The Board's Strategic Reserve provided the flexibility to resource this change. The CITB's strong financial position has also allowed it to continue with the Innovation and Contingency program introduced in 2005/06. In its inaugural year, this fund supported training in a range of skill shortage areas with particular emphasis on mentoring and pre-employment programs, as well as training in regional locations, in 'wet trade' vocations and in wall and ceiling lining.

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

## Key Points

	06/07 Budget	05/06 Estimate	04/05 Actual
Expected Total Revenue	\$10.5M	\$11.0M	\$10.0M
Total Training Expenditure Budget	\$11.0M	\$7.0M	\$6.8M
% Entry level Training Allocation	55%	53%	54%
% Current Worker Allocation	45%	47%	46%
Total Training Places (Current Worker)	22,500	21,000	24,562
Apprentice Numbers (Tuition Funding)	2,600	1,500	968
Apprentice Numbers (On-job Funding)	2,200	1,800	1,604 (precursor program)
Apprentice Numbers (Completion Funding)	2,400	2,000	N/A

## Budget

The CITB Strategic Reserve (see below) is to be used to fund a deficit budget in 2006/07 of the order of \$2M. This will not only maintain existing training activity, but also stimulate new training activity and sustain it over coming years.

## Reserves Policy

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 start of 2006/07 it is anticipated to be of the order of \$5.3M.

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. This will counter the impact of any cyclic variation in levels of activity.

This Strategic Reserve 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. It is expected to be of the order of \$7.8M, at 30 June 2006, due largely to the trading surplus now expected in 2005/06.

Under current program funding settings and forward economic assumptions, the Strategic Reserve will be eroded over the course of the next five years to approximately \$4M in 2011/12.