Construction Industry Training Board

STATE OF THE SOUTH AUSTRALIAN BUILDING INDUSTRY AND ANNUAL TRAINING PLAN **2009-2010**

EXECUTIVE SUMMARY

This report brings together a collection of data to provide a snapshot of the South Australian construction industry. Preparing a report about the state of the industry in the wake of the Global Financial Crisis (GFC) is an interesting undertaking. At the commencement of 2008-09 while there was some evidence that South Australia was faring relatively well, there were predictions that the future of the economy and, by association, the construction industry would be in flux.

Notwithstanding the forecasts, the South Australian construction industry, on most objective measures, enjoyed steady growth during 2008-09, although at lower levels than 2007-08. This activity took place well into the barrage of bad news emanating from overseas economies. It is also in stark contrast to some other Australian States where there was a contraction in growth and construction activity.

South Australia's industry has been fuelled by a number of factors such as the availability of land, the relatively low cost of housing and significant investment in large construction projects associated with defence, mining, commercial developments and civil infrastructure, notably the desalination plant being developed by AdelaideAqua.

The Construction Industry Training Board has good visibility of data to make short term predictions about future activity within a 12 month period, since one of the functions of the Board is to collect a levy on all projects that are approved for construction. Levy collections for 2008-09 increased by 5.4% from 2007-08 and the continuing growth experienced during the year is therefore predictable.

Beyond short term forecasts relying on approvals data, this report emphasises that forecasting future activity is a challenging pursuit in the current climate. On the one hand it is an important exercise to ensure that valuable resources are not squandered, yet the nature of the downturn has caused even the most experienced observers to revise their predictions in response to unfolding events.

At the time of preparing this report forecasts for Australia's economy were for continuing growth at a rate of 2.5% in 2010 and 3.5% in 2011[1]. The construction industry in South Australia is predicted to increase by 3.5% (see Section 1.4). Some of this growth has been stimulated by government strategies to boost the economy by focusing on construction.

The relationship between construction activity and the size of the workforce is not straight forward. During the periods of strong growth in the construction industry to 2008-09, there was a steady increase in the numbers of people employed in the industry. However, the growth in the workforce was nothing like the growth in activity. Industry simply changed the way it works – new technology, working longer hours, working more efficiently.

There was, however, evidence of skills shortages in the South Australian workforce in 2007-08 and, at times, a gap between building approvals and commencements. Anecdotal evidence suggests that some of the delay in commencements was due to skills shortages and also to labour shortages. While this situation in some occupations abated in 2008-09, it is predicted that the problem will intensify in key occupations across the industry in the foreseeable future.

Strategies to address skills and labour shortages vary by occupational category. The most perplexing issue for the construction industry is that skilling a fully qualified tradesperson takes time and commitment on the part of the trainee and the employer. It also requires a level of confidence about the industry to supply sufficient work to justify the productivity costs, particularly in the first year or two of an apprenticeship.

The structure of the construction industry, which is dominated by self employed contractors, is just not geared to embrace the volume of training required to keep pace with activity. Group Training Organisations have made a significant contribution to the industry by engaging and managing the administrative burden of an apprenticeship. Despite concerns about the economy and the construction industry, there has also been a significant increase in the number of employers that have been prepared to directly indenture apprentices. Nonetheless, this increase and the availability of GTO apprentices is unlikely to meet future demand.

Until we change the way apprentices are employed and trained any improvement in the situation is likely to be marginal, at best.

[11] See Organisation for Economic Cooperation and Development November 2009 report http://www.oecd.org/dataoecd/7/0/20209193.pdf

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LIST OF FIGURES

ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACIF	Australian Construction Industry Forum
ANZSIC	Australian and New Zealand Standard Industry Classification
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ASCO	Australian Standard Classifications of Occupations
CITB	Construction Industry Training Board
COAG	Council of Australian Governments
GFC	Global financial crisis
GTO	Group Training Organisation
DFEEST	Department of Further Education, Employment, Science & Technology
HIA	Housing Industry Association
NCVER	National Centre for Vocational Educational Research
OH&S	Occupational Health and Safety
SA	South Australia
TAFE	Technical & Further Education
VET	Vocational Educational Training

INTRODUCTION

This is the second annual report to describe the state of the South Australian (SA) construction industry. The purpose is to provide the Construction Industry Training Board (CITB) with information to plan future training activity and to provide stakeholders with a resource that combines various sources of data about the construction industry into one document relevant to SA.

The report commences with data from the Australian Bureau of Statistics (ABS) to describe the level of activity in South Australia since 1991-92, noting significant trends. From there, sources of data are used in an attempt to predict the future of construction. This raises the question of whether the workforce is well placed to respond to the future requirements of the industry, so the report then describes current workforce demographics (including an expanded analysis of women's participation in the workforce) and current levels of training.

With all the caveats necessary in predicting future workforce requirements, the report then addresses the issue of whether training and replenishment of the workforce is sufficient for future demand. Key issues are identified to describe the nature of skills shortages, labour shortages, training responses and attracting people into the industry. The report also includes data relating to environmental sustainability as a prelude to future initiatives to incorporate sustainability into training packages.

The most important issue that the report identifies is that if policy settings and training responses remain constant then we will see more skills and labour shortages.

SCOPE OF THE REPORT

The report is intended as a snapshot of data relating to the SA construction industry with relevant training information and supporting commentary to assist in its interpretation.

It is not intended as an in-depth treatise on all of the issues concerning the industry, training and the workforce. The reader requiring an extensive discussion of skills and workforce development should seek out Dr Michael Keating's June 2008 report[2].

The occupations and qualifications discussed primarily relate to blue collar work within the construction industry.

In the past CITB has not funded training associated with qualifications beyond Certificate III and while this is changing, the main thrust of this report is on the occupations where CITB has the structures already in place to impact on the outcomes for the construction industry.

1. BUILDING AND CONSTRUCTION ACTIVITY

The data in the following series of graphs contains detailed estimates from the ABS Building Activity Survey. For the purpose of the graphs, the results are annualised by financial year from July 1991. The statistics are compiled on the basis of returns collected from builders and other individuals and organisations involved in building activity[3].

1.1 Dwelling Activity and Commencements

Figure 1 provides data about the number of dwelling units approved by sector (public/private), new other residential dwelling units approved by type of building, non-residential building jobs approved by type of building and commencements in these categories.

The scope of the data comprises:

- construction of new buildings
- alterations and additions to existing buildings
- approved non-structural renovation and refurbishment work
- approved installation of integral building fixtures.

The unprecedented growth experienced by the SA building and construction industry in 2007-08 has been scaled back somewhat. Figure 1 plots the number of housing approvals and other residential and non-residential approvals. The line overlaying the bars shows the number of commencements.

The chart demonstrates that housing approvals comprise the most significant portion of building activity. The proportion of other residential and non-residential approvals relative to housing approvals varied between 12% in 1996-07 and 29% in 2005-06. In 2008-09 it was 22%.

There was a drop in activity from 1993-94 until a steep incline prior to the introduction of the GST. In 2000-01 there was a drop in activity as the industry recovered from the frenetic activity in 1999-00 and adjusted to the new tax regime.

In 2008-09, housing approvals dipped from their record peak of 10,348 in 2007-08, settling back to 9,226, a level comparable with the previous peak of 2003-04. There was not a repeat of the dramatic house price gains of 2007, however in the period September 2008 to September 2009, there was a steady increase of 3.7%. Rental vacancy rates remain tight. According to figures released by the Real Estate Institute of South Australia, it was as low as 1.2% in October 2008. By July 2009, it had increased to 1.3%, but by September 2009 had dipped back to 1.2%.[4]

The decrease in other residential and non-residential approvals has been much less marked than housing, buoyed by the Building the Education Revolution (BER) projects and investment in social and institutional building.

In general terms, commencements follow approvals but in response to global economic pressures, approvals dropped off in 2008-09 while commencements continued to flow through from the previous year.

Overall, approvals decreased by 10.7% from 2007-08 to 2008-09 while commencements increased by 6.1%. It is by no means inevitable that the dip in approvals will flow through to commencements in 2009-10. It is possible that the elevated levels in 2007-08 will provide something of a buffer to assist the industry to ride out the 2008-09 decrease. As Figure 1 also indicates, while there was a decrease in approvals in 2008-09, there is still evidence of overall growth over the period from 2004-05.

1.1.1 Number of Residential Units Completed

These statistics are compiled using building approval details and returns collected from builders and other individuals and organisations engaged in building activity. Estimates are derived from the ABS quarterly Building Activity Survey.

2 Dr Keating's full report "Review of Skills and Workforce Development in South Australia" can be downloaded from the DFEEST Workforce Information Service website: http://www.workforceinfoservice.sa.gov.au/__data/assets/pdf_file/0011/13700/keatingFullReport.pdf

3 More information about data definitions and methods of calculation can be found at: http://abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8731.0Explanatory%20Notes1Sep%202008?OpenDocument

4 http://www.reisa.com.au/ - Market Updates

As Figure 2 indicates, growth in the number of residential dwellings completed in 2008-09 has slowed to 0.3%, compared with 12.9% growth in 2007-08. Of note is the flattening of completions across the last two years relative to the marked peak then decrease in approvals. It would appear that while a number of approvals from 2007-08 did not flow through to completion, a higher proportion of commencements did. However, commencements in 2008-09 did not reach the peak of approvals in the previous year, with the remainder as yet untapped.

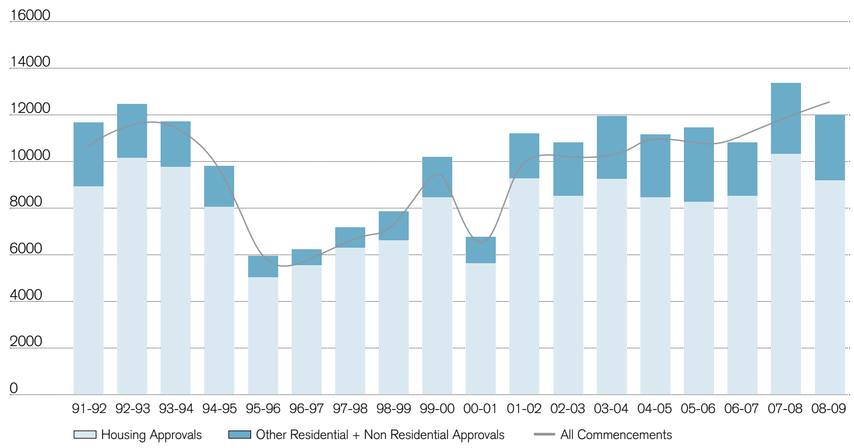
1.1.2 Value of Residential and Non-residential Work Done

Figure 3 contains preliminary estimates of building construction work done during the current quarter and revised estimates for the previous two quarters. Estimates of work done are based upon a response from each survey of approximately 80% of the value of work done during the current quarter. The scope of the Building Activity Survey is building activity which includes construction of new buildings and alterations and additions to existing buildings. The building statistics were compiled on the basis of returns collected from builders and other individuals and organisations engaged in building activity.

Post implementation of the GST there has been a linear increase in the value of construction work to 2007-08. The increases in costs have occurred despite a slight dip in the number of commencements in 2005-06 and the general trajectory is consistent with the evidence about the increasing costs of labour and materials.

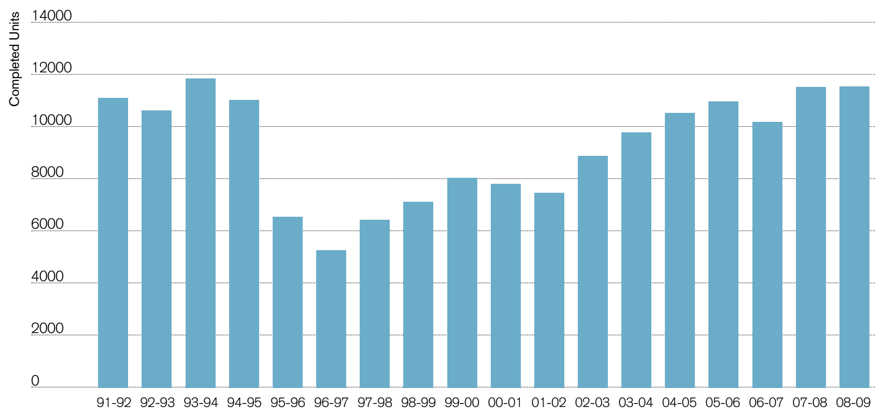
Although the value of work approved in 2008-09 was down 11.1% from the record levels of 2007-08, the value of work approved in 2008-09 was still 31.2% above the levels achieved in 2006-07. While not as dazzling as the 2007-08 performance, it is nonetheless a solid result.

FIGURE 1: DWELLING COMMENCEMENTS AND APPROVALS



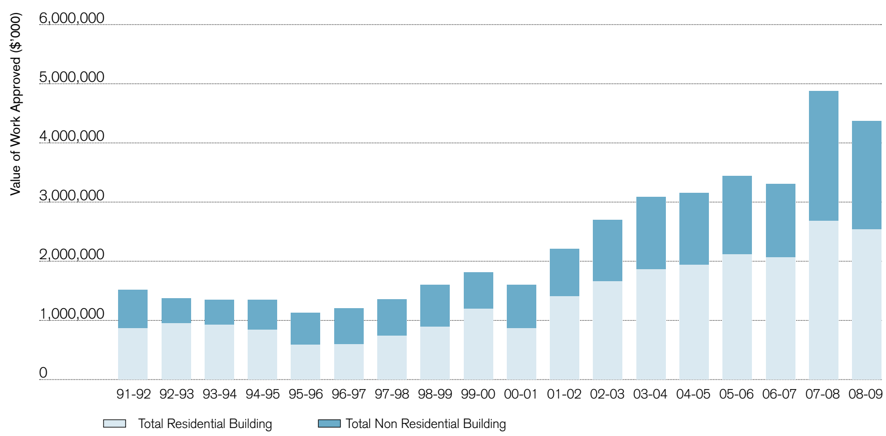
Australian Bureau Statistics
http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8731.01Jan
http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8752.0Mar

FIGURE 2: NUMBER OF RESIDENTIAL UNITS COMPLETED 91-09



ABS: 8752.0 Building Activity

FIGURE 3: VALUE OF WORK APPROVED — RESIDENTIAL & NON RESIDENTIAL



ABS: 8731.0 Value of Building Approved

1.2 Engineering Construction Work Done

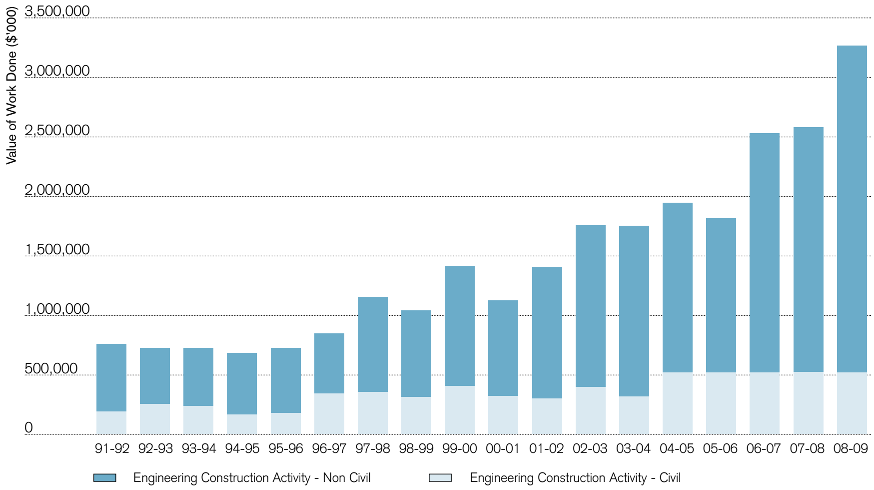
The estimates of building work done and engineering work done are from the quarterly Building Activity Survey and the quarterly Engineering Construction Survey respectively. The chart shows the relative contribution of the value of the work done in heavy engineering to all engineering construction work in this state.

As Figure 4 indicates all engineering (except heavy engineering) has shown growth in the past three years after a contraction in 2005-06. Commonwealth government expenditure on infrastructure has contributed to a dramatic increase in 2008-09, with an overall growth of 26.5% (42.7% civil, 17.5% non-civil).

1.3 Total Value of All Building Work Done

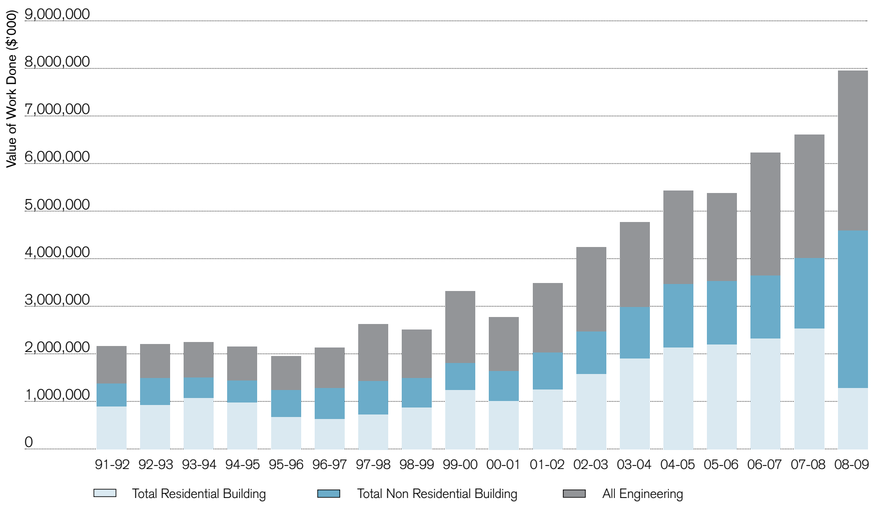
Figure 5 shows the relative value of work done in all sectors, for residential, non-residential and engineering. There has been an increase in the total value of all construction work since the implementation of the GST with a slight contraction in 2005-06. The total value at 2008-09 was over $7.9B, with all sectors experiencing growth from 2007-08. The general trend in value is similar to the trend in Figure 1 where there was a dip in 2000-01 and steady growth thereafter. The effect of the 2008-09 decline in approvals is yet to be seen, however it is unlikely to do more than dampen growth by a few percentage points.

FIGURE 4: ENGINEERING CONSTRUCTION ACTIVITY



ABS 8762.0 Engineering Construction Activity

FIGURE 5: TOTAL VALUE OF ALL CONSTRUCTION WORK DONE



ABS 8752.0 Building Activity, 8762.0 Engineering Construction Activity

FIGURE 6: FORECAST VALUE OF INDUSTRY ACTIVITY FOR RESIDENTIAL, NON-RESIDENTIAL AND ENGINEERING IN $MILLIONS

SECTOR	2007-08 (A)	2008-09 (A)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Residential	4268.1	4585.5	4579.3	4603.4	5031.1	5679.5	6058.4	6302.6
Non-Residential	1483.1	1593.5	1435.8	1426.5	1522.6	1580.5	1653.8	1753.8
Engineering (civil)	931.9	1476.3	1325.0	1023.1	984.3	1055.1	1139.6	1208.4
Engineering (the rest)	1669.6	2092.4	2760.0	2765.7	2733.1	2891.6	3203.5	3429.9
Totals all industry	8352.7	9747.6	10100.1	9818.7	10271.1	11206.7	12055.3	12694.7
Heavy industry incl. mining (subset of all engineering)	604.9	693.7	932.3	722.8	584.9	647.3	807.4	900.7

Note : Data is sourced from the Australian Construction Industry Forum (ACIF), http://www.cfc.acif.com.au/forecasts.asp
ABS cat 8760 Engineering Construction Activity and ABS 8752.0 Building Activity

1.4 Forecast Industry Activity

To follow are forecast data generated by the Australian Construction Industry Forum and the Housing Industry Association. The purpose of including two sources is to emphasise that while the numeric value of the data varies the general trends are consistent.

Forecasts of industry activity are undertaken by a small number of organisations. The ACIF, as the peak consultative organisation of the building and construction sector, has established the Construction Forecasting Council. The Council has developed short and long-term forecasts of construction activity. The forecasts take into account data and other information available in May and November of each year. Historical data published by the ABS are used to inform the forecasts.

The ACIF project increasing growth in the value of the construction industry in SA for the foreseeable future, driven largely by housing and non-civil engineering. It is predicted that commercial activity will dip for the next two years before beginning to increase again from 2011-12. Civil engineering activity is projected to decline from 2009-10 to 2011-12, whereas apart from a small dip in 2011-12, healthy growth is predicted throughout for other engineering. For the industry overall, it is predicted that activity will continue to grow through to 2009-10 and drop back somewhat in 2010-11 before regaining strength and continuing its growth to 2014-15.

FIGURE 7: FORECAST VALUE OF HOUSING INVESTMENT IN SOUTH AUSTRALIA

	HOUSE & UNIT STARTS 000 dwellings commenced	% CHANGE	NEW HOUSING FORECAST Value of Work Done $M Chain Volume Measure	% CHANGE	HOUSING RENOVATION FORECAST Value of investment $M Chain Column Measure	% CHANGE	TOTAL INVESTMENT IN HOUSING Value of investment $M Chain Column Measure	% CHANGE
2002-03 (a)	10.25		1,618		1,618		3,236	
2003-04 (a)	10.39	1	1,744	8	1,978	22	3,722	15
2004-05 (a)	11.01	6	1,888	8	1,997	0	3,885	4
2005-06 (a)	10.78	-2	1,881	0	1,971	0	3,852	-1
2006-07 (a)	11.17	4	1,892	1	2,188	11	4,080	6
2007-08 (a)	11.89	6	2,135	13	1,878	-14	4,013	-2
2008-09 (a)	11.97	1	2,122	-4	2,069	10	4,191	4
2009-10	11.93	0	1,969	-7	2,110	2	4,079	-3
2010-11	12.18	2	2,023	3	2,153	2	4,176	2
2011-12	12.30	1	2,035	1	2,196	2	4,230	1

(a) = actual

Source: http://economics.hia.com.au/factsForecasts.aspx

Figure 7 is an extract from Economic Outlook produced by the Housing Industry Association (HIA). The forecast from October 2008 indicates that there will be a dip in total investment in housing in 2009-10, but that it will regain momentum in 2010-11. The HIA predict a slight contraction in new housing starts in the current financial year. At the time of preparing this report, ABS commencement data were not available for the first quarter of 2009-10, but approval figures are consistent with HIA projections.

2. THE CONSTRUCTION WORKFORCE

This section of the report describes the construction industry workforce in SA and provides various information including a description of the workforce in terms of the number of people employed in the industry, the occupational categories they work in, the age groups and profile of women across the industry.

2.1 Construction Workforce Employment

As shown in Figure 8, there were approximately 64,600 people employed (full time and part time) in the construction industry at the end of May 2009. This represents 8% of the total SA workforce. The construction workforce has increased by 71% since 1996-97 and 18% since 2007-08, substantially more than respective increases in the total SA workforce (21% and 2%).

It is important to note that while it is difficult to compare increases in the workforce with increases in construction activity, the trends indicate that there has been a significantly larger increase in construction activity than the workforce.

For example, dwelling commencements increased by 118% over the same period (13 years) that the workforce increased by 70%. There are a number of possible explanations for this disparity:

- Increased use of labour-saving technology, e.g., tilt up and off-site construction
- Increased effectiveness and productivity from construction workers as a result of education and training
- Increased number of hours worked by people employed in the industry.

In addition, it is difficult to identify which is cause, which effect. It could be that the labour force is reduced with the use of more labour efficient technologies. Equally, however, it could be that a shrinking pool of available labour leads businesses to explore less labour reliant methods.

Despite public fears of a GFC induced downturn, the number of people employed full time in the construction industry has increased considerably from the previous peak of 55,100 people in 2006-7. There has also been an overall increase from 5,900 people employed part time in May 2008 to 10,900 in May 2009.

The trend towards part time employment is consistent with the general trend in other industries. Given the considerable workforce growth, alongside increased activity, it is apparent that the construction industry is still in a growth cycle.

Figure 9 shows the growth in occupations within the construction industry. There have been significant increases in most occupations in the industry with the most significant increase being in technicians and trades workers. Given that tradespersons represent 52% of the construction industry workforce, there has clearly been strong demand for workers on-site.

Predictably, people in the construction industry are more likely to have Cert III qualifications than people who work in other sectors of the SA workforce, as can be seen in Figure 10. However, people in the construction industry are less likely to have a bachelor degree or higher level of qualification. While 48% of people in the construction industry do not have any qualifications, it is important that many have training such as OH&S and equipment specific training which does not lead to attainment of a formal Australian Qualifications Framework qualification.

FIGURE 8: CONSTRUCTION WORKFORCE GROWTH 96-97 TO 08-09

WORKFORCE PARTICIPATION AS AT MAY	FULL & PART TIME CONSTRUCTION WORKFORCE (000)	FULL & PART TIME TOTAL SA WORKFORCE (000)
1996-97	38.1	655.5
1997-98	38.3	636.3
1998-99	37.8	660.4
1999-00	46.8	671.9
2000-01	41.2	673.0
2001-02	46.6	693.2
2002-03	51.3	716.4
2003-04	49.5	719.1
2004-05	53.8	742.0
2005-06	54.4	754.1
2006-07	55.1	766.0
2007-08	54.8	782.1
2008-09	64.6	795.6

6291.0.55.003 Labour Force, Australia, Detailed, Quarterly

Note: workforce numbers are taken from the May totals, instead of annualized average values such as were used in 2007-08

FIGURE 9: CONSTRUCTION WORKFORCE GROWTH BY OCCUPATION 96-97 TO 08-09

	INCREASE SINCE 1996-97	2008-09 % SHARE	CHANGE SINCE 2007-08	% CHANGE SINCE 2007-08
Labourers	84%	16%	520	1%
Machinery Operators & Drivers	113%	9%	1,040	2%
Sales Workers	75%	2%	410	1%
Clerical & Administrative Workers	40%	9%	1,170	2%
Technicians and Trades Workers	61%	52%	5,720	10%
Professionals	137%	3%	560	1%
Managers	92%	10%	460	1%
All	71%	100%	9,880	18%

ABS 6291.0.55.003

FIGURE 10: FIGURE 10: LEVEL OF QUALIFICATIONS IN THE CONSTRUCTION INDUSTRY, 2006 CENSUS

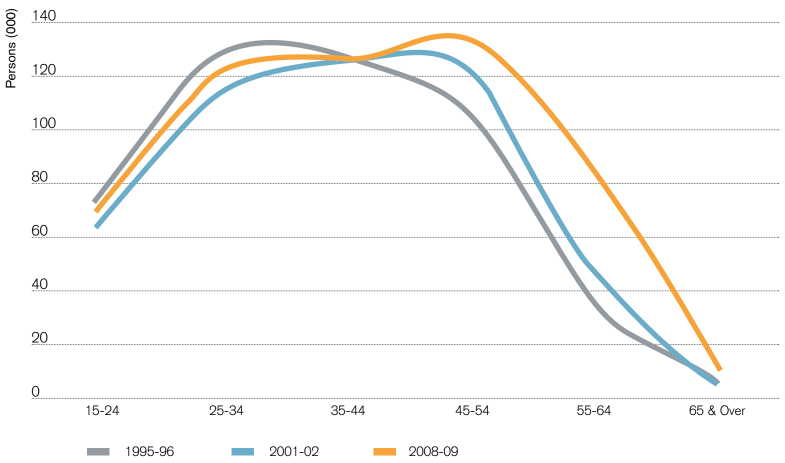
HIGHEST QUALIFICATION	EMPLOYED IN CONSTRUCTION	PERCENTAGE OF CONSTRUCTION WORKFORCE	PERCENTAGE OF ALL INDUSTRIES WORKFORCE
Bachelor degree or above	2,119	4.6%	10.6%
Advanced Diploma & Diploma Level	1,930	4.2%	5.3%
Certificate Level I or II	19,918	43.2%	14.0%
No qualifications	22,117	48.0%	70.1%
Total (incl. not stated)	46,084	100%	100%

ABS Population Census 2006

2.2 Construction Working-Age Population

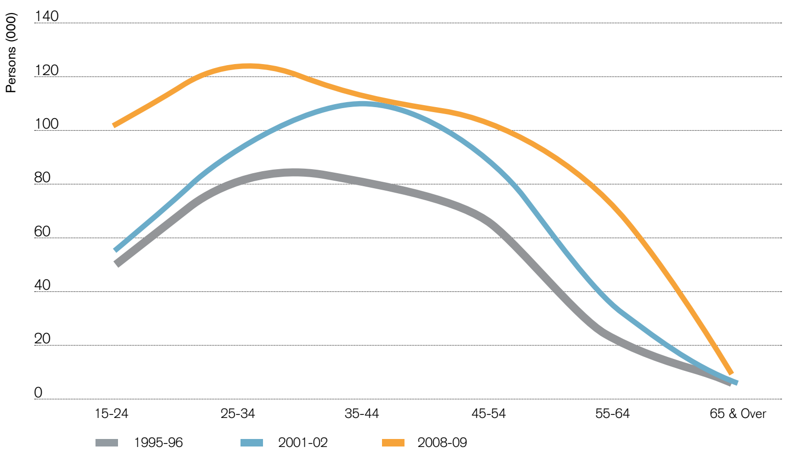
Ageing of the workforce is a phenomenon that will affect all industries and the economy as the baby-boomer generation heads toward retirement. Figure 11 shows that in 1995-96 the highest proportion of people in the SA workforce were aged 25-34 with a significant decline thereafter, culminating in a steep drop from 55 onwards. By 2007-08 the highest proportion were aged 45-54 as the baby boomers moved through their careers. There was still a steep decline through the 55-64 age bracket with just 3% still in the workforce in the 65 and over age group.

FIGURE 11: AGE DISTRIBUTION – NON CONSTRUCTION WORKFORCE



Source ABS: 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Aug 2009

FIGURE 12: AGE DISTRIBUTION – CONSTRUCTION WORKFORCE



Source ABS: 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Aug 2008

Figure 12 shows a markedly different trajectory over time for the construction industry: In 1995-96 the curve is similar to the general workforce, with the highest proportion of people aged 25-34, a gradual decline through 35-54 and a marked drop through 55-64 leaving only 1% still employed after 65. In 2001-02, the demographic peak had, in effect, aged 10 years, with the other age groups retaining their earlier proportions. It is interesting to note that whereas in 1995-96, it appears that workers in the 35-44 age group exited the industry for other career opportunities, this is not evident from the 2001-02 data.

By 2008-09, the demographics had changed. Whilst the peak of ageing workers had shifted more toward 55-64, a new and unprecedented peak had appeared at the 25-34 age group. In addition, there was a large increase in the number of workers aged 15-24. This influx of young workers indicates that industry efforts to boost workforce participation appear to be working. However, the exit age from the industry has not increased. This means a big issue facing the industry will be the loss of mature expertise as senior workers retire. This has implications for the standard of both work and training in the industry into the future.

2.3 Women in the Construction Industry

The construction industry has the reputation of being a "man's world" with few signs to indicate that women were being hired despite skills and labour shortages. As Figure 13 shows, at the national level, there has been approximately a two point decline in the percentage of women in the construction industry nationally since 1997. In SA, the trend has been closer to six points, although in 2008-09, the proportion lifted back up to 1996-97 levels.

This overall comparative drop can be partly explained against higher levels of male employment. However, the overall number of women is on the rise, growing from under 80,000 nationally in 1997 to over 120,000 in 2009. In South Australia, there has been a rise from 4,700 to 8,200.

Moreover, there seems to be a shift in the types of work women are doing within the industry. Typically, the majority of women in construction are engaged in clerical or administrative positions. In 1997, over 82% of women in the national industry were clerical and administrative workers. By 2009 this had dropped to under 75%. The trend in South Australia was even more dramatic with a shift of approximately 10 percentage points as indicated in Figure 14. It is also worth noting that in this period, female clerical and administrative workers as a proportion of the total construction workforce had dropped by roughly four percentage points.

FIGURE 13: PROPORTION OF WOMEN IN CONSTRUCTION

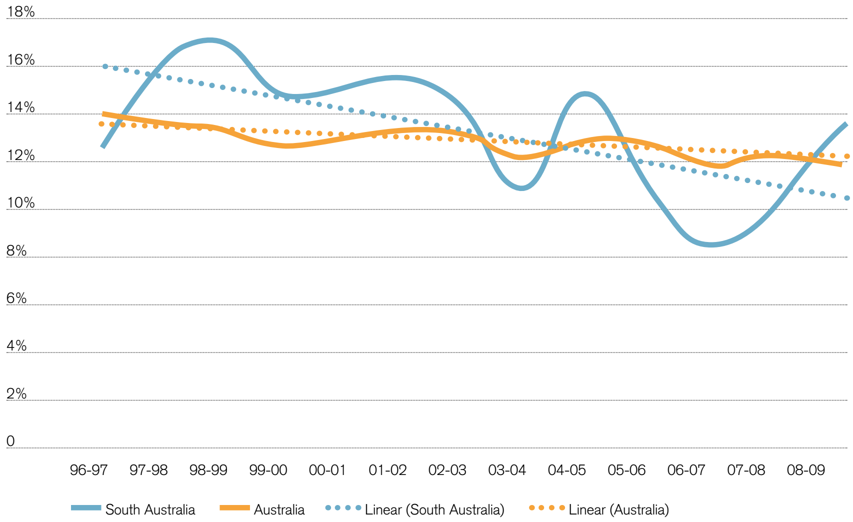


FIGURE 14: FEMALE CLERICAL AND ADMINISTRATIVE WORKERS

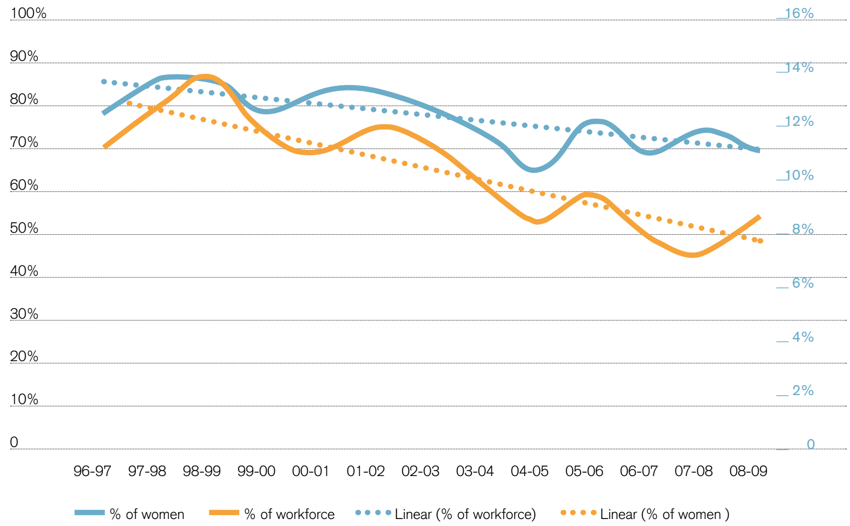


FIGURE 15: FEMALES IN NON CLERICAL / NON ADMINISTRATION POSITIONS

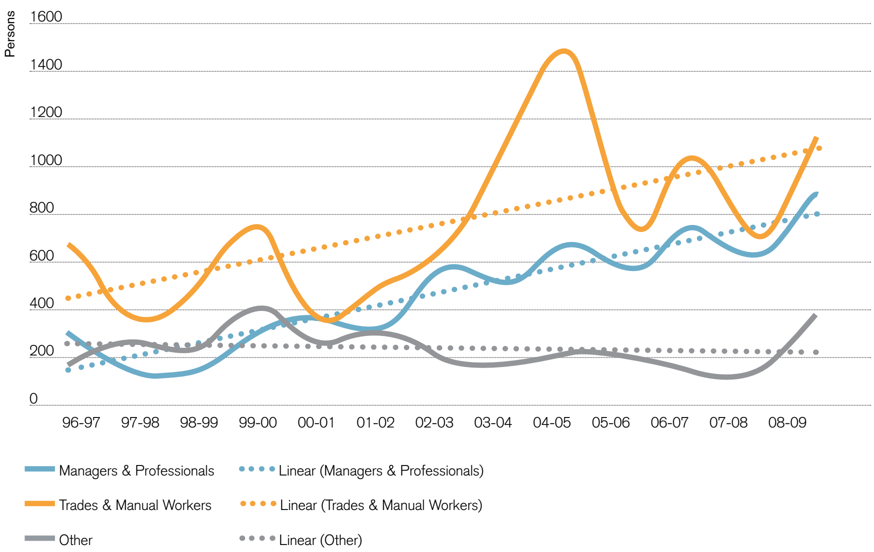


FIGURE 16: OCCUPATIONAL CATEGORIES FOR WOMEN IN THE CONSTRUCTION INDUSTRY

(N = 7,543)

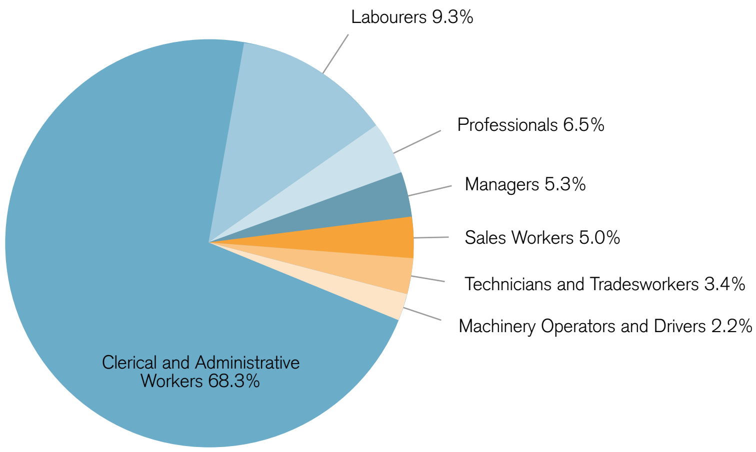


Figure 15 indicates that there has been a shift for women towards non-clerical, non-administrative areas. The data suggests that since 1996-97, there has been an increased female presence in the areas management/professional (SA 202%, Aust 225%) and trades/manual (SA 66%, Aust 80%). The category "Other" represents sales workers and community and personal services and has been relatively stable over the period.

3. TRAINING ACTIVITY

Training is important to the future of the industry. It takes many forms including but not limited to on-job supervision, vocationally oriented short courses delivered by Registered Training Organisations (RTOs), traineeships and apprenticeships and tertiary level professional courses. To the extent that it is possible, this section of the report describes the volume of training occurring in the industry.

The data in this section are derived from detailed National Centre for Vocational Education Research (NCVER) data estimates of apprentice and trainee commencements, in-training and completions[4] . These statistics are compiled on the basis of apprentice or trainee Contract of Training paperwork returned to State Training Authorities or New Apprenticeship Centres[5].

For the purposes of the following graphs and tables, the results are annualised by financial year and, except where otherwise indicated, extrapolated to the end of the 2008-09 period.

3.1 Training Activity and Construction Output

Figure 17 compares industry activity (measured by value of output) with CITB training expenditure. As trend-lines in the graph indicate, there is a general relationship between training activity and construction output. However, there were two notable departures from the trend. In 1997-98 the value of construction work increased only to decrease the following year. This was similar to the increase in 2004-05 and the drop in 2005-06. In both instances training decreased in the year of the peak.

It is possible that employers were too busy to train, however, this trend is not observable at other times when industry activity has peaked, for example in 2002-03 and 2008-09. Another possibility is that negative sentiment about the future of the industry was a disincentive to training, as both decreases in training preceded a decrease in construction in the following year.

It is worth noting that the 2008-09 training figures have been exaggerated somewhat by the large-scale uptake of White Card training. Because the White Card is now mandated nationally, workers must undertake the training in order to gain access to construction sites and the uptake of training has been high.

[4] NCVER Apprentices and trainees: March quarter 2009, at http://203.122.238.44/superweb/. The data is compiled under the Australian Vocational Education Training Management Informational Statistical Standard (AVETMISS). Release 5.0 for the quarter ending March 2009.

[5] For the report and explanatory notes, see http://www.voced.edu.au/docs/ncver/statistics/93_10.doc

3.2 Apprentices in training 1998-2007

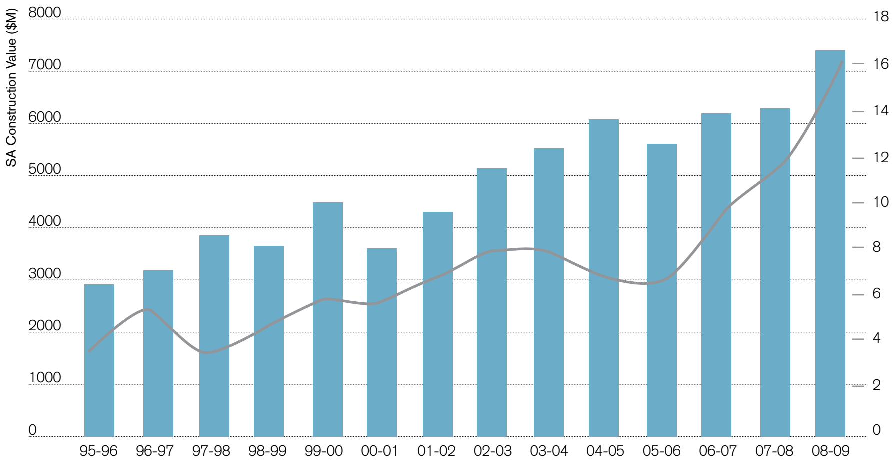
According to March NCVER data, the employment of apprentices and trainees across all industries had increased by 1.7% from 2003 to 2009. By contrast, there has been a 118% increase in the building and construction industry in the same period. In this time, the construction industry's share of all SA apprentices and trainees has risen from 5.9% to 12.1%. It is worth noting that this does not take into account either electrical apprentices or civil and road construction apprentices and trainees employed by local government.

While apprenticeships and traineeships have decreased during 2008-09 in areas such as real estate and retail and wholesale trade, there has been growth (7%) in the construction industry. The most significant growth was 36% in information technology and 35% in mining, however in both the total numbers were low (476, 361 respectively) relative to the construction industry.

3.2.1 Apprentices and trainees in training, by trade in building and construction

Figure 18 provides a breakdown of apprentice and trainee numbers across all trades within the construction industry as at 31 March 2009. It is clear that the electrical trades (including electrical mechanics, refrigeration and airconditioning mechanics and communications cablers) are the largest single group. Carpentry is the next biggest group followed by the plumbing trades, including plumbers, gasfitters and refrigeration and airconditioning plumbers.

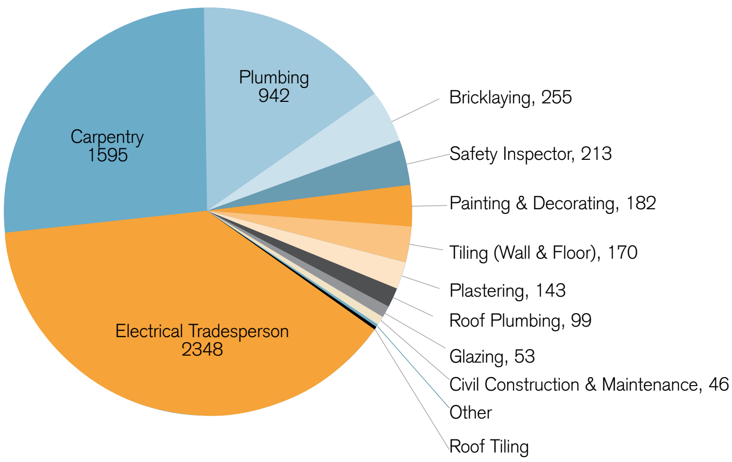
FIGURE 17: TRAINING ACTIVITY AND CONSTRUCTION OUTPUT



Sources ABS: 8755.0 Value of Construction Work Done
CITB internal data

FIGURE 18: APPRENTICES AND TRAINEES IN TRAINING 31 MARCH 2009

(N = 6,063)



Source: NCVER Apprentices and trainees: March quarter 2009, at http://203.122.238.44/superweb/.

Figure 19 shows that since 2000-01, apprentice and trainee numbers have increased markedly across most occupations within the construction industry. Across the sector, there has been a 196% increase, with a fair degree of variation between the different trade areas. The biggest effective increase has been within the electrical field, which shows a 332% increase over the period and highlights the steady increase in demand for electrical and electronic equipment within both domestic and commercial buildings. It is worth noting that the employment of apprentices in the finishing trades, painting and decorating and wall and floor tiling have risen less sharply over the period, perhaps reflecting the increasing use of pre-finished materials.

Figure 20 shows year by year the percentage of increase in construction apprentice commencements. It demonstrates that the biggest single increase was in 2007-08, with the intake dropping back slightly in 2008-09. The majority of this decrease was in the electrical fields (down by 132, compared to a drop of 82 across the rest of the construction industry).

FIGURE 19: APPRENTICES & TRAINEES IN TRAINING 2000-01 TO 2008-09

TOTAL IN TRAINING (ANNUALIZED AVERAGE)	PLUMBING	SAFETY INSPECTOR	BRICKLAYING	CARPENTRY	TILING (WALL & FLOOR)	PAINTING & DECORATING	GLAZING	PLASTERING	ROOF TILING	ROOF PLUMBING	OTHER	CIVIL CONSTRUCTION AND MAINTENANCE	ELECTRICAL TRADESPERSON	TOTAL	TOTAL (NO ELECTRICAL)
2000-01	350	0	88	514	95	118	10	65	3	30	207	27	544	2051	1507
2001-02	372	0	94	578	102	128	8	71	3	29	30	17	844	2276	1432
2002-03	415	0	119	650	91	137	20	97	3	40	19	24	1133	2748	1615
2003-04	513	0	154	782	94	159	32	100	4	50	19	29	1367	3303	1936
2004-05	627	0	183	889	122	179	41	117	4	50	24	23	1611	3870	2259
2005-06	705	0	193	1122	129	192	51	133	4	70	28	20	1875	4522	2647
2006-07	762	0	196	1263	138	199	53	116	7	80	22	28	2096	4960	2864
2007-08	872	130	210	1476	147	191	54	138	8	86	22	30	2326	5689	3364
2008-09	942	213	255	1595	170	182	53	143	2	99	16	46	2348	6063	3716
Increase since 2007-08	8%	64%	21%	8%	15%	-5%	-2%	3%	-76%	16%	-24%	56%	1%	7%	10%
Increase since 2000-01	169%	N/A	189%	210%	79%	54%	430%	120%	-36%	231%	-92%	71%	332%	196%	147%

Source: NCVER Apprentices and trainees: March quarter 2009, at http://203.122.238.44/superweb/
Note: This data set is different to that in the 2007-08 report as a result of changes is NCVER methodology

FIGURE 20: SA CONSTRUCTION APPRENTICE COMMENCEMENTS 2000-01 TO 2008-09

	ALL INDUSTRY	CONSTRUCTION	CONSTRUCTION (NO ELECTRICAL)	CONSTRUCTION % (ALL)	CONSTRUCTION % (NO ELECTRICAL)
2000-01	20,418	815	472	4%	2%
2001-02	19,432	928	566	5%	3%
2002-03	20,957	1,242	748	6%	4%
2003-04	20,762	1,507	952	7%	5%
2004-05	21,764	1,583	954	7%	4%
2005-06	20,663	1,837	1,142	9%	6%
2006-07	20,658	2,051	1,254	10%	6%
2007-08	21,708	2,715	1,786	13%	8%
2008-09	21,309	2,502	1,704	12%	8%

Source: NCVER Apprentices and trainees: March quarter 2009, at http://203.122.238.44/superweb

3.2.2 Progress of Commencements by Trade

Commencement of an apprenticeship is an important step but it is by no means a guarantee of entry into the construction industry. Measuring attrition from apprenticeships is a complex endeavour. The National Centre for Vocational Education Research (NCVER) publishes an annual report on traineeships and apprenticeships. They report that for all construction tradespersons throughout Australia, attrition rates are up to 49.2% by the 3rd contracted year[6]. However, this figure is difficult to interpret for a number of reasons including the method of counting a contract of training where a person who cancels an apprenticeship with one employer and continues and completes it with another is counted as two commencements and one completion.

The Department of Further Education, Employment, Science and Technology (DFEEST) performed an analysis in 2008-09 of data from an internal database. Figure 21 plots withdrawals within the probation period from apprenticeships and traineeships begun in the 2008-09 financial period, and indicates that some trades were more at risk of losing apprentices than others. By the beginning of December 2009 glazing, for example, had lost one in five apprentices. While this percentage is partly a function of relatively low numbers, the same cannot be said for painting and decorating, which lost 12.5% of 104 starters.

Overall apprentice attrition was measured at 5.5%, however there is a fair degree of variation between core and non-core trades. Within the core trades of carpentry, plumbing and electrical, 58 of 1412 starters dropped out within the three month probation period, an attrition rate of only 4.1%. For all other vocations combined the rate was much higher rate at 8.6%, with 56 of 650 starters withdrawing.

This concurs with anecdotal evidence that apprentices/trainees in the non-core trades are more likely to withdraw from training as soon as they have enough skills in a limited area of the trade to charge sub-contractor rates.

FIGURE 21: PROGRESS OF 2008-09 COMMENCEMENTS BY TRADE
This table is arranged from most to least "at risk" of leaving during the probation period

TRADE/VOCATION	COMMENCED	REGISTERED*	WITHDRAWN	ATTRITION	ACTIVE AS AT 1/12/2009
Glazing	25	20	5	20.00%	13
Tiling (Wall & Floor)	62	54	8	12.90%	46
Painting & Decorating	104	91	13	12.50%	73
Plastering (Wall & Ceiling Lining)	53	47	6	11.32%	42
Bricklaying	127	115	12	9.45%	100
Roof Plumbing	48	44	4	8.33%	38
Pipelayer	25	23	2	8.00%	21
Plumbing and/or Gasfitting	263	247	16	6.08%	230
Plastering (Solid & Fibrous)	19	18	1	5.26%	16
Carpentry and/or Joinery	516	491	25	4.84%	432
Civil Construction & Maintenance Worker	147	142	5	3.40%	13
Electrical Tradesperson (Electrician)	513	499	14	2.73%	280
Electrical Tradesperson (Refrigeration and/or Aircon)	119	116	3	2.52%	56
Carpentry	1	1	0	0.00%	1
Concreter (24 months)	3	3	0	0.00%	2
Data and Voice Communications	8	8	0	0.00%	8
Road Construction and Maintenance Worker	12	12	0	0.00%	12
Signwriting	9	9	0	0.00%	8
Sprinkler Fitting	6	6	0	0.00%	4
Stone Masonry	2	2	0	0.00%	1
Total	2062	1948	114	5.53%	1396

[6] Available at: http://www.ncver.edu.au/statistics/aats/ann08/A&T_annual2008.doc

3.3 Apprentices employed in Group Training Organisations and Direct Indenture

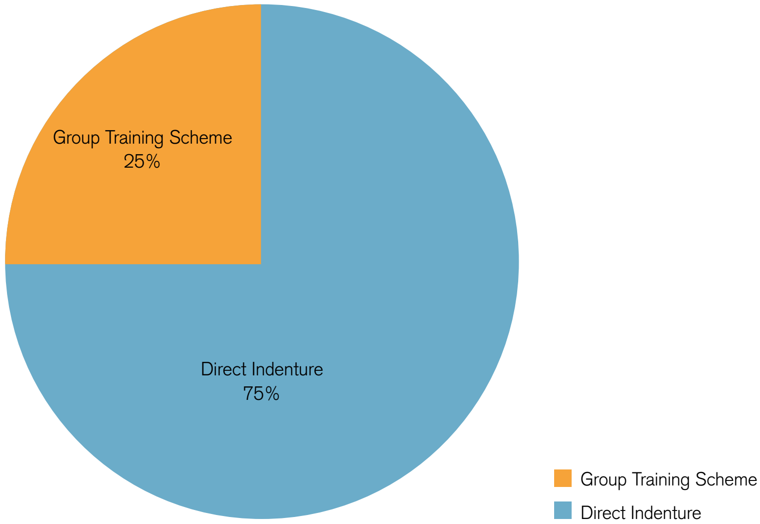
Group Training Organisations (GTOs) employ a substantial number of apprentices and trainees in the building and construction industry in SA. Under these arrangements the GTO is responsible for the contract of training and other administration, and a business will employ the apprentice from the GTO at an hourly rate. Obviously rates for a skilled 3rd or 4th year apprentice are more than for newly commenced apprentices. Direct Indenture apprentices, as the term suggests, are employed directly by a business, optimally for the duration of the apprenticeship.

As Figure 22 demonstrates, as of 31 March 2009, a quarter of apprentices and trainees were employed by GTOs, with three quarters employed under Direct Indenture arrangements. This is a change from 2007-08, when a third of all construction apprentices were employed by GTOs. The change in the proportion of GTO and Direct Indenture apprentices is primarily due to the growth in the number of Direct Indenture apprentices. There was an increase of 1602 (35.6%) in Direct Indenture apprentices from 2007-08, while GTO apprentices only increased by 18 (1.2%) during the same period. There was a significant drop in the number of apprentices employed by the government (105 less than in 2007-08) continuing a trend that commenced more than a decade ago.

The decrease in the proportion of GTO apprentices can be explained in part by a drop in commencements for electrical apprentices, a large proportion of whom are employed by GTOs. Figure 23 breaks down the number of apprentices and trainees in each trade area employed by GTOs, Government and the private sector. The electrical, carpentry and plumbing trades make up the majority of GTO apprentices. Most apprentices are still employed predominantly by the private sector. GTOs have yet to tap into the market for civil construction, roof tiling or sprinkler fitting apprentices and/or trainees.

FIGURE 22: APPRENTICES EMPLOYED IN GROUP TRAINING ORGANISATIONS AND DIRECT INDENTURE AS AT 31 MARCH 2009

(N = 6,063)

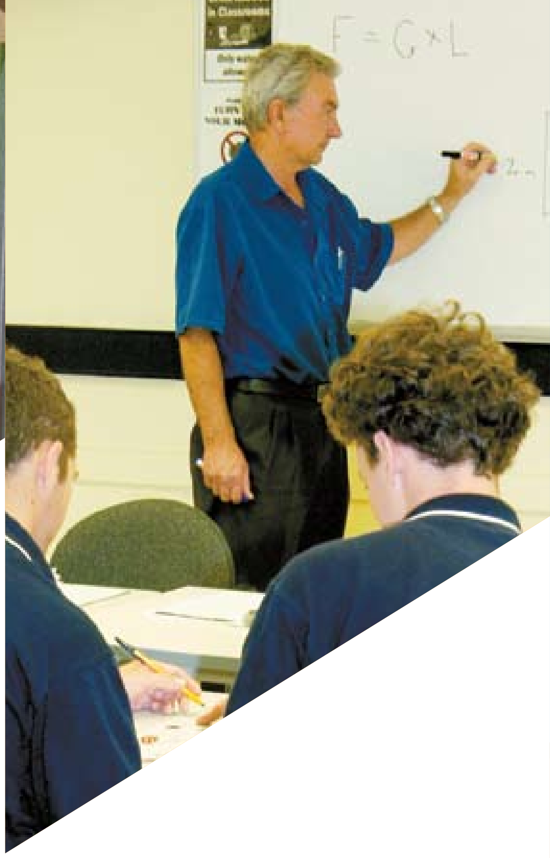


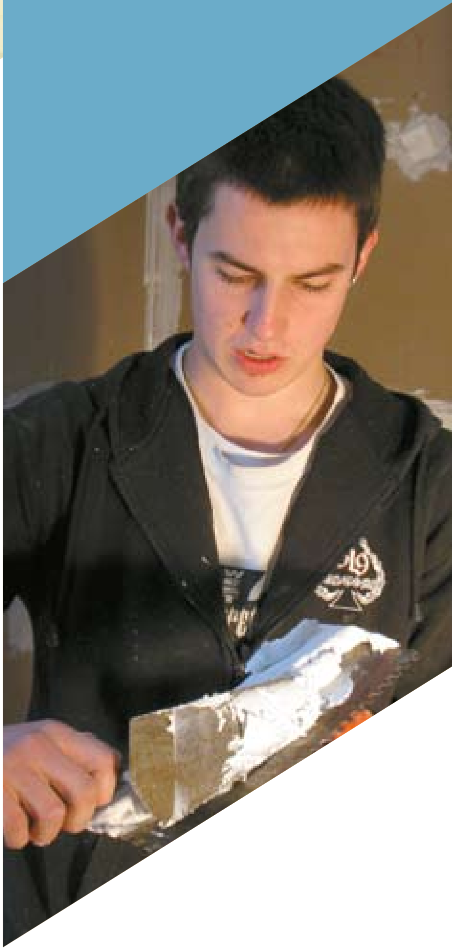
Source: NCVER Apprentices and trainees: March quarter 2009, at http://203.122.238.44/superweb/

FIGURE 23: APPRENTICES EMPLOYED IN GROUP TRAINING ORGANISATIONS (GTOS) AND DIRECT INDENTURE AS AT 31 MARCH 2009

VOCATIONAL GROUP	GOVT	PRIVATE	GTO	% DIRECT	% GTO
Civil Construction & Maintenance	4	41	1	98%	2%
Plumbing	2	548	392	58%	42%
Safety Inspector	3	210	0	100%	0%
Bricklaying	0	196	59	77%	23%
Carpentry	4	1167	424	73%	27%
Tiling (Wall & Floor)	0	160	10	94%	6%
Painting & Decorating	0	144	39	79%	21%
Glazing	0	51	2	96%	4%
Plastering	0	123	19	86%	14%
Roof Tiling	0	2	0	100%	0%
Roof Plumbing	0	53	46	53%	47%
Other	0	14	2	88%	12%
Electrical Tradesperson	31	1789	527	78%	22%
Total	43	4498	1521	75%	25%
Total (No Electrical)	13	2709	994	73%	27%

Source: NCVER Apprentices and trainees: March quarter 2009, at http://203.122.238.44/superweb/.





3.4 Other training in the construction industry

The CITB has a large database of training that has been supported by the construction industry training fund. During 2008-09 32,699 workers (including apprentices) undertook some form of training at an RTO providing courses approved by the CITB. This represents 53% of people employed in the industry[7]. These courses could be as short as half a day of training through to courses that collectively comprise a qualification that leads to an employment outcome.

A detailed analysis of funded programs can be found in the Annual Training Plan which accompanies this report and the CITB 2008-09 Annual Report[8]. In summary,

- $16.2M was spent on training for the construction industry workforce
- A total of 35,010 current worker training places were funded: 67% of places and 33% of expenditure for OH&S training, 26% of places and 53% of expenditure for construction skills and 7% of places and 14% of expenditure spread across construction and business management and other categories. The disproportionate number of OH&S places was largely driven by demand for construction site induction training, the White Card, which is required for entry onto building sites and which was mandated nationally in 2008.
- 3,613 apprentices received funding support.

CITB also funded a range of innovative programs to support the construction industry such as the Doorways2Construction program which operates in schools across the state. In 2009 690 students participated in the program achieving a range of Certificate 1 and Certificate III competencies. In 2008 the program was extended to include Year 12 students who can now work towards their Certificate III level qualifications, providing an ideal pathway from school into the construction industry. In 2009, the enrolment in this program increased from 24 to 64. In the coming year, the program is being extended to include a girls only program to foster the entry of more women into the industry.

[7] It is possible that people in the construction industry undertook training that was not included in the CITB database, however it is unlikely that this would represent a significant proportion of training undertaken. This would include people who do not hold a CITB identification card and those who attended training outside of the scope of courses supported by the CITB.

[8] Both documents can be downloaded from www.citb.org.au

4. WORKFORCE EMPLOYMENT PROJECTIONS

This section of the report comes with all the caveats applicable to projecting the level of activity in the construction industry discussed previously. However, planning future workforce requirements is essential for the judicious application of training funds. To follow are three sources of information used to forecast the future workforce for SA.

The ACIF undertakes forecasts of the construction workforce. Data for SA are not available so Figure 21 extrapolates the data based on ABS data indicating that in 2007-08, 6% of the total Australian construction workforce was employed in SA.

These estimates indicate that by 2012-13 a total of 972,900 will be employed Australia-wide. SA's share of 6% would mean that by 2012-13 there would be a total of 55,900 people employed in the state's construction industry. However, it is likely that the SA share of the national construction industry will increase as a result of varying economic fortunes across Australia.

4.1 Employment Growth by Sector

Monash University develop forecasts for different sectors in the construction industry as shown in Figure 22. The following table gives the Employment Forecasts by Industry, 2007-08 to 2012-13, 3 digit ANZSIC (an industry coding used by the ABS). It indicates that the workforce will grow by 2.7% to 2012-13, whereas employment in all industries is forecast to increase by slightly more. Note that this forecast is approximately 4,600 workers higher than the ACIF forecast.

FIGURE 24: CONSTRUCTION WORKFORCE PROJECTIONS

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Projected SA Construction Workforce	55.8	56.0	55.5	55.2	55.9	57.7	59.3	60.5	62.2
All Australia Construction Workforce	936.1	964.2	911.1	903.6	927.9	976.4	1020.0	1053.8	1091.9

Source : Construction Forecasting Council, (Long-term Labour All Occupations) http://www.cfc.acif.com.au/forecastlabour_results.

FIGURE 25: EMPLOYMENT FORECASTS BY INDUSTRY SECTOR 2007-08 TO 2012-13

	EMPLOYMENT		CHANGE 2007-08 TO 2012-13		ANNUAL AVERAGE CHANGE	
Industry Sector	2007-08	2012-13	Change	Growth %	Change	Growth %
411 Building construction	12,630	13,010	380	3.0%	80	0.6%
412 Non-building construction	4,350	4,310	-40	-0.9%	-10	-0.2%
421 Site preparation services	3,730	3,840	110	2.9%	20	0.5%
422 Building structure services	4,830	4,980	150	3.1%	30	0.6%
423 Installation trade services	16,140	16,630	490	3.0%	100	0.6%
424 Building completion services	11,550	11,900	350	3.0%	70	0.6%
425 Other construction services	7,160	7,380	220	3.1%	40	0.6%
Total Construction	60,390	62,050	1,660	2.7%	330	0.5%
All Industries	770,990	801,700	30,710	4.0%	6140	0.8%

Source : Monash Centre of Policy Studies, 2007

FIGURE 26: FORECAST GROWTH BY ASCO OCCUPATION '000 PERSONS.

OCCUPATION	EMPLOYMENT		CHANGE 2007-08 TO 2012-13		ANNUAL AVERAGE CHANGE	
	2007-08	2012-13	Change	Growth %	Change	Growth %
1191 Building & Construction Managers	3,262	3,373	111	3.4%	22	0.7%
2121 Architects & Landscape Architects	91	108	18	19.4%	4	3.9%
2122 Quantity Surveyors	12	10	-2	-20.0%	0	-4.0%
2123 Cartographers & Surveyors	23	30	7	32.0%	1	6.4%
2124 Civil Engineers	331	375	44	13.3%	9	2.7%
2523 Urban & Regional Planners	7	12	4	61.5%	1	12.3%
3121 Building, Architectural & Surveying Ass Prof	2,053	2,218	165	8.0%	33	1.6%
3122 Civil Engineering Ass Prof	103	83	-20	-19.5%	-4	-3.9%
4311 Electricians	5,134	4,935	-199	-3.9%	-40	-0.8%
4411 Carpentry & Joinery Tradespersons	3,844	4,216	372	9.7%	74	1.9%
4412 Fibrous Plasterers	1,391	1,177	-214	-15.4%	-43	-3.1%
4413 Roof Slaters & Tilers	692	588	-104	-15.1%	-21	-3.0%
4414 Bricklayers	1,728	1,526	-202	-11.7%	-40	-2.3%
4415 Solid Plasterers	430	590	160	37.2%	32	7.4%
4416 Wall & Floor Tilers & Stonemasons	1,569	1,769	199	12.7%	40	2.5%
4421 Painters & Decorators	2,519	2,537	18	0.7%	4	0.1%
4423 Floor Finishers	648	640	-8	-1.2%	-2	-0.2%
4431 Plumbers	3,086	3,358	272	8.8%	54	1.8%
7111 Mobile Construction Plant Operators	1,883	1,709	-174	-9.2%	-35	-1.8%
7122 Crane, Hoist & Lift Operators	334	406	72	21.5%	14	4.3%
7913 Structural Steel Construction Works	703	785	83	11.8%	17	2.4%
7914 Insulation & Home Improvements Installers	839	864	25	3.0%	5	0.6%
9912 Earthmoving Labourers	187	166	-22	-11.5%	-4	-2.3%
9913 Paving & Surfacing Labourers	372	326	-46	-12.3%	-9	-2.5%
9914 Survey Hands	8	8	0	0.0%	0	0.0%
9916 Construction & Plumber's Assistants	2,215	2,310	95	4.3%	19	0.9%
9917 Concreters	2,341	2,483	142	6.1%	28	1.2%
Total Construction	35,804	36,602	797	2.2%	159	0.4%
South Australian Workforce	779,600	832,500	52,900	6.8%	10,580	1.4%

Sources: DFEEST Workforce Information Services, referencing Monash Centre of Policy Studies, 2007 & ABS Census of Population and Housing, 2006

Figure 26 provides a breakdown of occupations within the industry and demonstrates that while there will be growth in many key occupations, there will be a contraction in some in terms of total numbers. It is, however, important to understand that this does not mean that there will not be job openings in these occupations, as people exiting from these jobs will create openings[9].

DFEEST provide data based on a range of sources including the Monash model. Figure 27 projects the replacement demand for a selection of key construction occupations over the next 5 years. This table estimates the number of job openings per year to 2012-13 based on projected growth as well as the number of people estimated to exit the industry, to arrive at an estimate of total workforce requirements.

As can be seen, demand is projected to be strong across all occupations within the industry. For example, as a percentage of the number of people currently employed, solid plasterers will be much in demand if current building practices are maintained. There were 430 employed in 2007 and an additional 320 will be required to keep pace with demand trends.

[9] Predictions based on ABS data for workers in the civil construction industry are particularly fraught due to inadequate collection classifications. ABS have commenced work to remedy this but in the mean time categories 7111 and 9912 should not be interpreted with the same level of confidence that can be applied to other categories.

Key areas of demand in terms of gross numbers will be for electricians, plumbers and carpenters. These are the traditional trades that require apprenticeships of up to four years to achieve the full qualification. This has planning implications for the Vocational Educational Training (VET) sector, discussed in the next section of this report.

Of particular interest is the projected increase in demand for associate professionals within the industry. It is predicted that there will be keen demand for such vocations as quantity surveyors, engineers, architectural and surveying professionals. Given that only a proportion of these occupations are in the construction industry, as shown in Figure 28, competition between industries will be robust.

4.2 Meeting the demand for skilled labour

Now that much of the fear associated with the GFC has abated, concerns linger about the capacity of the construction industry to meet demand with skilled labour. To follow is a brief discussion about the issues associated with training to ensure a skilled workforce. It is intended as a prompt for further work and strategy development rather than a treatise on the construction industry workforce.

Attraction into the industry, training and retention varies significantly across occupations based on various industry standards and the training pathways into the occupation. These pathways include (but are not limited to):

- **Licensed trades at the Cert III level:** many people think of these occupations when they think of the construction industry. They include carpenters , plumbers and electricians which usually requires an apprenticeship traditionally of approximately four years duration involving on-job supervision and training and VET at an RTO.

The predicted shortages of licensed tradespeople identified in Figure 27 leaves no room for remedy at this stage since recruitment and training for additional labour to meet this demand would need to have commenced in 2005-06 to meet the demand today, through to 2007-08 to meet demands to 2011-12. Fortunately, there were marked increases in the commencement of apprentices in these areas but the magnitude of the increase was probably not sufficient to meet the demand identified in the DFEEST estimates[11].

The construction industry will respond to this by further changes to the methods or standards of construction, individuals will work longer hours or labour will be imported either from interstate or overseas. There are concerns about all of these adaptations.

During the 1990's there were relatively few school leavers whose first choice of occupation was a trade. This situation has turned around completely. There are currently more people wanting to enter the licensed trades than there are host employers willing to commit their business to the term of an apprenticeship. As discussed previously, part of the problem is the fragmented nature of the self employed sub-contracting businesses which is not well suited for the organisational requirements of a host employer. While GTOs provide some flexibility for employers and there has been a recent surge in the number of employers Directly Indenturing an apprentice, there are still insufficient apprentices in the system to meet future demand.

- **Other Certificate III qualifications:** these qualifications require contracts of training but as competency at a functional level is often obtained prior to the attainment of the qualification many apprentices simply postpone and ultimately abandon their training to fully participate in the workforce, e.g., tiling, wall and ceiling lining.

FIGURE 27: REPLACEMENT DEMAND BY OCCUPATION 2007-08 TO 2012-13

OCCUPATION	TOTAL GROWTH & REPLACEMENT (PERSONS)	TOTAL EMPLOYED IN 2007	OPENINGS AS % OF TOTAL EMPLOYED
Quantity Surveyors	31	12	260%
Survey Hands	8	8	89%
Earthmoving Labourers	166	187	88%
Architects & Landscape Architects	77	91	85%
Solid Plasterers	320	430	74%
Structural Steel Construction Works	413	703	59%
Urban & Regional Planners	4	7	58%
Fibrous Plasterers	788	1,391	57%
Paving & Surfacing Labourers	199	372	53%
Floor Finishers	278	648	43%
Roof Slaters & Tilers	294	692	42%
Civil Engineering Ass Prof	43	103	41%
Wall & Floor Tilers & Stonemasons	642	1,569	41%
Crane, Hoist & Lift Operators	136	334	41%
Insulation & Home Improvements Installers	294	839	35%
Plumbers	1,071	3,086	35%
Cartographers & Surveyors	8	23	33%
Painters & Decorators	769	2,519	31%
Civil Engineers	99	331	30%
Bricklayers	490	1,728	28%
Construction & Plumber's Assistants	601	2,215	27%
Carpentry & Joinery Tradespersons	876	3,844	23%
Building & Construction Managers	655	3,247	20%
Building, Architectural & Surveying Ass Prof	406	2,053	20%
Mobile Construction Plant Operators	368	1,883	20%
Electricians	927	5,134	18%
Concreters	359	2,341	15%

Sources: DFEEST Workforce Information Services, themselves sourcing Monash Centre of Policy Studies, 2007
Note: Monash data have been modified according to a DFEEST estimate of the proportion of workers in the construction industry for each occupation (see Figure 25)

Recruiting people into these trades is often more difficult than the licensed trades which are perceived as somewhat more attractive. However, meeting the demand for skilled labour to 2011-12 is possible given the shorter lead time to attain functional ability.

Failure to complete these qualifications probably provides little detriment to the apprentice in the short term, however, there are longer term consequences for high rates of attrition. A qualification is a relatively straight forward path to a licensing outcome which is required of a self employed contractor. Completion of a qualification also provides a broad range of skills for career progression and diversification of the work environment.

The development of better Recognition of Prior Learning processes is an important issue for the construction industry to encourage more people to pursue a qualification.

- Certificate II qualifications: there are few qualifications in the construction industry at the Certificate II level. It is important to note that in the past there has been no direct articulation of training package competencies from Certificate II to Certificate III. Many people believe that it is important to skill workers to the Certificate III level to ensure they have the knowledge to work safely and efficiently across a range of situations. Certificate II qualifications in fields such as concreting and plant operations simply formalise skills that are learnt on the job.

Plant operator positions requiring tickets to operate a particular piece of equipment require a relatively short lead time because many of the people who enter these occupations have worked as a labourer in the field for a period of time prior to commencing any formal training. Therefore training people who are already in the industry without qualifications could theoretically meet the forecast demand for 2009-10 through 2011-12. However, there are limitations on the capacity of some RTOs to provide an increase in training places. Such would be the case with a significant increase in plant operators training.

FIGURE 28: PROPORTION OF OCCUPATIONS WITHIN THE SA CONSTRUCTION INDUSTRY

OCCUPATION	PROPORTION IN CONSTRUCTION
Urban & Regional Planners	1%
Cartographers & Surveyors	3%
Survey Hands	9%
Civil Engineering Ass Prof	13%
Architects & Landscape Architects	13%
Civil Engineers	15%
Quantity Surveyors	24%
Crane, Hoist & Lift Operators	26%
Paving & Surfacing Labourers	51%
Building, Architectural & Surveying Ass Prof	55%
Electricians	55%
Insulation & Home Improvements Installers	63%
Mobile Construction Plant Operators	65%
Structural Steel Construction Workers	69%
Earthmoving Labourers	72%
Floor Finishers	77%
Carpentry & Joinery Tradespersons	78%
Construction & Plumber's Assistants	79%
Concreters	84%
Building & Construction Managers	85%
Plumbers	85%
Wall & Floor Tilers & Stonemasons	87%
Painters & Decorators	92%
Roof Slaters & Tilers	95%
Bricklayers	96%
Fibrous Plasterers	97%
Solid Plasterers	100%

Source: DFEEST Workforce Information Services, 2009

Furthermore, there remain some barriers to the perceptions of a career in plant operations which makes recruitment into the industry challenging.

- On-job learning: it is important to remember that 43% of people in the construction industry do not have any qualifications. Many of them have participated in OH&S training and other training to gain a license to undertake specific work, however, most of the skills they have were acquired through on-job learning. Some on-job training often occurs because formal training is not available in SA, e.g., demolishers, stonemasons, etc. The training provided on-job may also lead to an employer or the employee identifying a pathway that suits them and pursuing qualifications or licenses to suit their specific workforce requirements.

4.3 Conclusion

The SA construction industry has experienced one of the most sustained and strongest periods of growth in recent history. This growth has coincided with significant increases in the training of people in the construction industry. Despite these increases, there are predictions of significant skills shortages in the industry to 2012-13. CITB is well placed to support the construction industry to undertake training but commitment by employers to recruitment, training and retention of staff requires significant change in order to keep pace with technological change and growth in the industry.

[11]The DFEEST model estimates demand including an increase in apprenticeships although the magnitude of the increase was not predicted and therefore not included.

SUSTAINABILITY IN THE CONSTRUCTION INDUSTRY

One of the most significant issues concerning many stakeholders and various levels of government is the issue of climate change and the capacity of the construction industry to respond.

The Federal Government has commenced consultation with stakeholders associated with the VET sector to ensure that workers in the construction industry have the skills and capacity to embrace sustainable development.

The construction industry makes a significant contribution to the total amount of waste produced by human activity. As indicated in Figure 29, 49% of the waste generated in South Australia in 2008-09 came from the construction industry (1,878,000 tonnes). Of this 30% (569,000 tonnes) went to land fill, while 70% (1,309,000 tonnes) was recycled.

While the amount of waste being recycled is increasing, it is not sufficient to keep pace with the increase in generation of waste.

Sustainable development, as defined by the World Commission on Environment and Development is 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'[12]. Sustainable development in the construction industry includes a range of activities including reducing the amount of waste generated, responsible waste disposal, reducing greenhouse gas emissions through energy efficient construction and retrofitting existing dwellings to reduce waste and greenhouse gas emissions.

All of these activities require the development training materials to train new entrants to the industry and additional training for existing workers.

Industry associations have been at the forefront of providing upskilling training for their members to promote 'green skills'. The newly developed construction training package, CPC08, incorporates units such as "Work effectively and sustainably in the construction industry" which includes procedures for safe disposal of construction materials and waste minimisation.

There are also units that incorporate procedures for construction of thermally efficient structures. There is, however, still considerable work required to embed sustainable practices firmly into the core of training packages, short course training and the construction industry more generally.

FIGURE 29: TOTAL WASTE PRODUCED

NB: Municipal waste is generated as general household waste; C&I is generated from Commercial and Industrial waste; C&D represents Construction and Demolition waste

Source: Extrapolated from 2008/09 figures Zero Waste South Australia - Hyder Consulting, (2008), Review of Recycling Activity in South Australia 2006-2007, Table E-1 Annual South Australian landfill diversion and overall waste recycling

[12] World Commission on Environment and Development 1987, Our common future, Oxford University Press, Oxford.

Construction Industry Training Board

ANNUAL
TRAINING PLAN
2009-2010

CONTENTS

INTRODUCTION FROM THE PRESIDING MEMBER

I am pleased to submit the CITB's 2009-10 Annual Training Plan for your approval. The Board is required to submit its Annual Training Plan to you by 31 May each year, for the subsequent Financial Year, in accordance with The CITF Act 1993 (the Act).

Our plan has been developed with a broad range of external influences in mind.

The financial year 2008-09 commenced with continued solid construction industry activity and skills shortages in South Australia while growth slowed as global credit tightening began to impact on the Australian economy. Although the South Australian construction industry has thus far fared relatively well, in December 2008 CITB undertook strategic scenario and remediation planning in order to develop contingency plans to mitigate the effects of a downturn in the industry and consequential job losses.

In particular, CITB was keen to minimise the impact of cancellations in contracts of training for apprenticeships. A key decision was the need to protect the significant investment of public and private funds in apprentices, by endeavouring to ensure that we do as much as possible to support the continuing engagement of 'out of trade' apprentices in training. They are the 'High Value Asset' of the workforce development environment. Within this context the significant financial reserves of the CITB have provided great confidence that we can position South Australia to emerge with a well trained workforce when the economy recovers. Fortunately, to date we have not seen any significant contraction in apprentice numbers.

While the construction industry as a whole has been relatively robust, commercial construction has been hardest hit by the contraction in the lending market. Several large projects have been put on hold and commercial approvals have declined. The Nation Building and Jobs stimulus package has shored up activity of the commercial sector in the short but that is not an enduring solution.

Conversely, there is still considerable activity in the civil construction industry now and in the near future. The Civil Sector had suffered a considerable migration of workers to the Mining Industry over the past several years. While the recession has abated this migration, any recovery in the resources sector this trend is likely to re-emerge.

Although the residential sector saw some contraction in the first quarter of 2009, the increase in First Home Owner's grant funding has helped restore activity and confidence as has the injection of a significant amount through Commonwealth stimulus measures for housing. The housing Sector is the largest employer of apprentices, mainly by self-employed contractors. Because of their relative small size, these micro-businesses are arguably the most vulnerable to declining confidence and forward work orders.

The Federal Government's Nation Building and Jobs Plan will channel approximately $1.2B over 18 months to 2 years into the South Australian construction industry. Considering that the total quantum of work undertaken in the industry in 2007-08 was $5.5B, this represents a sizable stimulus into an industry that had prior to the economic downturn been facing skills and labour shortages.

The Prime Minister has stated that there will be a mandatory training requirement associated with all projects funded by the Nation Building and Jobs Plan. At the CITB's instigation and suggestion, a 'Ten Percent Policy' plan has been adopted and is in the early stages of implementation in order to meet the Commonwealth's requirement. Through its sustained investment in Information Technology, CITB has the data to provide a monitoring and reporting system to the contract administrators, while minimising the administrative burden on contractors. This approach is expected to embed a commitment to employment and training as a key tender selection parameter. This has the potential to make a significant and long term contribution to a culture of training in the construction industry.

In the face of a rapidly changing economy CITB plans to continue policy settings as they were in the previous Annual Training Plan year, while adjusting allocations to suit market demand. It is anticipated that apprentice funding will peak this year following nearly 2,300 commencements in 2007-08, and where employers become eligible for CITB funding support on the first anniversary of the apprentice commencement

Expected continued strong demand for Current Worker training will persist in line with the overall strength of the industry.

The SA construction industry has embraced the new national standard 'White Card' common OHS induction requirement with more than 14,000 people undertaking training funded by CITB since the introduction of White Card in July 2008.

Innovation and Contingency programs have been a very useful and well utilised adjunct to the core programs. Amongst the initiatives funded through this program is Wise Guys which trains skilled tradesmen and women to become trainers in the industry. Like 'Wise Guys', the Heritage/ Artisan support program is a continuing project that has attracted significant interest in various segment of the industry.

Doorways 2 Construction (D2C) is in its tenth year, and is producing increased numbers of 'work ready' school leavers ready to take their place in the industry. The environment has changed and with a raft of other initiatives such as School Based Apprenticeships meeting with mixed results, D2C continues to evolve as a key component of the SA Construction Industry's future workforce generation strategy. In particular, the success of the new extension program, 'D2C Plus', gives us great confidence that we will have a comprehensive transition to work package. The CITB will contribute to the forthcoming SACE Review, and will work in strengthening its relationship with the Department of Education and Children's Services.

I commend the Plan to you as a comprehensive blueprint for training and resourced to increase the capacity and skills to support the South Australian building and construction industry's workforce development needs for the South Australian community into the future.

Mary Marsland

Mary Marsland Presiding Member
CITB, May 2009

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 define the parameters of the objectives in the Annual Training Plan (ATP).

In developing the ATP, the Board has sought input from its advisory committees to ensure that the objectives and strategies meet the priorities of the industry. Informing the consultation process, CITB management has been closely monitoring the progressive impact of the Global Financial Crisis (GFC) on the construction industry at both national and state levels.

It is clear that to date at least, the impact of the GFC on the SA construction industry has been more muted than in some other States. The reasons for this are several and include the projected impact of the National Building and Jobs Program as part of the National Stimulus package, a number of very large infrastructure projects and latent unmet demand for new housing including public housing.

The CITB undertook scenario-based Strategic Planning over December 2008 and January 2009. As a result, a number of guiding principles were developed for application to the 2009-10 ATP:

- Existing policies and settings would be maintained for 2009-10.
- Extant and emerging demand for training would be met.
- Measures to protect our investment in apprentices and trainees already in training would be developed and applied if necessary, although there is no evidence to date this will be required.
- If necessary the resources to fund the ATP would be drawn from Reserve funds accumulated in previous years.

PROGRAM FUNDING

Support provided by the Board is divided into two programs:

- Current Worker program to cater for existing workers and
- Entry Level Training program for new entrants, principally trade apprentices.

During 2009-10 the Board has determined that the total funding available for the two programs will be in the order of $20.5M and cover some 4,000 training places and 3,700 apprentices. This will represent the most significant commitment to training in terms of funding and training places that CITB has allocated in its 16 year history.

Entry Level Training Program

The Entry Level Training program is predicted to level out to $12.3M in 2009-10 (down slightly from 2008-09). The main reason for the slight decrease is that there was a significant increase in funding claims for apprentices following a concerted campaign by the CITB to engage employers over the past two years. In 2008-09 CITB gained access to the Traineeship and Apprenticeship Services (TAS) data which enabled us to identify all construction apprentices and their employers in valid Contracts of Training. All apprentices and their employers who were not claiming previously have been contacted and advised of their eligibility. This significantly increased the amount paid through the Entry Level Training program.

Overall there has been a steady increase in apprentice starts over the past five years from 1389 in 2003-04 to 2296 in 2007-08. Since the GFC took a firm hold there has been some evidence of an easing in new commencements. We anticipate this may be in the order of a 10% reduction in commencements over the full year. There is, at the time of preparing the ATP, no evidence of an increase in apprenticeship cancellations. The Board will monitor this with quantitative data sources and through industry intelligence.

Current Worker Program

The Board anticipates that growth in the Current Worker program will level out in 2009-10, with an allocation made for 32,000 training places, including 10,000 places for White Card. It is predicted that there will be less White Card training in 2009-10 compared to the 14,000 places in 2008-09 and fewer in the year following because as yet there is no defined renewal period. This is in contrast to the former Green Card renewal which was mandatory every three years under state-based requirements. Demand for training in areas linked to licensing outcomes was strong in 2008-09 and it is unlikely that this demand will abate in the foreseeable future, particularly as new COAG led national standards for licensing are progressively introduced.

FUNDING PROGRAM SECTOR AND PROGRAM SPLIT

The Board has sought to maintain the proportion of funding for the Current Worker program at 45% of total training funds expended and Entry Level Training at 55%. ATP 09/10 is expected to show about 2% variation, offsetting to some extent the 2008-09 outcome, but remains broadly consistent with the Board's intent.

The Act requires that the Board ensure that funding is distributed across the building and construction sectors in approximate proportion to levy collections from each of those sectors. While this is a complex and inexact administrative exercise the table to follow indicates that while the Act is indicative rather than being prescriptive, funding provision is consistent with the intent of the Act and is determined by demand for training places.

Of note is a marked increase in Civil construction activity and levy collections. This is attributable the number and scale of major infrastructure projects already in progress or planned for the future.

The following tables identify program objectives, strategies and outcomes. The information contained therein was developed for the ATP in 2007-08 and it was the Board's intention that these objectives remain in place to enable evaluation of the outcomes.

	CIVIL	COMMERCIAL	HOUSING	TOTAL
Entry Level Training Program	6%	23%	25%	53%
Current Worker Program	17%	17%	13%	47%
Total*	22%	39%	37%	100%

OBJECTIVES, STRATEGIES AND OUTCOMES

The Board revised the access and equity policy in February 2009 and supports the development of new initiatives to give effect to the policy. For the purpose of the policy, access and equity relates to measures which address under-representation in either the construction industry workforce, or among trainees engaged in entry-level training. It specifically includes, but is not exclusive to:

- Residents of Regional SA
- Age (youth and/or older workers)
- Aboriginal and Torres Strait Islanders (ATSI)
- Women
- People with a disability
- People with language and literacy difficulties
- Adult entrants
- School leavers
- People of non-English speaking background, including newly arrived migrants

The guiding principles of the policy are:

- To maximize training in the construction industry, the CITB will target resources and/or partner with other agencies to increase participation of groups under-represented in the industry.
- The Board may make specific budgetary provision for contingency funding for programs that support access and equity for those entering or already working in the construction industry and in line with CITB objectives.
- CITB will collect and use available data to target policy initiatives.
- CITB will ensure that all communication reflects this policy.

CITB will engage with stakeholders to develop innovative strategies in 2009-10 and develop a set of outcome measures to track progress over time.

PROGRAM 1 ENTRY LEVEL TRAINING

OBJECTIVES	STRATEGIES	OUTCOMES
To encourage prospective new entrants in schools and the community to consider careers in the industry	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
To encourage enterprises to take on apprentices and trainees in approved vocations	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
	Implement the ‘Ten Percent Policy’ to redress the perceived deficiencies of ‘Inskill’ as highlighted in the 2007 Industry Leaders Forum. Do this by collaboration with DFEEST and DTEI. Elicit DTEI commitment to a rankings system of tender selection which includes a training and employment ‘Pre-Qualification Index’.	A monitoring and reporting system developed and implemented, that measures contractor performance against a benchmark of ten percent of labour hours worked by apprentices and trainees. Initially to be applied on projects undertaken as part of the Nation Building and Jobs Plan. To be extended to all State Government projects with an ultimate objective of including Commonwealth projects.
To maximise the proportion of new entrants undertaking approved vocational qualifications	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
To improve the quality of workplace learning and training of apprentices and trainees in approved vocations	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
To raise awareness of safe work practices amongst apprentices and trainees in approved vocations	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
To facilitate, support and promote a training culture across the industry	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
To improve workplace productivity and performance by developing and maintaining a highly skilled and accredited workforce	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
To ensure a more equitable distribution of effort amongst enterprises in relation to employment-related training in the industry	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
To enhance career opportunities and broaden workforce employability through training	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
To facilitate the development and adoption of safe work practices across the industry	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 and attract more people to the SA construction industry

INNOVATION PROGRAM

OBJECTIVES	STRATEGIES	OUTCOMES
To develop new training programs, new opportunities 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 are 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. A formula is used to vary allocations from one year to the next. The original allocation is compared to actual take-up for each course and new allocations.

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. Requests for funding over and above the allocated 20% of unallocated funds will be considered by the Board and, where necessary, met from funding reserves.

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 & 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.

A State of the Industry report produced by CITB aligns the research function to industry needs and demonstrates CITB's commitment to ensuring strategic training outcomes, designed to deliver targeted training and optimal workforce development outcomes.

Research is also conducted into emerging needs in skills development arising from changing technologies and demands for skills and labour.

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. The emphasis of this function is on Workforce Development.

The ISB function also facilitates, through the extant Sector Committee structure, is also committed to engaging industry wide consultative networks to ensure that Training Packages are designed to deliver a job ready workforce, attuned to SA specific industry requirements.

Governance, Finance & 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 2009-10 RESOURCING PLAN

BACKGROUND

Levy

Levy revenue increased from $15.5M in 2007-08 to $17.5M projected to the end of 2008-09. There have been several drivers behind the increases in levy collections. Civil collections have increased and now represent 26% of total revenue. Significant civil levies were collected for the Northern Expressway and the Bakewell Bridge. The Desalination Plant currently under construction will make a significant contribution to construction activity and levy revenue with payments being made progressively in the current financial year and next. While housing revenue as a proportion of revenue had decreased, there has still been an increase in the total levies collected. Commercial collections have also increased marginally.

Forward projections for 2009-10 are difficult to due the unpredictability of the credit market which will disproportionately impact on the commercial sector. However, the Nation Building and Jobs Plan that involves stimulus for the economy will assist the commercial sector in particular. Several large housing developments in South Australia will help maintain activity in the residential sector as will funding for 1,500 new affordable homes and $3M for upgrades of public housing stock associated with the stimulus package.

Training

The accumulated surplus from increased activity in the past year and prior gives the CITB confidence and resources to put in place a rigorous, innovative and sustainable Plan for 2009-10 and beyond. For 2009-10, CITB will generally maintain current rates of funding support, but the net level of funding is expected to continue to grow.

There has been a significant increase in Current Worker training activity, due primarily to the increased activity in induction training. CITB has played a pivotal role in promoting the uptake of this training by taking on the development of new training materials for this course from Work Safe SA. SA was the first state positioned to deliver training under the new national arrangements and workers from the SA industry now have a qualification that will transcend state borders.

There has also been an increase in training associated with Cert IV level qualifications including competencies required for licensing requirements. It is anticipated that demand for this training will be maintained over the longer term. New licensing requirements for high risk occupations will also place additional demand on training such as rigging and scaffolding.

OTHER INITIATIVES FOR 2009-10

The Board has responded to emerging needs in the industry and initiated several projects to broaden the current reach of programs:

- Northern Area Initiative – CITB has appointed a project officer to work with building and construction contractors working on various housing developments in the Northern suburbs, particularly those at Blakes Crossing. The aim of the project is to provide a direct link for workers in the residential sector who are notoriously difficult to engage in training.
- Ten Percent Policy – CITB is working closely with DTEI and DFEEST to ensure that 10% of labour hours associated with the Nation Building and Jobs Plan are allocated to apprentices and trainees, including up-skilling and cross-skilling current workers. Ideally CITB will monitor this system on behalf of DTEI with a web-based system to gather, collate and report compliance. Compliance would require contractors to raise an account for each project they undertake, and to advise the names of sub-contractors. The application will interrogate the CITB database to collate a compliance report based on the registrations for Current Worker training and Apprentices register, either directly indentured or Group Training.
- Heritage Trade Support funding – provides funding for specialist training in Heritage/Artisan trades such as traditional timber framing and stone masonry.
- Immigration Support funding – provided on a short term basis to assist skilled migrants to obtain training they need to enter the construction industry.
- Wise Guys – mature age building and construction workers are being recruited to obtain Training and Assessment (TAA) qualifications to ensure that we have a supply of skilled, trainers with current workplace experience to shape the training and development of our future workforce.
- Contingency funding for skills development needs that may emerge at short notice.
- To meet the medium term needs of the South Australian 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

The table below provides projected budget figures for 2008-09 and then actual budget projected to the end of the financial year. Levy Revenue is anticipated to be $17.5M net of refunds. The total spent on funding including the Current Worker program, Entry Level Training program and Innovation and Contingency is projected to be $16.6M.

Current estimates for the 2009-10 budget indicate that levy revenue is expected to be in the order of $17.5M. Total funding for the Current Worker program of $8.2M is based on estimates for the number of training places allocated and the Contingency and Innovation programs.

Funding for the Entry Level Training program is expected to be approximately $12.3M, bringing the total on training programs to $20.5M.

However it is important to note that these figures only include direct funding for training. The table does not include any budget figures for the program support such as communications, program delivery, overheads and associated administration costs.

	2008-09 BUDGET	2008-09 (PRELIMINARY)	2009-10 BUDGET
Gross Levy Revenue	$17.00M	$17.5M	$17.5M
Current Worker Expenditure	$5.7M	$6.1M	$7.2M
Contingency program	$0.5M	$0.4M	$0.5M
Innovation program	$1.2M	$0.2M	$0.5M
Total Current Worker	$7.4M	$6.6M	$8.2M
Entry Level Training			
Tuition funding	$1.0M	$2.0M	$1.8M
On-Job funding	$3.4M	$3.7M	$4.4M
Completion funding	$3.8M	$4.0M	$5.2M
D2C Employer incentive	$0.12M	$0.4M	$0.3M
Total Entry Level Training	$8.32M	$10.1	$12.3M
Total Programs*	$15.72M	$16.6M	$20.5M
Number of Current Worker training places	27,000	30,000	32,000
Number of apprentices supported	3,884	3,700	4,000

[1] Estimate derived from July 2007 – Mar 2008 actual plus estimate for final quarter

RESERVES POLICY

The CITB Reserves Policy establishes two branches of Reserve within the total of Accumulated Funds.

The Prudential Reserve exists as a defensive 'wind-up' provision in the unlikely event that The Act was to be repealed. The net amount will be subject to annual review based on actual contractual commitments and the like. At the start of 2009-10 it is expected to be of the order of $8.1M.

The balance of Accumulated Funds comprises the Strategic Reserve. The Strategic Reserve, is available to the Board with the primary aim of supporting extant training programs or meeting emerging needs (contingency and innovation) during 'down cycles' in the industry.

It is for exactly this purpose that the Strategic Reserve will fund a planned deficit budget in 2009/10 in accordance with the Board's decision in February 2009 to maintain existing programs, levels of funding and scope of eligibility in the face of the current economic downturn.

The Board's current policy is that the Strategic Reserve will not be depleted below a level of $0.5M on an on-going basis.

At June 2009, the Strategic Reserve is expected to be of the order of $10.4M.

SCOPE OF CITB FUNDING SUPPORT

The scope of the CITB funding support is prescribed in The CITF Act, 1993 Part 6 Section 32 Clause 8. In essence the Board is required to ensure that the resources of the Fund are only allocated to structured training programs relevant to the building and construction industry in the state.

The CITB does not provide capital funding to associations or RTO, or any other agency or entity. Neither does it fund generic training or 'transition to work' programs. It defines the industry as those companies engaged in the industry which generate more than 80% of their revenue from building and construction.

The only exception to this is the funding support provided to the Doorways 2 Construction VET in schools program. Because the levy is not collected from the mining sector, it does not fund training in that sector. Eligible individual workers must be employed in the industry and generally engaged in on-site construction activities.

While some off-site vocations are covered; such as pre-cast concrete and structural steel welders and fabricators, manufacturing workers are not. The CITB has an extensive range of policies that underpin its governance framework to ensure compliance with The CITF Act 1993

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