



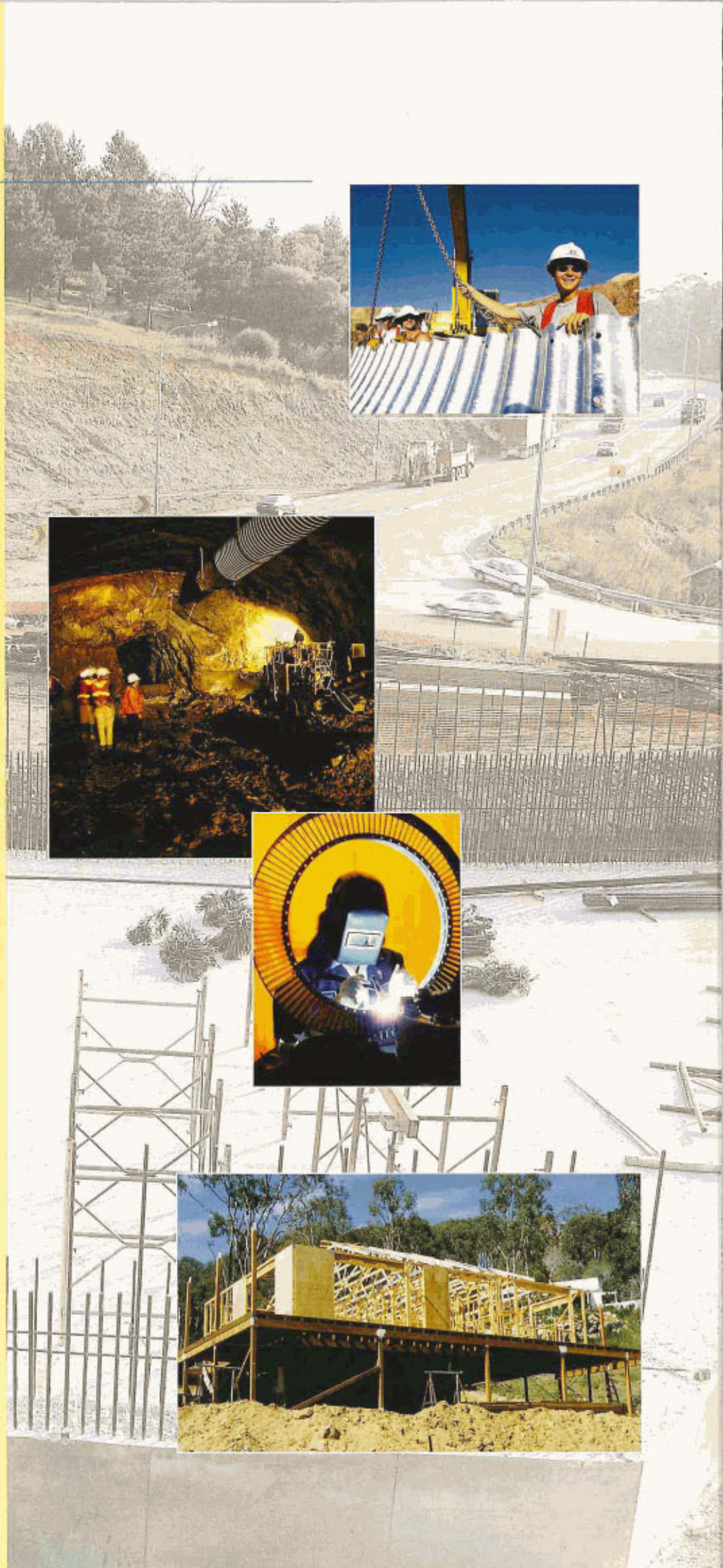
1997/98 Annual Report



**Construction Industry
Training Board**

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Presiding Member's Report ~

In accordance with Section 17 of the SA Construction Industry Training Fund (CITF) Act, I have much pleasure in presenting the 1997/98 Annual Report for the Construction Industry Training Board (CITB).

The CITB further consolidated its position as the organisation responsible for skills development and enhancement in the SA building and construction industry. During 1997/98 the Board undertook some ground breaking research on the future form and skill needs of the SA building and construction industry. This information is already assisting the industry to prepare for the 21st Century, and will serve as the basis on which to further develop the body of knowledge which exists and upon which the industry, and those operating within it, can plan their future.

This year's activities have set a firm foundation for the Industry's future with the 1998/99 CITB Annual Training Plan committing over \$6.5 Million to further develop the skills needed by the SA building and construction industry.

This year has also seen the conduct, as required in the SA CITF Act 1993, of a review by external consultants of that Act and the operations of the CITB. The Report prepared by the reviewer and tabled in SA Parliament by Minister Buckby MP, SA Minister for Education, Children's Services and Training, in late February 1998, made a number of key observations. Principal amongst these were that;

- a) There was a strong belief by most respondents (to the consultant) that the scheme had resulted in worthwhile improvements in training and a scheme of this nature was still desirable
- b) Stakeholders generally felt that the industry had a poor training culture, and in the absence of such a scheme training would be inadequate to satisfy the demand for skilled labour
- c) A high level of support was evident for a legislated levy. The parties consulted generally did not believe that an industry wide levy system could be made to work effectively without a statutory power of collection
- d) The scheme has resulted in a valuable expansion of training within the industry that would not have otherwise occurred.

The reviewer then made a number of recommendations for the Minister's consideration. Three stand out as being of greatest importance, these being;

- a) The Minister retain the Act and Fund as an industry resourced and managed training fund
- b) The existing mandatory levy system be retained
- c) The existing CITB model, where the ITAB and CITF functions are part of a single organisation, should be retained.



Richard McKay
PRESIDING MEMBER

We now await the decision concerning any changes that he will require to be implemented as a result of the review. I and the Board remain committed to improving further on the outcomes that the CITB's existence makes possible.

Finally, I would like to thank all those who have contributed to the continuing success of the CITB. Those whom I must personally thank include my fellow board members, the members of the various committees formed to support the CITB, the staff of the CITB, and finally, all of those operating in the SA building and construction industry. I look forward to our continuing to work together.

A handwritten signature in dark ink, appearing to read 'R. J. McKay'.

Richard J. McKay
Presiding Member

Chief Executive Officer's Report ~

1997/98 was another good year for the Construction Industry Training Board(CITB). The year has seen a further maturing of the CITB in its role as a facilitator of training for the SA building and construction industry. The year has also seen a further increase in the contribution that the CITB makes to the economic development of South Australia through its support in maintaining and improving the skill levels of the industry. These skills play a pivotal role in supporting those infrastructure developments which are serving to prepare the state for entry into the 21st Century.

During the period of this report, the CITB continued to consult widely with all of its stakeholders. These stakeholders include the various employer and employee associations, those companies operating in the industry, federal and state politicians, the training providers and those employed in the industry who are, in the main, the ones who actually access the training the CITB makes available. In addition, the CITB has sought to consult with those who are the ultimate beneficiary of the CITB's efforts, that is the consumers, both individual and corporate, who access the skills of the industry in building an SA fit for entry into the 21st Century.

The CITB has also worked in close co-operation with the SA Construction Industry Advisory Council (CIAC) and the Construction Industry Forum (CIF). Both of these industry-based committees have

identified the key role skills formation and development will have in setting the future direction of the SA building and construction industry.

The year also saw the conduct of the review required by the SA Construction Industry Training Fund Act 1993 into that Act and the operations of the CITB. The recommendations of the review confirmed that the industry valued the work being done by the CITB and the training which the existence of an industry based training levy makes possible. I believe that the vision and commitment that the industry demonstrated back in 1993 in establishing the CITB is now bearing fruit, and the CITB is operating in a manner to deliver those services for which the industry saw a need.

The next year will see the industry further benefiting from the work and support of the CITB. The Board of the CITB is committed to a culture of continuous improvement and this is reflected in the CITB's on-going activities. The Board has developed a series of key performance indicators which will permit it to more readily identify the state of the industry and assist the Board in determining how best to direct its activities. These indicators will also serve to permit the Board to more easily demonstrate the benefits that flow from the existence of the CITF Levy and the manner in which the CITB's funds are utilised. In other words, the CITB is anxious to demonstrate that outcomes are being properly monitored.



Doug Strain
CHIEF EXECUTIVE OFFICER

Finally, I would like to thank all those who have supported the CITB throughout 1997/98 and I would especially like to thank the staff of the CITB for their total commitment and quiet efficiency.

A stylized handwritten signature of Douglas D. Strain, consisting of a large 'D' and 'S' connected together, followed by a horizontal line.

Douglas D. Strain
Chief Executive Officer

Functions ~

The CITB was established on 1 September 1993 under the provisions of the SA Construction Industry Training Fund (CITF) Act and its functions include:

- to act as a principal adviser to the relevant SA and Federal Ministers on any matter relating to training in the building and construction industry
- to administer the Construction Industry Training Fund (CITF)
- to prepare training plans in accordance with the Act
- to promote increased productivity, career opportunities, personal satisfaction and OH&S 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 building and construction industry
- to ensure a more equitable distribution of efforts amongst employers in relation to employment related training in the building and construction industry
- to initiate, carry out, support or promote research into the training and personnel needs of the building and construction industry.

Mission ~

The CITB supports the ongoing growth and viability of the building and construction industry by providing leadership and direction in meeting the training and skill development needs of its people.

We achieve this through:

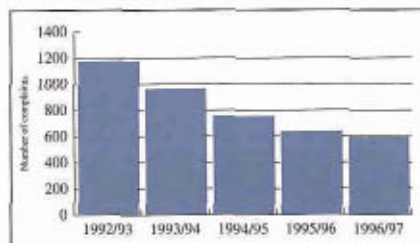
- The effective and equitable management of the training fund.
- The provision of timely and comprehensive research and advice.
- The facilitation of the delivery of cost effective and responsive training services.
- The support of ongoing partnerships and networks within the industry and with other sectors.



Key Industry Performance Indicators ~

Consumer complaints continue to fall

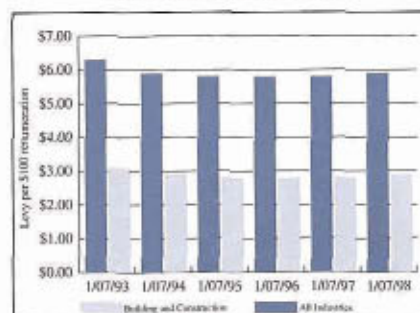
NUMBER OF COMPLAINTS PER \$100M BUILDING WORK COMPLETED



SOURCE: Office of Consumer and Business Affairs and Australian Bureau of Statistics

Further potential exists to reduce WorkCover Levy Rates paid by industry

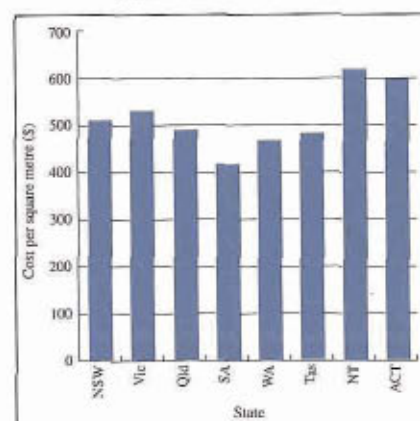
SA WORKCOVER LEVIES PER \$100 REMUNERATION



SOURCE: WorkCover

Adelaide remains a low-cost city in which to undertake building work

COST PER SQUARE METRE FOR PRIVATE NEW HOUSES AT JUNE 1998



SOURCE: BIS Shrapnel & ABS Data

Conflict of Interest ~

During the term of this report, all board members received advice on the matter of Conflict of Interest and no member was found to be operating at any time in a Conflict of Interest.

ATP Approval ~

The CITB 1997/98 Annual Training Plan was prepared in accordance with Section 32 of the SA CITF Act 1993 and approval of that plan was given, by the SA Minister for Education, Children's Services and Training on 8 May, 1997.

On 25 September 1997 the Board of the CITB, in accordance with SubSection 32(9) of the SA CITF Act 1993, sought an amendment to the 1997/98 ATP and this was approved by the SA Minister for Education, Children's Services and Training on 5 December, 1997.

The CITB 1998/99 Annual Training Plan was prepared in accordance with Section 32 of the SA CITF Act 1993 and approval of that plan was given, by the SA Minister for Education, Children's Services and Training on 20 May, 1998.

Delegations ~

The Chief Executive Officer, Mr Douglas Strain, the Finance Manager, Ms Jan Stephens, and Compliance Manager, Mr Les Webb have retained their appointment as *Authorised Officers* in accordance with Section 33 of the SA Construction Industry Training Fund (CITF) Act 1993. The Compliance Officer, Mr Brenton Sullivans' appointment as an *Authorised Officer* was withdrawn due to his departure from the Board's employ.

At its meeting on 20 November, 1997, the Board of the CITB agreed to delegate to the CEO the authority for imposing fines in accordance with Section 14 of the SA CITF Act 1993. This delegation was to be exercised in a manner consistent with the CITB Policy for the Imposition of Fines for Late Payment of Levy.

At its meeting on 18 June, 1998, the Board of the CITB agreed to approve the delegating to Ms Jan Stephens, the CITB Finance Manager, of all delegations exercised by the CEO during his absence from 20 June to 20 July 1998.

No other delegations were approved by the Board of the CITB during the period of this report.

The Board ~



RICHARD JOSEPH MCKAY
FAIB FAICD, Chairman and Director.
Currently Director The Adelaide Bank
Ltd, Director Bridgestone Ltd,
Chairman Martindale Holdings
Pty Ltd, Director Motor Accident
Commission and Director
Masonic Homes Inc.



SUSAN AINSLEE FRAZER
BEd, Dip Dent Hyg, Dip Tech &
Fur Educ, Grad Cert in Mngt.
Currently Deputy Chairperson of the
Accreditation Registration Council.
Previous experience includes human
resource management, lecturing in
courses in South Australia (TAFE) and
Public Health positions in Canada.



DR BILLIE P SLATER
PhD, M.Ed. Admin., Adv. DipT, DipT
(Secondary), FCPA, FAIM. Dr Slater
is a Certified Practising Accountant
and is currently Executive Representative
of the Marleston Campus of the
Douglas Mawson Institute of TAFE.
Is a former President of the Australian
Society of Certified Practising
Accountants. Currently the Director
of a number of organisations including
the South Australian Office of
Financial Supervision.



MARTIN JAMES O'MALLEY
Secretary of the CFMEU and ABCWF.



**BENTLEY EDGAR
BRICE CARSLAKE**
President of the CFMEU.



DAVID SMITH
Secretary of CEPU Plumbing Division
SA Branch, Federal Executive
Member CEPU Plumbing Division
Australia, President of the Building
Trades Federation of South Australia.



**CHRISTOPHER
PERCIVAL MICHELMORE**
FIEAust, MHKIE, Chartered Engineer,
Director. Currently Director Connell
Wagner Pty Ltd,
consulting engineers and managers.



ROBERT NORMAN STEWART
MNIA MAICD Chief Executive
Officer Master Builders Association
of SA Inc. Director Building Industry
Redundancy Scheme Trust. Chairman
Master Builders Group Training
Scheme. Formerly Director, Elders
Property Finance Ltd.



DENNIS HOWARD SQUIRE
FAIM Member Housing Industry
Association, Managing Director
Skelmorlie Management Services,
Chairman, HIA Training and
Professional Development Committee.
Formerly General Manager Boral
Plaster Board, Waratah Gypsum, and
Gypsum Resources Australia Pty Ltd.



GRAEME LAWLER
MIEAust CPEng Board Member,
Director York Civil Pty Ltd, Vice
President Civil Contractors Federation
South Australia.



ROY CHARLES ELLIN
Secretary and Chief Executive Officer
NECA South Australia Chapter,
currently Director PEER Training Inc,
Director BEST Skills, Alternate Board
Member Construction Benefit
Services, Member Electrical Advisory
Panel Business and Occupational
Services, Consumer and Business
Affairs Dept, Member Electrical and
Electrotechnology Energy and Water
Training Board (SA) Inc.

UpSkilling and Cross-Skilling Program ~

OBJECTIVES

- To provide training opportunities for existing eligible workers.

OUTCOMES

- Increased training uptake by industry in accordance with Sector targets.

STRATEGIES

- Fund training providers to deliver training in accordance with the priorities identified by the sectors.
- Fund individuals and enterprises to undertake short courses and programs.

Training Activity

During the period CITB funding supported, in full or part, the attendance of over 10,200 persons at 280 various training programs, courses, seminars or activities. These activities included a wide range of industry subjects which were conducted by a wide range of training providers. In addition, as at 30 June 1998, the CITB had current contracts of training to provide a further 2,250 training positions.

Commercial Sector Training Program

In implementing the 1997/98 Commercial Sector Training Program, the CITB provided approximately \$800,000 in funding to support the provision of training to over 4,300 persons on approximately

110 courses. In addition, as at 30 June 1998, the CITB had current contracts of training to provide a further 100 training positions within the commercial sector. A summary of the topics covered and training outcomes achieved is attached as Appendix 1.

Housing Sector Training Program

In implementing the 1997/98 Housing Sector Training Program, the CITB provided approximately \$650,000 in funding to support the provision of training to 2,800 persons on approximately 90 courses. In addition, as at 30 June 1998, the CITB had current contracts of training to provide a further 1,150 training positions. A summary of the topics covered and training outcomes achieved is attached as Appendix 2.

Civil Sector Training Program

In implementing the 1997/98 Civil Sector Training Program, the CITB provided over \$1 million in funding to support the provision of training to over 3,100 persons on approximately 80 courses. In addition, as at 30 June 1998, the CITB had current contracts of training to provide a further 1,000 training positions. A summary of the topics covered and training outcomes achieved is attached as Appendix 3.

Training Rebate

During 1997/98, the use of the Training Rebate Scheme remained an effective way of encouraging training within the various sectors of the industry. Under this program, individuals and enterprises operating in the industry are able to receive a reimbursement from the CITB of the direct cost of attending any training course the outcome of which is consistent with those required by the CITB 1997/98 Annual Training Plan. The program provides a maximum reimbursement of up to \$100.00 per day with funding provided for a maximum of five days.

Under this scheme during 1997/98 the CITB provided over \$900,000 to persons or organisations operating in the SA building and construction industry for the attendance by over 3,700 persons at various training activities which accorded with the 1997/98 Annual Training Plan.

OH&S and First Aid

The Board maintained its commitment to reflect the industry's concerns for the health, safety and welfare of those employed in the industry. This commitment was reflected in the board supporting the attendance by 400 persons on courses in or related to OH&S.

Quality

In recognition of the need for SA's building and construction industry to embrace the principles and practices of Quality, the CITB supported an extensive range of appropriate training programs with 186 persons attending the programs provided. In addition many of the other programs receiving CITB funding assistance incorporated topics on Quality.

Management

Again the CITB has recognised a non-technical training need which was threatening the future of the SA building and construction industry. It was identified that many enterprises lacked sufficient training in management and as a result the CITB supported the provision of management training to almost 100 persons.

Information Technology

The CITB provided training for almost 300 persons in various aspects of information technology.



Entry Level Training Program ~

OBJECTIVES

- To maintain a supply of skilled workers to the industry by supporting employment and training opportunities for new entrants.

OUTCOMES

- An increase in the number of new entrants under contracts of training in accordance with sector targets as identified.

STRATEGIES

- Provide support to organisations in accordance with Board policies.
- Identify and establish, where appropriate, new structured training arrangements.
- Provide advice to schools and individuals about training pathways for the industry.
- Liaise with SSABSA to expand school to work pathways appropriate for secondary students.

Entry Level Training

Throughout the period the CITB continued its commitment to entry level training through the provision of over \$2 million to support over 500 apprentices and trainees attending the various group training schemes which exist to serve the needs of the SA building and construction industry. The following schemes received funding assistance in 1997/98;

- a. Group Training Employment,
- b. Master Builders Group Training Scheme,
- c. Plumbing, Electrical, Electronic and Refrigeration (PEER) Training, and
- d. the Housing Industry Association.

This support has continued to see an increase in the numbers of persons in training in the building and construction trades or occupations, see Figure 1.

Also, during the year the Board of the CITB agreed to the adoption of a Policy on Entry Level Training which provides a focus on the number of apprentices and trainees employed under registered contracts of training.

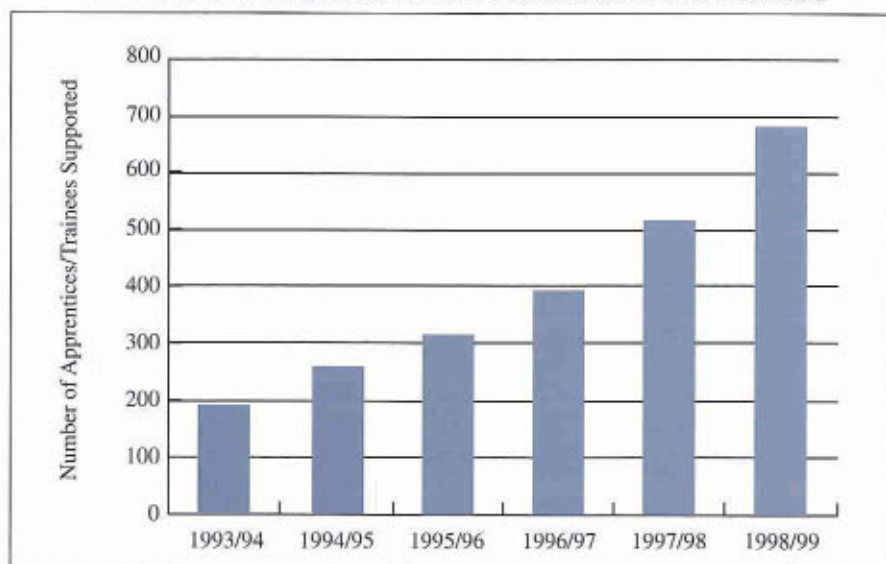
Outcome Against Target

The CITB 1997/98 Annual Training Plan established targets by trade and number against which contracts were let with the various Group Training Companies. Details of the targets set and outcomes achieved are detailed in Table 1.

Trade/Occupation	ATP Target	No. Achieved
Carpenters	137	170
Bricklayers	35	18
Roof Tilers	8	-
Wall and Floor Tilers	10	5
Plumbers	85	71
Teledata Trainee	50	26
Fibrous Plasterers	30	12
Solid Plasterers	8	5
Painters & Decorators	39	31
Electrical & Refrig Mechanic	176	176
Floor Finishers	8	-
Cabinet Makers	2	3
Structural Core Worker	16	-
Construction Worker & AVTS Trainees	20	7
TOTAL	624	524

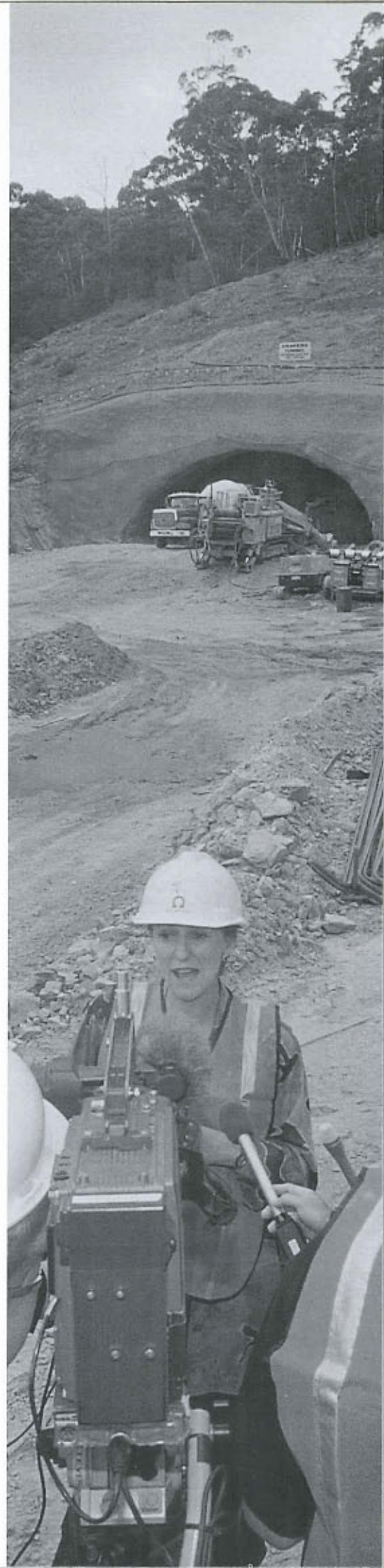
TABLE 1

**TOTAL NUMBER OF APPRENTICES/TRAINEES SUPPORTED
BY THE CITB ENTRY-LEVEL TRAINING PROGRAM**



SOURCE: CITB

FIGURE 1



Research and Development Program ~

OBJECTIVES

- Assist the Board and the industry to provide quality advice to governments on the training needs of the industry.
- Identify training and training delivery initiatives suited to the needs of different sectors, occupations and groups within the industry.
- Identify initiatives to extend the uptake of training by all in the industry.
- Broaden the involvement of the industry in the CITB's planning processes.
- Provide the CITB with information on the effectiveness of various training programs.
- Influence training developments at a national level.
- Research and identify entry level training needs for the future of the industry.

OUTCOMES

- Improved information available to interested parties on skill shortages and training needs and demands.
- Greater range of structured training programs for industry.
- Production of self-paced resources for small business management that takes into account the requirements under the Building Work Contractors Act.
- Improved representation on national advisory committees.

STRATEGIES

- Fund rigorous Research activities in accordance with industry needs and program objectives.
- Provide resources for course and materials development where these do not exist.
- Establish advisory structures in line with national arrangements.

Research Activities

The CITB funded the undertaking of the following principal research activities;

a. Training Needs Survey.

778 telephone surveys were conducted in 18 occupational groups in the industry covering professional, trade and non-trade areas in both metropolitan and regional areas. The survey was statistically valid and the CITB received positive feedback from industry members who had been involved in the process. This survey has provided the CITB with extensive data on training preferences and skill requirements and it is envisaged that the survey will be repeated in 1999-2000.

b. Domestic Trades Report.

This report provides the housing sector with a comprehensive profile of current building licence holders to assist them in their deliberations regarding the development of training priorities.

c. Field Officer.

An entry level training field officer was funded to both recruit regional apprentices and trainees and to provide the CITB with research data on regional training needs.

d. Further Development of Training Outcomes.

As the funding mechanisms utilised by the CITB become more sophisticated, the Training Outcomes as defined in the Annual Training Plan need to

become both clearer and more defined. Some work was undertaken in this area to establish objectives and learning outcomes for each training outcome identified by the industry. This work will be continued in 1998-99.

Discussion Papers

The CITB developed and distributed Discussion Papers on the following topics;

a. The Future of the Construction Industry.

The objective of this paper was to research developments at the forefront of the construction industry in areas such as building technologies, work organisation, project management, education and training with a view to producing a paper on the impact of these developments on the future of the industry. The Board plans to disseminate this paper widely throughout the industry in 1998-99 to encourage strategic discussion and decision making, particularly in the area of skill development and training.

b. The Future of Entry Level Training in the Building and Construction Industry.

This paper was the result of a research project commissioned in 1996/97 to evaluate both structured and non-structured training arrangements in the industry. It was widely distributed throughout Australia and generated much debate regarding the factors affecting the take up of

apprentices and trainees. Results of this exercise will be available in the second half of 1998 and will be presented at a national industry conference in Melbourne focusing on the future of entry level training.

Guidelines

Under this program the CITB developed guidelines for the delivery of building and construction VET modules in schools. The Hon. Malcolm Buckby, Minister for Education, Children's Services and Training launched these guidelines at Gawler High School on Thursday, 30 April 1998.

Advisory Structures

The CITB facilitated industry representation on the following national advisory committees;

- CTA Civil Stream,
- CTA General Construction Stream,
- CTA Services Stream,
- CTA Off-site Stream, and
- CTA AQF 4-6.

In addition, during 1997/98 the CITB established a building and construction industry research "think tank" consisting of members from key research organisations including the CITB, the Australian Bureau of Statistics, Construction Industry Institute, the Department for Industry and Trade and the SA Centre for Economic Studies.



Access and Equity Program ~

OBJECTIVES

- Enhance skill development opportunities for women in the industry, those in regional areas and those with special language and literacy needs.
- Assist small business access State Government Success Factor initiative.
- Address literacy and numeracy requirements of workers in the industry.

OUTCOMES

- A minimum of 10% of CITB funded training places delivered to people in the regions.
- Inclusion of access and equity provisions in courses submitted for accreditation.
- Increased participation of individuals and companies in training and particularly in language, literacy and numeracy programs.
- An average of 5% of training places taken up by women.
- Increase the proportion of training delivered in the regions.
- Increase in the literacy and numeracy level in the industry.

STRATEGIES

- Include access and equity requirements in contracts with training providers.
- Ensure access and equity requirements are addressed in courses reviewed by the CITB's Training Assessment Committee for accreditation.
- Provide direct support to women in small business, regional workers and those with language and literacy needs.
- Market the benefits of training directly to identified groups with special needs.
- Seek input from identified groups in CITB planning processes.
- Establish the need for self-paced resources for people in the regions.
- Provide support to businesses that qualify for the State Government's "Success Factor" program.
- Assess the effectiveness of existing language, literacy and numeracy programs and explore alternative programs.

Training of Regional Workers

During the year the CITB provided funding to support the training of 2,260 persons resident outside of metropolitan Adelaide. This represents approximately 25% of those who accessed CITB funded training in 1997/98.

Training of Female Workers

During the year the CITB provided funding to support the training of 265 female persons employed within the SA building and construction industry. This represents approximately 2.5% of those who accessed CITB funded training in 1997/98.

Access and equity provisions are included in courses submitted for accreditation

The CITB's advice was sought in the accreditation/recognition of the request to extend the accreditation for Certificate III in Building and Construction course, the recognition of the Building Works Supervisor - Housing course, the extension of the accreditation for the Mechanical Services(Plumbing) course, and the recognition of the Home Building Supervisor course. All these courses had provision for recognition of prior learning, multiple entry and exit points, and appropriate assessment strategies.

Regional Consultation

During 1997/98 the CITB consulted with all SA Regional Development Boards in an endeavour to ensure regional training needs and issues were incorporated into CITB planning processes. Focus groups were held in conjunction with the following organisations:

- Building and Construction Industry Advisory Board - South East Inc. (Mount Gambier)
- Eyre Regional Development Board (Port Lincoln)
- Murraylands Regional Development Board (Murray Bridge)
- Port Pirie Regional Development Board
- Riverland Development Corporation (Berri)
- Whyalla Regional Development Board
- Yorke Regional Development Board (Kadina)

The CITB was also involved in the funding and facilitation of a civil sector specific regional workshop conducted in Adelaide and attended by representatives from throughout regional South Australia.

Promotion Program ~

OBJECTIVES

- Increase the awareness and the use of CITB funding programs.
- Promote training and skill enhancement as a means of improving personal and business performance.

OUTCOMES

- Increased awareness and uptake of the training available through the fund.
- Increased awareness of changes to training arrangements in the industry.
- Increased awareness of the role of the CITB.
- Increased compliance by the industry in levy obligations.
- Increased numbers in industry accessing training.

STRATEGIES

- Develop and distribute material using a range of media to inform the industry of the benefits and availability of training.
- Establish CITB funded awards for Best Practice in collaboration with industry associations and governments.
- Use computer communication networks to disseminate information about the CITB, its roles and functions.

Throughout the period under consideration the CITB conducted a promotion campaign designed to increase the awareness of the liability to pay the CITF Levy and of the training which the CITF Levy facilitates. Approximately \$90,000, representing approximately 1.5% of the levy funds collected, was expended on the promotion of the need to pay the CITF Levy and of the availability of the training made possible through the funds collected. The promotion campaign included the production of suitable printed material, a direct mailing of information to all, both general and restricted, builders registered in SA and more general media promotion activities.

Awareness of the Need to Pay Levy

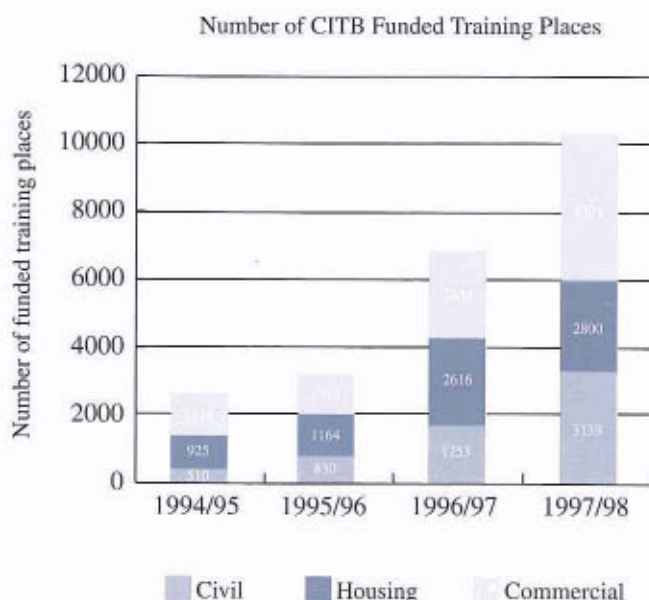
Research undertaken by the CITB indicates that the total cost of building and construction work on which the CITF Levy is being paid is roughly equivalent to the total amount of building and construction work being undertaken in SA as reported in figures produced by the Australian Bureau of Statistics.

Awareness of the Availability of Training

Figure 2 opposite shows that the number of training places funded by the CITB has been steadily increasing since 1994/1995. The increase in the numbers of persons accessing training courses which receive full or part subsidy through the CITB is positive, but in 1998/99 the Board has agreed to undertake work to determine the amount of training, including that provided through public funding and enterprise direct funding, that those organisations operating within the industry are undertaking.

FIGURE 2

Source: CITB



Training Enhancement Program ~

OBJECTIVES

- Enable the delivery of specialised training for the industry that is not otherwise available.
- Provide structured, competency based training programs and resources where these do not exist.

OUTCOMES

- Specialised industry training delivered to the industry.
- Development of suitable courses for industry.
- Decreased lead time from the identification of a training need to skills acquisition.

STRATEGIES

- Provide support to industry based training providers in accordance with the CITB's Skill Centre policy.
- Provide support to industry sectors to identify training needs.

This program is only utilised to address the needs of the civil sector of the industry. Under this program in 1997/98 the CITB committed over \$330,000 to support the following projects/activities.

Civil Operations Traineeship Support and Development

Under this project, the CITB provided \$47,808 to permit the Civil Skills Centre to develop methods by which to facilitate a smooth transition from training arrangements under the Australian Vocational Training

System to those in place under the New Apprenticeship System. The project is due for completion in June 1999 and will result in:

- The development of materials and resources enabling the integration of on-job delivery and the New Apprenticeship System
- The documenting of processes developed to enable implementation of on-job delivery of the New Apprenticeship System
- The production of a report detailing the materials and resources required to implement the National Training Packages

Course Development Civil Sector Training Plan

Under this project, the CITB provided \$63,213 to permit the Civil Skills Centre to develop training courses in response to needs identified in the CITB Civil Sector Training Plan. The project has resulted in the development of training modules in the following areas:

- Traffic Control Devices
- Compaction Techniques
- Earthworks on a Housing/Commercial Site
- Construction Site Geography

Development of AVTS Learning Resources

Under this project, the CITB provided \$63,213 to permit the Civil Skills Centre to develop learning resources for Stages 2 and 3 of the Civil Operations Traineeship. The learning resources developed under this project include:

STAGE 2

- Workplace Communication and OH&S
- Plan Reading and Interpretation, Calculations and Levelling
- Maintenance, Basic Plant, Equipment and Tools

- Civil Construction Works
- Load Slinging, Excavation Support and Compacting Materials

STAGE 3

- Various Plant modules
- Various Non-plant modules
- Various AVTS Additional/ Elective modules
- Various AVTS Support Materials

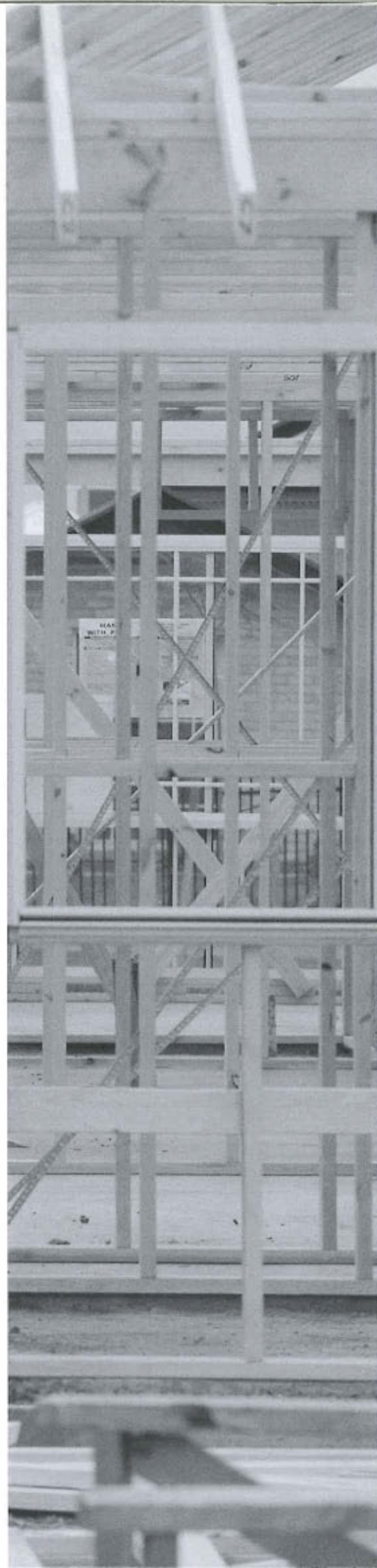
Civil Sector Training Development Officer

Under this project, the CITB provided \$81,783 to permit the Civil Skills Centre to employ a Training Development Officer to ensure the civil sector training needs were being catered for through being responsive to industry initiatives, new technology and training methods. The Civil Sector Training Development Officer was responsible for;

- Facilitating training programs
- Undertaking research
- Assisting the Civil Sector Standing Sub-committee with the preparation of budgets and the Annual Training Plan
- Undertaking sector consultations
- Promoting the benefits of training throughout the civil sector

Civil Operations Traineeship Support and Development

Under this project, the CITB provided \$76,983 to permit the Civil Skills Centre to administer and promote traineeships in the SA Civil Sector. This project has resulted in an increased uptake of trainees in the civil operations, horticulture, small business and general construction areas.



Governance, Finance and Administration Program ~

OBJECTIVES

- Monitor the performance of the fund.
- Ensure the Board and the fund are administered in accordance with the CITF Act and other relevant legislation.
- Ensure compliance by industry to pay the levy.
- Maximise the effective use of the fund.
- Maximise the efficiency of administration.
- Establish qualitative and quantitative measures of effectiveness of training.

OUTCOMES

- Quarterly reports are provided to the Board and the Sectors on the progress towards sector targets.
- Half yearly reports on the effectiveness of various training programs.
- Compliance by the industry to the satisfaction of the Board.
- Unqualified audit opinion by Auditor General.
- Total cost of this program not to exceed 12.5% of expenditure.
- Increased levels of satisfaction in training outcomes from participants and enterprises.

STRATEGIES

- Analyse the course evaluation forms of participants for reporting purposes.
- Establish consultative mechanisms consistent with national developments.
- Continue refinement of internal administrative procedures.
- Assess levels of satisfaction with training outcomes from participants and enterprises.

In 1997/98 the CITB expended less than \$775,000, which represents approximately 12.4% of the total income collected by the CITB, on the Governance, Finance and Administration of the CITB and the SA CITF Act.

Risk Statement and Strategy

During 1997/98, the Board of the CITB developed and agreed to adopt a comprehensive policy and strategy to deal with the risks associated with the CITB's operations. The Policy adopted states;

The CITB is committed to the development and implementation of a structured risk management policy

in order to protect all stakeholders against potential losses and to maximise effectiveness and efficiency.

In accordance with its Risk Management Policy, the CITB aims to:

- *integrate risk management into all policies and day to day procedures;*
- *identify all risks;*
- *conduct formal risk evaluations and develop a risk profile which encompasses all of the CITB's planning strategies and documents;*
- *select, monitor and review appropriate risk control techniques;*
- *communicate with and involve all stakeholders including employees in the process;*
- *provide the resources required to facilitate adequate training in risk management.*

The CITB's commitment to a structured and effective Risk Management strategy will contribute to the successful administration of the CITF Act and improve the opportunities for structured skills development and positive training outcomes for those in the building and construction industry in SA.

Y2K Compliance Policy

During 1997/98, the Board of the CITB developed and agreed to adopt a comprehensive policy and strategy to address the matter of Year 2000 Compliance. The Policy adopted states;

The CITB is committed to ensuring that key business functions will continue to operate without date related errors up to, during and beyond the year 2000. The Board understands the serious and wide-ranging problems which may eventuate if computerised and electronic systems fail to correctly recognise the year 2000 in relevant date fields. This commitment involves providing the resources necessary to plan and effect a comprehensive year 2000 program and, in order to fulfil its fiduciary responsibilities, the Board agrees to proactively support any plans to address potential year 2000 problems within the organisation.

The CITB has devised a comprehensive strategy and action plan which, following successful implementation, will place the organisation in a position whereby all of the risks associated with systems operations in the year 2000 will have been eliminated or minimised.

Staffing

At 30 June 1998, the CITB employed 11 full-time staff. These comprised 6 staff on contracts of employment (including one trainee) and 5 on a permanent basis.

Information Technology

Throughout the period of this report the CITB operated a 13 Terminal Local Area Network. The CITB has also adopted an IT Strategic Plan and as a part of this the CITB has established a web-site on the Internet and an E-mail facility.

Equity

During the period no reports or instances of a breach of the CITB EE Policy occurred.

Occupational Health, Safety and Welfare

During the period no workplace injury or illnesses were reported.

Training

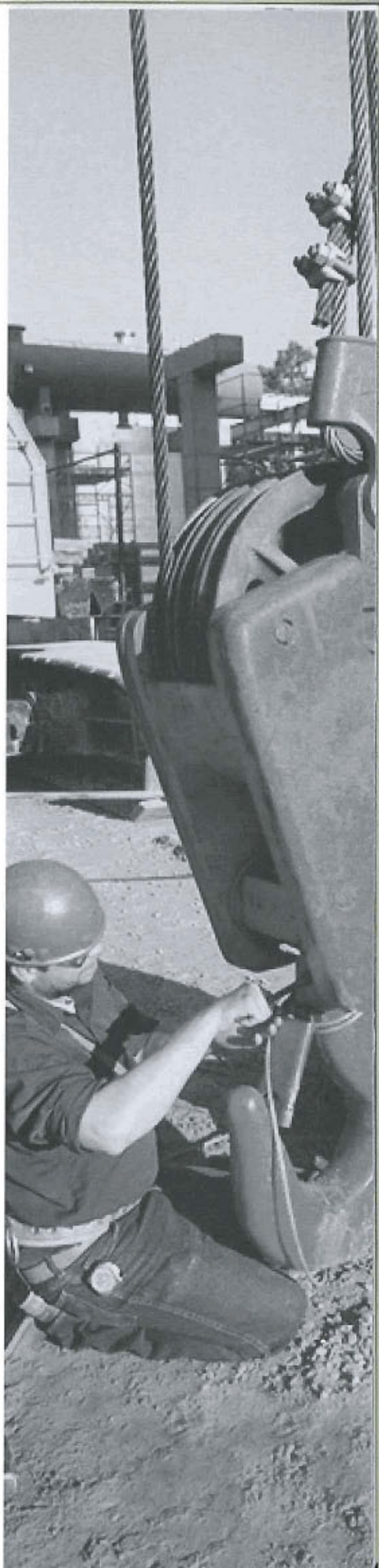
During the period the CITB spent \$5,587, which represents 1% of the wages and salaries paid to staff, on formal staff training. Training undertaken by staff included computing, first aid, negotiation skills and OHS&W. In addition the staff participated in two half day in-house training sessions.

Policies and Procedures

During the period the CITB continued to commit substantial effort to the development of relevant policies and procedures for its operations. A CITB Policies and Procedures Manual has been prepared and undergone continuous validation and improvement.

Quality

The CITB remains committed to being a Quality organisation which is widely recognised for its effectiveness and efficiency. During the period the CITB continued the documenting of its procedures such that a basis is established for the gaining of Quality Accreditation.



Financial Result

In 1997/98 the CITB's total income was \$6.25 Million. This represents an increase of 14% on the total income for 1996/97. The CITB Annual Financial Statements for the period 1 July 1997 to 30 June 1998 are attached as Appendix 4.

In addition, during the period the Board of the CITB reviewed its Investment Policy. This has resulted in a \$93,000, or 26%, decrease in the amount of income gained from monies invested over that achieved in 1996/97.

Financial Reserve

During the period the Board revised its Reserves Policy. This policy now requires the CITB to maintain a Training Reserve, which is reflected in the Annual Training Plan, and a Strategic Reserve, which is to be 25% of the following year's budgeted net Levy income and for 1997/98 was \$1.425 million.

Compliance Strategies

To maximise the level of compliance with payment of the CITF Levy, the CITB developed a Compliance Strategy. This strategy emphasised the need to communicate the need to pay the levy, to establish mechanisms to promote compliance and finally a means by which to monitor the level of compliance achieved. The implementation of this strategy resulted in a wide spread knowledge of and compliance with the need to pay the SA CITF Levy. A summary of levy income collected in 1997/98 is detailed in Figure 3.

Accommodation

During the period the CITB maintained its occupancy of premises at 81 Greenhill Road, Wayville.

Sector Standing Sub-Committees and Working Party

In accordance with Section 13 of the SA CITF Act 1993, the CITB operated the following committees to provide advice on funding allocations;

- Housing Sector Standing Sub-Committee
- Civil Sector Standing Sub-Committee, and
- Commercial Sector Standing Sub-Committee.

In addition, the CITB also supported the operation of the Specialist Services Working Party.

Collection Agents

As at 30 June 1998, the CITB had approved, in accordance with Section 19 of the SA CITF Act 1993, 55 Collection Agents, comprising mainly Local Government Authorities. In the period a total of approximately \$73,000 was paid to Collection Agents. This figure represents approximately 9.5% of the total administrative costs incurred by the CITB.

Fines and Penalties

During the period the Board of the CITB imposed no fines under Section 25 of the SA CITF Act.

Environmental Issues

The CITB maintains a smoke free workplace and has a strong commitment to the environment. During the period of this report the CITB undertook no activity which was damaging to the natural environment.

CITB Levy Income 1997-98

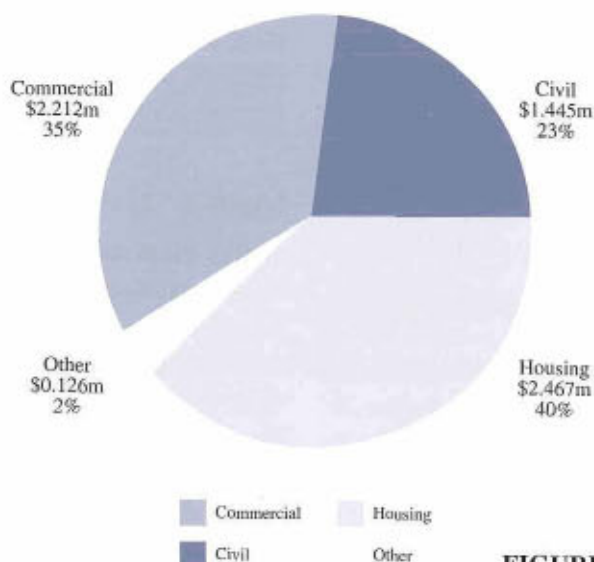


FIGURE 3

Reserve Program ~

OBJECTIVES

- Address unforeseen training and other opportunities that arise during the year.
- Provide flexibility in the Annual Training Plan.

OUTCOMES

- Greater flexibility and improved responsiveness of the fund to the needs of industry.

STRATEGIES

- Accumulating a reserve of not more than 5% of the collections to which sectors have access.

In 1997/98, all skill needs identified by the industry for addressing by the CITB were achieved within the funding programs which comprise the Annual Training Plan. As a result no funding allocation was made against this program.



Appendices ~

1. CITB Commercial Sector Training Programs - 1997/98
2. CITB Housing Sector Training Programs - 1997/98
3. CITB Civil Sector Training Programs - 1997/98
4. CITB Financial Statements 1997/98

CITB Commercial Sector Training Programs - 1997/98 ~

COMMERCIAL SECTOR	ATP Target Numbers	Actuals Trained as at 30/6/98	Positions Contracted to Train as at 30/6/98	Outcome Achieved Against Target No.
Steel fixing	10	0	16	6
Basic scaffolding	140	98	160	118
Intermediate scaffolding	30	30	30	30
Advanced scaffolding	20	21	20	21
Elevated work platform	212	216	227	231
Dogging	150	164	161	175
Basic rigging	100	84	90	74
Intermediate rigging	20	18	20	18
Advanced rigging	10	12	10	12
Forklift	184	121	184	121
Crane operators (mobile)	6	5	6	5
Materials hoist	32	0	0	-32
Personnel hoists	16	10	24	18
Air conditioning	10	0	0	-10
Basic welding/oxy-acetylene	20	0	20	0
AS 3500 parts 2.1 & 2.2	40	34	40	34
AS 3500 part 4	20	0	20	0
Hot water maintenance	20	21	24	25
Workplace audit training	50	0	48	-2
Legislation changes	50	0	0	-50
Pre-qualification (Services SA)	120	0	0	-120
Workplace trainer cat. 2	20	0	20	0
Asbestos - operatives	50	10	50	10
Bonded asbestos	50	9	50	9
HT & articulated	10	9	10	9
Twin rope access	18	7	16	5
Twin rope retrieval	20	0	24	4
Tower crane	12	12	12	12
Demolition	20	20	20	20
Lead paint removal	20	8	20	8
Estimating (painter specific)	20	0	20	0
Decorative finishes	10	8	10	8
Marbling	15	12	15	12
Woodgraining	15	12	15	12
Wallcoverings	15	0	15	0
Trompe L'oeil	15	0	15	0
Self testing	650	58	90	-502
Teledata	130	58	92	20
High voltage switching	15	0	0	-15
Sub station maintenance	18	0	0	-18
Confined space	30	30	32	32
Safety supervisors	50	34	50	34
Heat stress-safety awareness	50	6	60	16
Performance based building code	200	0	120	-80
Pre-qualification overview	500	0	360	-140
OH&S systems	380	2	300	-78
OH&S essentials	160	14	165	19
QA for quality officers	15	0	15	0
QA systems	310	30	387	107
QA basics	110	0	0	-110
<i>Training undertaken to address earlier training plans or other programs</i>	0	988	0	988
TOTALS (correct as at 30/6/98)	4188	2161	3083	1056

CITB Housing Sector Training Programs - 1997/98 ~

HOUSING SECTOR	ATP Target Numbers	Actuals Trained as at 30/6/98	Positions Contracted to Train as at 30/6/98	Outcome Achieved Against Target No.
Technical Training				
Airless spray painting techniques	20	8	20	8
Basic levelling and setting out	50	24	68	42
Brick paving	12	12	12	12
B' Class electricians (for air conditioning)	160	0	142	-18
Bricklaying	30	16	30	16
Carpentry/joinery	50	0	0	-50
Conservation of traditional buildings	12	0	0	-12
Electrical contractor licensing	150	0	0	-150
Electrical Installation test procedures	900	93	609	-198
Electric power tool testing	100	155	182	237
Fire safety procedures	60	6	66	12
Footings/concreting/ foundation contractors	24	0	48	24
HCFC air-conditioning (residential)	100	0	0	-100
Hot water maintenance/servicing	200	85	192	77
HVAC design	24	0	12	-12
HVAC heat load computer program	24	0	0	-24
HVAC installation	24	0	12	-12
HVAC psychometrics	12	0	0	-12
Painting/decorating, including decorative finishes	50	8	60	18
Plan reading	30	7	39	16
Roof plumbing	40	0	0	-40
Roof tiling	12	0	0	-12
Scaffolding for domestic use	50	32	90	72
Site preparation/drainage	50	60	60	70
Solar hot water systems	150	0	0	-150
Solid plastering	50	20	36	6
Steel framing for housing	50	0	0	-50
Teledata installation	130	56	162	88
Timber development	40	0	40	0
Wall and ceiling lining, install/flush	25	13	24	12
Wall/floor tiling (including wet area regulations)	100	35	130	65
Workplace assessor	24	23	26	25
Workplace supervisor	100	0	0	-100
Management				
Accounting/bookkeeping	50	0	0	-50
Contracts and documentation	75	16	52	-7
Contract administration	75	0	50	-25
Estimating (including estimating for painters)	100	0	0	-100
Office/administration skills	50	38	50	38
Works supervision	650	0	48	-602
Legislation/Regulations				
AS 3500 Part 1 (cold water)	24	0	24	0
AS 3500 Plumbing and Drainage Code	230	0	230	0
Building Code of Australia	250	3	3	-244
Development Act 1994	100	0	36	-64
Environmental Protection Authority (Stormwater Code)	100	0	60	-40
Housing Code	125	78	210	163
Timber Framing Code	125	79	80	34
Plumbing industry legislative changes	250	0	240	-10
OH&S				
First Aid (St Johns)	400	3	3	-394
<i>Training undertaken to address earlier training plans or other programs</i>	0	785	0	785
TOTALS (correct as at 30/6/98)	5457	1655	3146	-656

CITB Civil Sector Training Programs - 1997/98 ~

CIVIL SECTOR	ATP Target Numbers	Actuals Trained as at 30/6/98	Positions Contracted to Train as at 30/6/98	Outcome Achieved Against Target No.
Plant Operator Training				
Elevated platform vehicle	50	39	56	45
General plant operator training	36	201	36	201
Basic plant operator training	100	95	90	85
Non-plant Operator Training				
Road maintenance management	10	0	10	0
Road maintenance supervision	20	0	20	0
Civil landscaping	25	18	32	25
Compaction techniques	10	5	15	10
Dam construction	10	0	10	0
Drilling and blasting	5	0	5	0
Environmental awareness training - Management	50	0	0	-50
Environmental awareness training - Practices	500	70	95	-335
Electrical self testing procedure	150	18	18	-114
Irrigation (design and water management)	25	0	0	-25
Laser levelling and surveying	100	26	120	46
Pipe laying	70	0	70	0
Pit rubbles	10	0	10	0
Teledata installation	40	0	105	65
Trenching and shoring	50	24	70	44
Workplace assessor training	25	0	24	-1
Workplace trainer training	25	10	24	9
Occupational Health and Safety Training				
Bonded asbestos removal	150	20	150	20
Civil sector OH&S				
• Managers	50	0	60	10
• Supervisors	90	41	115	66
• Construction workers	50	60	98	108
First aid	100	101	110	111
Materials handling/manual handling (inc fencing)	50	36	56	42
Workzone traffic hazard management A	200	0	0	-200
Workzone traffic hazard management B	250	389	779	918
Demolition practices (licensing)	20	0	20	0
Basic welding	50	27	56	33
Confined space training	50	66	50	66
Worksafe compliance training	500	205	500	205
Management Training				
Contract compliance (prequalification)	50	17	48	15
General contract administration	70	23	45	-2
Local government specifications	40	0	15	-25
Site QA	50	12	48	10
Strategic business planning/ small business	15	8	16	9
Local government business unit development	30	0	15	-15
Training undertaken to address earlier training places or other programs	0	1206	0	1206
TOTALS (correct as at 30/6/98)	3126	2717	2991	2582

South Australian Construction Industry Training Board Financial Statements ~

Certificate by the Presiding Member, Chief Executive Officer and Finance Manager

To the best of our knowledge and belief, the attached Operating Statement, Statement of Financial Position, Statement of Cashflows and Notes To and Forming Part Of The Financial Statements, give a true and fair view of the results of operations and the financial position of the South Australian Construction Industry Training Board for the financial year ended 30 June 1998.



RICHARD J. MCKAY
Presiding Member



DOUGLAS D. STRAIN
Chief Executive Officer



JAN E. STEPHENS
Finance Manager
(Principal Accounting Officer)



Auditor-General's Department

INDEPENDENT AUDIT REPORT

TO THE PRESIDING MEMBER
CONSTRUCTION INDUSTRY TRAINING BOARD

SCOPE

As required by section 31 of the Public Finance and Audit Act 1987 and subsection 16(2) of the Construction Industry Training Fund Act 1993, I have audited the financial report of the Construction Industry Training Board for the year ended 30 June 1998. The financial report comprises:

- An Operating Statement;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- Notes to and forming part of the Financial Statements;
- Certificate by the Presiding Member, Chief Executive Officer and the Finance Manager.

The members of the Construction Industry Training Board are responsible for the preparation and presentation of the financial report and the information contained therein. I have conducted an independent audit of the financial report in order to express an opinion on it to the Presiding Member.

The audit has been conducted in accordance with the requirements of the Public Finance and Audit Act 1987 and Australian Auditing Standards to provide reasonable assurance that the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. Those procedures were undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with my understanding of the Construction Industry Training Board's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, applicable Australian Accounting Standards and other mandatory professional reporting requirements, the financial position of the Construction Industry Training Board as at 30 June 1998, the results of its operations and its cash flows for the year ended 30 June 1998.

18 September, 1998



K I MacPHERSON
AUDITOR-GENERAL

South Australian Construction Industry Training Board ~

Operating Statement for the year ended 30 June 1998

Note	Housing Sector 1998 \$'000	Commercial Sector 1998 \$'000	Civil Sector 1998 \$'000	Other 1998 \$'000	Total 1998 \$'000	Total 1997 \$'000
Income						
Industry levies	2,352	2,103	1,358	-	5,813	4,986
Interest on deposits	97	92	74	1	264	357
Grants	-	-	-	125	125	122
Fines	-	-	-	-	-	2
Gain on disposal of assets	1	1	-	-	2	(1)
Other income	17	16	13	-	46	15
Total Income	2,467	2,212	1,445	126	6,250	5,481
EXPENDITURE						
Administration						
Sales and related payments	150	141	114	-	405	404
Collection Agents fees	60	10	3	-	73	67
Depreciation	14	13	11	-	38	33
Sector administration	-	10	-	-	10	14
Promotion & occupancy	51	48	39	-	138	109
Other	74	70	56	-	200	168
Total Administration Expenditure	349	292	223	-	864	795
Training expenditure	1,687	1,571	1,478	-	4,736	5,571*
Access & equity expenditure	11	8	3	-	22	2*
Total Training, Access & Equity Expenditure	1,698	1,579	1,481	-	4,758	5,573*
Grant Expenditure						
Salaries and related payments	-	-	-	116	116	95
Depreciation	-	-	-	14	14	17
Promotion & occupancy	-	-	-	7	7	6
Other	-	-	-	52	52	65
Total Grant Expenditure	-	-	-	189	189	183
TOTAL EXPENDITURE	2,047	1,871	1,704	189	5,811	6,551
Operating Surplus (Deficit) before						
Abnormal Item	420	341	(259)	(63)	439	(1,070)
Add: Abnormal Item	2.14	634	340	63	-	1.037
Operating Surplus (Deficit) after						
Abnormal Item	1,054	681	(196)	(63)	1,476	(873)
Accumulated Surplus at 1 July	1,138	450	231	58	1,877	2,049
Total available for appropriation	2,192	1,131	35	(5)	3,353	1,176
Aggregate of amounts transferred from (to) reserves	(159)	(61)	89	25	(106)	701
Accumulated Surplus at 30th June	2,033	1,070	124	20	3,247	1,877

*Adjusted

Statement of Financial Position as at 30 June 1998

	Notes	1998 \$'000	1997 \$'000
CURRENT ASSETS			
Cash		609	322
Inventories		1	-
Receivables	3	327	370
Investments	4	4,930	4,863
TOTAL CURRENT ASSETS		5,867	5,555
NON CURRENT ASSETS			
Property, plant and equipment	5	143	148
TOTAL NON CURRENT ASSETS		143	148
TOTAL ASSETS		6,010	5,703
CURRENT LIABILITIES			
Training expenditure approved but not yet paid	6	1,237	2,440
Creditors and accrued expenses		78	47
Provision	7	23	20
TOTAL CURRENT LIABILITIES		1,338	2,507
TOTAL LIABILITIES		1,338	2,507
NET ASSETS		4,672	3,196
ACCUMULATED FUNDS			
Reserve	8	1,425	1,319
Accumulated funds		3,247	1,877
TOTAL ACCUMULATED FUNDS		4,672	3,196

Statement of Cash Flows for the year ended 30 June 1998

	Notes	1998 \$'000 Inflows (Outflows)	1997 \$'000 Inflows (Outflows)
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts			
Industry training levies		5,869	5,184
Interest received		18	44
Other		54	14
Grant from Government		116	126
Payments			
Payments to employees and suppliers		(824)	(803)*
Training, access & equity expenditure		(4,895)	(4,677)*
Grants		(172)	(168)*
Net Cash provided by (used in) Operating Activities	15.2	166	(280)
CASHFLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of commercial bills		18,342	26,789
Proceeds from sale of plant & equipment		18	16
Payments			
Payment for commercial bills		(18,176)	(27,337)
Payment for plant & equipment		(63)	(92)
Net Cash provided by (used in) Investing Activities		121	(624)
NET INCREASE IN CASH HELD		287	(904)
CASH AT 1 JULY		322	1,226
CASH AT 30 JUNE	15.1	609	322

*Adjusted

Notes to and Forming Part of the Financial Statements ~

1. General

1.1 Objectives

The Board's responsibilities include:

- management and administration of the Construction Industry Training Fund and the South Australian Construction Industry Training Advisory Body;
- to act as a principal adviser to the Minister for Education, Children's Services and Training and the Minister of Employment, Education and Training for the Commonwealth on training related matters for the Building and Construction Industry in South Australia;
- preparation of training plans;
- co-ordination of training and review and evaluation of employment related training programmes.

The Fund collects revenue by way of a levy of 0.25 percent of the value of building and construction work. This revenue is invested back into the industry in the form of expenditure on training.

2. Summary of Accounting Policies

2.1 General System of Accounting Underlying the Financial Statements

The General Purpose Financial Statements have been prepared in accordance with applicable Accounting Standards, the Treasurer's Instructions for Authorities promulgated under the provisions of the Public Finance and Audit Act, 1987, and the requirements of the Construction Industry Training Fund Act, 1993. The following is a summary of the significant accounting policies adopted by the Board in the preparation of the Accounts.

- 2.2** The accrual accounting basis has been used for the preparation of the Financial Statements whereby items are brought to account as they are earned or incurred and included in the statements for the accounting periods to which they relate.
- 2.3** The Accounts are prepared on the basis of historical cost and are not adjusted to take account of either changing money values or current valuations of non-current assets unless otherwise disclosed in the notes.

2.4 Depreciation

Depreciation of assets is calculated on a straight-line basis for each class of depreciable asset so as to write off the cost of the asset over its expected useful life.

The depreciation rates used for each class of depreciable asset are set out as follows:-

Furniture and Fittings 20% & 12.5%	Office Machines 20%
Computer Equipment 25%	Motor Vehicles 15%

2.5 Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount.

2.6 Income Tax

The Fund is exempt from Income Tax in terms of Section 23(d) of the Income Tax Assessment Act 1936 as amended.

2.7 Employee Entitlements

Provision has been made in the Financial Statements, where stated, for the Board's liability for employee entitlements arising from services rendered by employees to balance date. Related on-costs consequential to the employment of employees (viz. workers' compensation insurance premiums, superannuation contributions and payroll tax) have been included in the determination of the liability.

Annual Leave

Provision has been made for the unused component of annual leave at balance date. The provision has been calculated at nominal amounts based on current salary rates and includes an allocation of relevant on-costs.

Sick Leave

No provision has been made in respect of sick leave. As sick leave taken by employees is considered to be taken from the current year's accrual, no liability is recognised.

Long Service Leave

The Board has been unable to apply the present value method of liability calculation in respect of long service leave, as required by AAS30 - Accounting for Employee Entitlements. The Board, and consequently employee history covers less than five years and as such, employee retention history information is insufficient for a present value liability calculation. The Board in the interim has adopted the policy of providing for long service leave in respect of employees with 7 or more years of service. At the reporting date no employee had 7 years service.

Superannuation

The Board has contributed 6 percent of employees' base salary into a prescribed superannuation fund. This amount represents the Board's full liability for superannuation for the year.

2.8 Creditors and Accrued Expenses

The Board has brought to account accrued expenses at year end.

2.9 Grant Monies

Grant monies for specific projects are recognized as revenue in the financial year when monies are received, in accordance with Department of Treasury and Finance Accounting Policy Statement No. 11. However, where specific conditions relating to the grant are not met and the amount is required to be repaid, a liability is recognised in the Statement of Financial Position as a result of a present obligation arising to the grantor.

2.10 Leases

The Board leases premises and equipment for its administrative and operating activities. The leases are classified as operating leases and lease payments are included as expenditure in equal instalments over the accounting periods covered by the respective lease terms.

2.11 Accrued Levy Income

Accrued Levy Income includes all amounts held by collection agents at balance date.

2.12 Training Expenditure Approved But Not Yet Paid

Training expenses are recognised as an expense in the financial year that the expenditure was approved. The balance of unexpended training approvals is included in the Statement of Financial Position as Training Expenditure Approved But Not Yet Paid.

2.13 Sector Allocation of Income and Expenditure

The following income and expenditure items have been allocated between sectors based on the level of Industry Levy Income and Training Expenditures:

- | | |
|---------------------------------|--|
| • Interest Income | • Gain on Disposal of Non-Current Assets |
| • Other Income | • Promotion & Occupancy Costs |
| • Salaries and related payments | • Other Administration Costs |
| • Depreciation | |

Industry Levy Income, Collection Agents Fees, Sector Administration Fees and Training and Access & Equity Expenditures have been allocated between sectors based on actual amounts received/incurred for that sector.

2.14 Abnormal Item

The abnormal item of the Board for the financial year represents the write back of training contract amounts which were unspent from previous Annual Training Plan years.

	1998 \$'000	1997 \$'000
Write back of Training Expenses	1037	197

2.15 Receivables

Receivables in respect of accrued levy income and debtors are due for settlement within 30 days and are recorded at their recoverable amount. At the end of each reporting period the receivable balances are reviewed and a provision is raised in respect of any balance where recovery is considered doubtful.

2.16 Investments

Investments represents investments in commercial bills which are recognised at purchase cost. Interest income is brought to account on an accruals basis.

2.17 Inventories

Inventory is valued at the lower of cost and net realisable value.

3. *Current Receivables*

The receivables due to the Board at balance date comprise:

	1998	1997
	\$'000	\$'000
Accrued Levy Income		282
Prepayments		5
Trade Debtors	13	
Less: Provision for Doubtful Debts	1	12
Sundry Debtors		28
Total Current Receivables		327

4. *Current Investments*

The investments of the Board at balance date comprise:

	1998	1997
	\$'000	\$'000
Commonwealth Bank of Aust.		
Commercial bills	1,989	1,900
National Australia Bank		
Commercial bills	2,941	2,963
Total Current Investments	4,930	4,863

5. *Property, Plant and Equipment*

	1998	1997
	\$'000	\$'000
Furniture and fittings at cost	51	
Less: Accumulated depreciation	35	16
Computer equipment at cost	169	
Less: Accumulated depreciation	105	64
Office machines at cost	14	
Less: Accumulated depreciation	9	5
Motor vehicles at cost	64	
Less: Accumulated depreciation	6	58
Total Plant and Equipment		143

6. *Training Expenditure Approved but Not Yet Paid*

	1998	1997
	\$'000	\$'000
Housing Sector	460	1,197
Commercial Sector	327	767
Civil Sector	450	476
	1,237	2,440

7. *Current Provision*

	1998	1997
	\$'000	\$'000
Provision for employee entitlements: Annual Leave	23	20

8. Reserve

In developing its policy in 1997/98 for the maintenance of a strategic reserve, the Board has reviewed the level of the reserve. The Board has decided to increase the level of its strategic reserve in accordance with its annual policy review.

	1998 \$'000	1997 \$'000
Strategic Reserve	1,425	1,319

9. Expenditure Commitments

Lease Commitments:

	1998 \$'000	1997 \$'000
Operating Leases:		
- Not later than 1 year	53	57
- Later than 1 year but not later than 2 years	54	59
- Later than 2 years but not later than 5 years	131	10
Aggregate lease expenditure contracted for at balance date but not provided for	238	126

10. Auditor's Remuneration

	1998 \$'000	1997 \$'000
Amounts receivable by the auditors for auditing the accounts:	20	20

11. Remuneration of Directors

Total income received, or due and receivable during the financial year by Board Members was \$9,000 (\$9,000). The number of Board members whose income from the entity falls within the following band is:

Band	1998 No. of Members	1997 No. of Members
\$0 - \$9,999	1	1

Prescribed benefits given by the Board to a prescribed superannuation fund or otherwise in connection with the retirement of a Board member was \$559.

12. Remuneration of Executives

No employee received remuneration in excess of \$100,000 during 1997/98.

13. Consultant Fees

	1998 \$'000	1997 \$'000
Total Expenditure on consultants	5	52

14. Related Party Disclosures

14.1 Directors of the Construction Industry Training Board

The Directors of the Construction Industry Training Board appointed during the financial year were:

Richard J. McKay	<i>Presiding Member</i>	Roy C. Ellin	
Susan A. Frazer		Chris P. Michelmore	
Billie P. Slater		Robert N. Stewart	
Dennis H. Squire		David B. Smith	<i>Appointment effective 1/9/97</i>
Graeme A. Lawler	<i>Appointment effective 1/9/97</i>	Anthony Bush	<i>Resigned effective 1/9/97</i>
Bentley E. Carslake		David L. Truran	<i>Resigned effective 1/9/97</i>
Martin J. O'Malley			

14.2 Transactions with Director-Related Entities

The following related party transactions occurred during the financial year:

- (a) Two of the Board Members are also Board members of Construction Benefit Services from whom the Construction Industry Training Board leases premises for its operating activities under normal terms & conditions.
- (b) During the year training funds were allocated to associated entities of the Directors of the Construction Industry Training Board. Such transactions were within terms & conditions no more favourable than those available on similar transactions to other parties.

15. Notes to the Statement of Cash Flows

15.1 Reconciliation of Cash

For the purposes of the Statement of Cash Flows, the Board considers cash to include cash on hand and in banks and investments readily convertible to cash within two (2) working days.

Cash at the end of the reporting period, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

	1998 \$'000	1997 \$'000
Cash on hand and at Bank	571	252
Term Deposits	38	70
	609	322

15.2 Reconciliation of Operating Surplus after Abnormal Item to Net Cash provided by Operating Activities

	1998 \$'000	1997 \$'000
Operating Surplus (Deficit) after Abnormal Item	1,476	(873)
Depreciation	52	50
Increase in annual leave provision	3	5
Decrease in debtors and accrued levy income	56	200
Increase in prepayments	-	(5)
(Increase) Decrease in accrued interest	(13)	9
Interest on commercial bills	(233)	(322)
Increase (Decrease) in creditors and accrued expenses	31	(44)
(Gain) Loss on disposal of assets	(2)	1
(Increase) in inventory	(1)	-
(Decrease) Increase in training liability	(1,203)	699
Net Cash provided by (used in) Operating Activities	166	(280)

16. Financial Instruments

a. Credit Risk Exposures

The credit risk on financial assets of the Board which have been recognised in the Statement of Financial Position is generally the carrying amount, net of any provision for doubtful debts.

The Board is of the opinion that it does not have any material credit risk exposure to any single debtor or group of debtors.

b. Interest Rate Risk Exposures

The Board's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out as follows:

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing in: 1 to 5 years	Non Interest Bearing	Total
Financial Assets					
Cash	4.5	609	-	-	609
Receivables		-	-	322	322
Investments	5.1	-	4,930	-	4,930
		609	4,930	322	5,861
Financial Liabilities					
Training expenditure approved but not paid		-	-	1,237	1,237
Net Financial Assets (Liabilities)		609	4,930	(915)	4,624

c. Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Board approximates their carrying value.

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