

# CONSTRUCTION INDUSTRY TRAINING BOARD

## ANNUAL TRAINING PLAN

2007 - 2008

### Introduction

I am pleased to present the Construction Industry Training Board's 2007/08 Annual Training Plan. The Plan is my third as Presiding Member, and builds on the successes of CITB initiatives in previous years.

The core elements of the plan has been relatively unchanged from last year, aligning program objectives with specific requirements detailed in *The Construction Industry Training Fund Act 1993* as amended (*CITF Act*). Strategies and outcomes can now be measured from year to year, which will ensure that the Plan is executed in an accountable and measurable manner.

The Entry Level Training Program continues to maintain a foundation of skills for the longer-term needs of the industry. The suite of sub-programs raises awareness of career opportunities amongst prospective new entrants, and builds commitment on the part of new entrants and their employers to achieve skills and qualifications needed by industry. Funding subsidies for completions and on-job training rewards employers for their commitment to training, and tuition funding support assists to alleviate training fees. The Doorways 2 Construction (D2C) hiring incentive is aimed at reinforcing the merits of this most successful VET in Schools Program by paying employers who hire D2C graduates a one-off incentive of \$1,000.

The Current Worker Program continues to deliver skill and career development opportunities to cater for the immediate and medium term needs of existing workers. The extension of eligibility to workers involved in pre-cast concrete, steel framing and roof trussing acknowledges trends in construction towards a greater use of off-site fabrication.

This year we have split the contingency and innovation initiative introduced two years ago. Training in skill shortage areas to participants who would otherwise be ineligible to train, has now been included as a separate Contingency Program. This will be funded from within the Current Worker Program. A separate more flexible Innovation Program will be created and funded outside the Current Worker Program.

The 2007/08 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 input from 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 \$11.75M. The approximate sectoral allocation for the two programs remains unchanged from previous years, as shown below:

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

\*rounded

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

The Contingency Program introduced in 2005/06 has now become a sub-program within the Current Worker Program. The Innovation Program will become a flexible response mechanism to meet emerging needs or challenges.

## Program 1 – 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.

## Program 2 – 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&S within the industry through training	A safer working environment through training

## Contingency Program

Objectives	Strategies	Outcomes
To address training needs in skill shortage areas that are not otherwise covered by the Current Worker or ELT Programs (Contingency)	Provide training in skill shortage areas to individuals who would otherwise be ineligible for Current Worker or ELT Programs	Build capacity in skill shortage areas with employment outcomes

## Innovation Program

Objectives	Strategies	Outcomes
To develop new training programs and/or innovative delivery of training in skills shortage areas (Innovation)	Engage industry participants by applying different approaches and/or methods to training that are outside the Current Worker or ELT Programs	To facilitate new approaches to training in areas of skills shortages with employment outcomes

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. To manage the growing list of proposed activities, courses not used from one year to the next will be placed on a dormant list. Courses used in the previous year, and those meeting unmet demand with industry support will be known as active courses.

The Board will engage endorsed 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. The majority (80%) of the allocation will be assigned to RTOs active in the previous ATP year. Those who are not active will need to apply for new contracts from the 20% remaining of the allocation. The CEO will allocate discretionary funds to meet unmet training demand from the industry throughout the year.

Funds in the Current Worker Program will continue to 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%).

# **Appendix 1**

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

### **Research and Planning**

Research is a Board function prescribed in 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. It will also include an awareness survey to measure CITB market penetration. 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 2007/08 Resourcing Plan**

#### **Background**

##### **Levy**

During 2006/7, for the second year in succession, levy collections did not moderate as anticipated. Again, we saw increased activity in the commercial and civil sectors. This boosted overall collections, and counteracted the softening of the housing market. Several major projects of note in the civil sector in 2006/07 include wind farms at Hallett and Lake Bonney, and utility upgrades requiring civil and commercial works. The commercial sector was bolstered by several new building projects in the health (Lyell McEwin hospital upgrade) and education (Flinders University 2 new buildings) sectors.

For 2007/08, we expect to see continued growth in levy revenue, as several major projects come online. These include the tram extension down North Terrace, and the South Road/Anzac Highway overpass. We are also anticipating increased housing and civil activity associated with the mining exploration boom, including significant housing developments at Roxby Downs and adjacent areas. The commercial sector is expected to slow this year as major commercial projects come to a conclusion.

##### **Training**

The expansion of the Entry Level Training Program to cover direct indentured as well as Group Training Schemes has seen a growth in direct indentured apprentice support over the past two years, but not to the level we would have liked. Three-quarters of apprentices funded are Group Scheme apprentices. There is a lag effect in respect of direct indentured claims, but the challenge remains for CITB to make contact with more employers of direct indentured apprentices, and to ensure that they submit claims. Whilst we have coverage of over 2,000 apprentices in receipt of CITB funding subsidies, there could be over 4,000 apprentices training in the industry.

Despite increasing levels of employment in the industry, considerably lower levels of training than anticipated have occurred. Training rates are not keeping pace with a growing workforce.

Another significant factor affecting training continues to be the 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. Continued uncertainty around the timing of an imminent uniform national OH&S program has resulted in individuals delaying 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. CITB has placed advertisements to encourage Green Card renewal, and has taken on the management of associated training materials for this course from Work Safe SA. However, this is not enough to counteract the CITB surplus in training places for 2006/07.

## **Initiatives for 2007/08**

Levy revenues were expected to moderate in 2006/07. However, the accumulated surplus gives the CITB confidence and resources to put in place a more ambitious but sustainable Plan for 2007/08 and beyond. For 2007/08, CITB will:

Raise the level of funding to the Entry Level Training Program by:

- Increasing the amount of tuition funding from \$400 per annum over 3 years (a total of \$1,200), to \$1,600 over 3 years with no annual cap. This is to keep pace with the 30% rise in fees, and to better align reimbursement with rising tuition fees and the trend for higher costs in the early years of off-job training
- Increasing the completion incentive from \$1,500 to \$1,600 per annum
- Increasing the on-job incentive from \$1,500 to \$1,600 per annum
- Reintroduce the requirement of Group Training Schemes who require monthly payments of on-job funding to have 10% of their apprentice intake drawn from D2C students. This is to strengthen the link between the D2C Program and apprenticeship uptake
- Continue to pay the \$1,000 incentive to employers who take on D2C graduates.

Raise the level of funding to the Current Worker Program by:

- Increasing the level of funding for classroom based courses with up to 15 participants by \$25 to an average day base rate of \$130
- Increasing the level of funding for practical based courses with 10 participants by \$30 to an average day base rate of \$180
- Extending the eligibility for the Current Worker Training Program to include pre-cast concrete workers and steel frame and roof truss manufacturing workers. This is in acknowledgement of the increasing trend to use pre-fabricated assemblies and components on-site
- Funding the Contingency Program from within the Current Worker Program.

The Board continues to raise concerns with the Federal Government on the taxing of employment incentives paid to employers of direct indentured apprentices.

To meet the medium term needs of the SA Building and Construction Industry, the CITB continues to review and update annually the Five Year forward plan first developed in 2004/05. The budget has been structured accordingly.

## Key Points

	2006/07 Budget	2006/07 Estimate <sup>1</sup>	2007/08 Budget
<b>Levy Revenue</b>	<b>\$10.50M</b>	<b>\$12.30M</b>	<b>\$12.60M</b>
<b>Current Worker Expenditure</b>	<b>\$4.28M</b>	<b>\$3.79M</b>	<b>\$4.91M</b>
<b>ELT Program Expenditure</b>			
Tuition funding	\$0.69M	\$0.61M	\$0.86M
On-Job funding	\$1.98M	\$2.16M	\$2.63M
Completion funding	\$3.28M	\$1.87M	\$2.73M
D2C Employer incentive	N/A	\$0.075M	\$0.12M
<b>Total ELT</b>	<b>\$5.95M</b>	<b>\$4.71M</b>	<b>\$6.34M</b>
Innovation	\$0.50M	\$0.40M	\$0.50M
<b>Total Programs</b>	<b>\$10.73M</b>	<b>\$8.91M</b>	<b>11.75M</b>
<b>Number of Current Worker training places</b>	<b>23,000</b>	<b>19,400</b>	<b>22,500</b>
<b>Number of apprentices supported</b>	<b>2,200</b>	<b>2,300</b>	<b>2,500</b>

\*Excludes program delivery costs

## 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 2007/08 it is anticipated to be of the order of \$5.4M.

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, including the Innovation Program. The Board's current policy is that the Strategic Reserve will be maintained at a level of not less than \$0.5M on an on-going basis.

At June 2007, the Strategic Reserve is expected to be of the order of \$10.9M, due to the strength of the construction sector over the past 7 years.

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<sup>1</sup> Estimate derived from July 2006 – April 2007 actual plus trend estimate from previous 2 years