

# BUILDING SKILLS





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# PURPOSE, VISION AND VALUES

## Purpose

The Construction Industry Training Board (CITB) is a body corporate established by the enactment of the Construction Industry Training Fund (CITF) Act (1993) by the South Australian Parliament, and came into existence on 1 September of that year.

The cover page of the Act explains its purpose as:

'An Act to establish a fund to be used to improve the quality of training in the building and construction industry; to establish the CITB to administer the fund and coordinate appropriate training; to provide for the imposition and collection of a levy for the purposes of the fund, and other purposes.'

## Vision Statement 2010

The South Australian building and construction industry is characterised by:

- a training culture across all sectors of the industry;
- a highly skilled work force;
- high standards of health and safety.

## Mission

To support the South Australian building construction industry by providing leadership in training and skills development for its work force.

## Values

- Integrity
- Leadership and innovation
- Teamwork
- Open communication
- Customer satisfaction
- Quality of service



# FUNCTIONS

The Act specifies the CITB's functions which include:

- To act as a principal adviser to the relevant State and Federal Ministers on any matter relating to training in the building and construction industry.
  - » Advice to the State Government is provided both on request or when a specific issue needs to be drawn to the Minister's attention through the Industry Skills Board (ISB) function and in the CITB's own right.
  - » Advice direct to the Commonwealth ceased with the demise of Industry Training Advisory Boards in 2002. SA engagement with the national Industry Skills Councils is through ISBs administered by the Department of Further Education, Employment, Science and Technology (DFEEST). The role of the Construction ISB has been contracted to CITB since 2005.
- To administer the CITF.
  - » Administration of the Fund entails; collection; project audit and reconciliation; funds management and disbursement policy and process in accordance with the Act and the requirements of the Office of the SA Auditor General.
- To prepare training plans in accordance with the Act.
  - » The principal product is the Annual Training Plan (ATP) which is referred to throughout this document and is compiled as a result of extensive consultation with industry through the industry sector committees.
- To coordinate training and personnel development generally within the building and construction industry.
  - » This is carried out through consultation with industry, by the identification of training needs and the provision of funding support in order to support and encourage uptake of the training and development programs thus identified.
- To promote increased productivity, career opportunities, personal satisfaction and OH&S within the industry through training.
  - » CITB is heavily involved in career promotion in collaboration with the Department of Education and Children's Services (DECS), particularly through Doorways2Construction (D2C). The CITB promotes the notion of a career-path training continuum across the industry. CITB plays a key role in the development and promotion of a positive OH&S culture through a range of OH&S initiatives. Roll out of the nationally recognised common site induction course known as 'White Card' has been a key outcome in 2008-09.
- To review and evaluate employment-related training programs to ensure that they meet the requirements of industry.
- To ensure a more equitable distribution of effort amongst employers in employment-related training in the building and construction industry.
- To initiate, carry out, support or promote research into the training and personnel needs of the building and construction industry.
- To liaise with educational, professional and training bodies (in either the public or private sectors) in relation to training and personnel development within the building and construction industry.
- To promote, undertake, or support programs designed to facilitate the international exchange of information relevant to training or personnel development within the building and construction industry.



# HIGHLIGHTS



## Training Participation

The standout in 2008-09 was the growth in the Entry Level Training (ELT) component of training places and expenditure. This was principally due to two factors:

Increased reach of tuition-funding support.

- CITB now pays apprentice subsidies (up to \$1600 over four years) via a 'point-of-sale discount' with their training institution, on production of their CITB ID card.
  - » 3,613 apprentices received tuition funding (compared to 1,889 in 2007-08), an increase of more than 100%.
  - » \$1.9m (compared to \$1.1m in 2007-08), an increase of 76.2%

Growth in apprentice commencements over the previous two years.

- Employer apprentice support funding for completion and maintenance of the on-job log book is paid in arrears on attainment of successive anniversaries.
- A first year apprentice's employer receives the payment on the first anniversary of commencement in line with the Board's 'reward for results' principle.
- Thus, the growth in 2008-09 reflected growth in commencements in 2007-08. Growth was primarily in direct-indentured apprentice numbers. Group training numbers actually declined marginally.
- Although apprentice commencements flattened out in the last half of 2008, they have picked up towards the middle of 2009.
- This is a very encouraging indicator as it certainly bucks the trend evident in other states and is perhaps a reflection of the confidence in the local market and better awareness of support measures available to employers.

- \$8.9m ELT expenditure (compared to \$6.8m in 2007-08), an increase of 32.1%.
- 4,528 different apprentice identities (compared to 3,381), an increase of 33.9%.
- 990 direct indenture claims (compared to 727), an increase of 36.2%.
- 2,012 group claims (compared to 2,114), a decrease of 4.8%.
- This apparent discordant set of numbers reflects a lack of uniformity in the uptake of CITB apprentice support. Many apprentices are in receipt of tuition funding support but their employers are not claiming training incentive payments, reflecting a communication issue which CITB is addressing.

Current Worker (CW) participation also grew strongly, primarily because of the introduction of the 'White Card' generic OH&S induction program.

- SA was the first state to introduce the new nationally-recognised standard and the take-up has been dramatic. Because this training is relatively high-volume low cost, it masks to some extent increased participation in skills-specific training of higher value.
  - » \$6.2m CW expenditure (compared to \$4.7m), an increase of 31.4%.
  - » 35,010 CW training places (compared to 25,103), an increase of 39.5%.
  - » 24,528 persons undertaking CW training (compared to 17,436) an increase of 40.7%.

Again, the difference in separate persons undertaking training and the total number of training places indicates that more people are undertaking multiple training activities.

## HIGHLIGHTS

### Contingency / Innovation in Training

The Board makes an annual allocation to support emerging training needs and innovative training to develop the SA work force. The following programs commenced in the previous financial year and reached maturity in 2008-09:

- Development of the Heritage/ Artisan Support Program to support and promote rare trades.
- The Wise Guys program recruited and trained 21 skilled tradesmen and women to play a leading role in the training and mentoring of people entering the construction industry.

Continuation and development of the Migrant Support Program to assist skilled migrants to obtain the necessary training and licences so they can make the transition into the SA construction industry.

### Communication

#### You've Got Mail.

CITB has established an in-house call centre, with a staff member dedicated to telephone inquiries and an ongoing direct call / direct mail campaign.

Incoming calls tend to be regarding of CITB ID cards and eligibility.

- Our outgoing calls are directed to employers of apprentices in receipt of tuition funding, but who are not claiming employer support funding, in order to raise awareness of CITB funding support and assist them with claims lodgement.

#### Field Supervisor Appointment.

In February 2009, CITB appointed Mark Gosden as a Field Supervisor.

- Mark, a carpenter by trade, brings current industry skills and experience as a project manager and supervisor, most recently with Tagara Constructions, and previous experience as a trainer.

- He oversees a number of CITB activities including innovation projects, liaison with industry and community agencies – particularly in the northern suburbs around the Playford Alive and Blake's Crossing housing developments – and face-to-face contact with workers and subcontractors on sites all over Adelaide.
- He is working to improve connectivity between industry and D2C.
- Feedback from a range of quarters has been excellent and Mark's energy, engaging personality and innovative approach is a welcome addition to the CITB staff team.

### Careers Strategy

#### D2C Plus is a winner.

D2C has built a national reputation as an outstanding example of industry / government partnership in delivering a VET in Schools program with excellent employment outcomes.

- The key to the program is the way in which it 'front-loads' participants with skills pre-apprenticeship.
- In 2008, CITB introduced D2C Plus for students in Year 12 who have previously completed D2C in Year 11.
- The program has been consolidated in 2009. Its approach of 'trade streaming' and undertaking some Certificate III competency 'block training' has been well received and the program is growing rapidly.
- The future of this program seems assured, although as CITB is currently bearing the entire cost of the 'block training' and therefore saving User Choice (Government) funding once an apprenticeship is commenced, we will be looking to synchronise it with the DECS Trade Schools of the Future strategy to ensure it is funded equitably.



# REPORT OF THE PRESIDING MEMBER AND CEO

## The Big Picture

The CITB is very pleased with the outcome of financial year 2008-09. Chart A illustrates that, despite the threat presented by the Global Financial Crisis (GFC), industry activity levels held up in SA to a better-than-expected level, particularly compared with some other States. This meant levy collections actually increased by 6% on the previous year and were within 1% of budgeted expectation, noting the budget was framed well before the GFC materialised in the latter half of 2008.

Training activity levels, which historically have fallen in times of financial contraction, have exceeded our budget expectations.

The combination of higher-than-expected activity levels and levy collections close to expectation resulted in a modest operational deficit, which will be covered by reserves accumulated in previous years.

Economic forecasters had predicted a downturn in 2007 from as far back as 2004. In the intervening period, CITB had progressively reconfigured most of its training to make it more accessible and more equitable across the industry. Continuing strong momentum in the economy and lags in uptake of some of these new initiatives had an unanticipated benefit: it helped CITB accumulate significant financial reserves. With the advent of the GFC – and a local impact that has thus far been less than might have been anticipated – the CITB was well positioned to deal with it.

This sends an important message. Unlike in previous periods of economic decline, the SA building and construction industry has been able to maintain and even grow its efforts in skills development so that the work force is as prepared as it can be for the eventual economic recovery.

## Strategic Intent

Earlier in the year, the Board undertook scenario-based strategic planning specifically shaped by the GFC. The results of that planning are described in detail in the body of the report. The general thrust was that the Board's agreed priority was to support apprentices and trainees currently in training and to minimise attrition losses through any industry downturn.

These young men and women represent a significant investment of both public and private sector resources and we need to protect the industry's return on that investment by keeping them in training and employment and maximising completions.

To do this, CITB is maintaining current training policy support levels in the face of any decline in revenue, in order to sustain the industry's training commitment. The anticipated CITB funding shortfall has been and will continue to be resourced from the financial reserves accumulated by the Board over preceding years.

We expect that this may result in a significant deficit in the forthcoming financial year; potentially as much as \$5m.

Importantly, this is exactly the scenario for which the Board has prepared through prudential policy and financial management in preceding years. We have put sound policy settings in place, extended our reach into the industry work force, broadened the base of training delivery and accumulated the financial resources to be able to 'stay the course' despite the turbulence around us. We expect to be able to maintain this position for at least the next two years.



## REPORT OF THE PRESIDING MEMBER AND CEO

### Civil Sector Activity Levels

The civil sector has for a long time exhibited lower than expected levy collections when compared to ABS data. This is in part due to the way the levy is collected. With public expenditure on infrastructure at an all-time high and with increasing prominence of large, complex and specialised projects, CITB has initiated a review of the compliance management framework for these types of projects. A significant amount of civil works are performed by local government entities and contractors and CITB has focused on ensuring that the compliance regime is properly adhered to in this environment.

Increased public and private spending on infrastructure has seen civil collections increase by 71.4% since last year. Major infrastructure projects encompassing water, roads and ports planned and under construction will continue to contribute significantly over coming years.

Infrastructure development is a precondition for growth in both the residential and commercial sectors in future years, particularly with the increasing emphasis on Transit-Oriented Development (TOD), and urban infill. As the finance markets recover from the effects of the GFC, the residential and commercial sectors will be well placed to meet anticipated demand.

This highlights the notion that a 'whole of industry' perspective needs to be taken over the longer term rather than on specific sectors. Each is dependent on the other, although that interdependence is not always obvious when considered on a job-to-job basis.

### A National Approach to Regulation

The Council of Australian Governments (COAG) has made national harmonisation of licensing and related regulatory matters a high priority. SA was the first state to introduce the new national 'White Card' for OH&S common site induction training. The response from the industry has been overwhelming and has contributed 19,517 of a total of more than 35,000 training places that CITB resourced in 2008-09 under the CW Program. We expect 'White Card' training to peak in 2009-10 but it will settle back to a maintenance level of ongoing training in the absence of a prescribed re-qualification requirement.

National licensing qualifications are expected to assume increasing significance over coming years, with many key licences likely to be linked to mandatory Certificate IV level competencies. CITB is working with industry associations and RTO to ensure we have the training framework in place to support this.

We anticipate an increasing emphasis on 'green' competencies from design through materials selection, construction techniques and even demolition. Much of this is likely to be delivered in retrospect so we expect it to figure with increasing prominence in the CW Program.

### Nation Building and Jobs Program – Ten Percent Policy

The advent of the Commonwealth Government's \$42b 'stimulus package' has had a major beneficial impact in the commercial sector thanks to the 'Building the Education Revolution' (BER) projects and in the housing sector as a consequence of the Social Housing initiative.

A key condition of the funding is a requirement to account to the Commonwealth for employment and training outcomes generated as a result of the program.

Applying the adage that "if you can't measure it, you can't manage it," CITB has developed a simple, easy-to-use reporting tool that will enable construction contractors to meet the Commonwealth reporting requirements with a minimal administrative burden.

The 'Ten Percent Wizard' allows a contractor to build a report that profiles the work force used on a particular job, via the network of subcontractors and their employees. It is explained more fully elsewhere in this report.

This initiative will help everyone involved in procuring construction services make judgements about value rather than just price. The Government has already expressed an aspiration to extend the principle as part of State Government procurement policy.



## Report Card

Last year, we outlined a number of key tasks that were to be undertaken. This is an opportunity to report on progress.

“Improve communication with the entire industry employment base, particularly subcontractors.”

- We rate this as having been particularly successful as is evident by the pronounced increase in uptake of apprentice support funding.

“Maximise new entrant numbers.

Do this by supporting existing employment mechanisms, exploring innovative approaches to employment. Seek Government commitment to strengthen tender conditions around skilled construction work force training and seek a similar commitment from the private sector”.

- The advent of the Ten Percent Policy will strengthen the incentive for contractors at all levels to engage and train apprentices if they want to be successful in tendering for Government works. It will help shift the emphasis from price alone to value-based criteria.

“Strive for continuous improvement of the skills base of the work force. Do this by enhancing pre-apprenticeship training and development, and streamlining the apprentice training process. D2C and, increasingly, D2C Plus will be the key vehicles for achieving this.”

- D2C has been a key platform of the CITB’s strategy of ‘front-loading’ and ‘conditioning’ would-be apprentices, since its inception ten years ago.
- The pilot D2C Plus program has been very successful. We plan to expand it in the coming year. It adds vocational competencies at Certificate III level in Year 12 to those acquired in the basic Year 11 D2C program.

“Broaden the base of industry participants supported by the CITB to embrace emerging skill needs in areas such as estimating, scheduling and project management. These can be attractive alternative pathways to young people seeking to enter the industry.”

- The Productivity Placements Program has been supported by the CITB providing the 10% industry contribution. There has been significant uptake of these programs through a number of RTOs that engage with CITB.

“Tap into the significant resource of disengaged and displaced workers from other sectors of the economy. The CITB has initiated a project called ‘Wise Guys’ to do this.”

- The Wise Guys program recently graduated 20 qualified trainers. Most have already been engaged by RTO. Pending a formal evaluation, we expect that the program will be extended and expanded.

At a strategic level the Board will work closely with the State Government to influence work force development and training so the SA building and construction sector can play its part in realising the SA community’s aspirations.

- Continuing engagement will enable the industry to anticipate and prepare for developments arising from State Government planning including:
  - » ‘Skills for All’ initiatives: these need to be shaped to align with the specific needs of the building and construction industries rather than focussing on training for its own sake.
  - » Green South Australia: sustainability / economic advantage. Vibrant Adelaide: to transform Adelaide CBD into a more vibrant, creative, cultural hub.



## REPORT OF THE PRESIDING MEMBER AND CEO

- » TOD will see integrated infrastructure, residential and commercial development becoming a major driver of future development in the Adelaide metropolitan area.
- These will each have very specific impacts on the SA building and construction industries because construction is common to virtually all forms of economic and social development, with impacts on design, building materials and construction techniques as well as supporting skills and qualifications.

The key message is that CITB is well positioned to help the SA building and construction industry to meet the training and work force development challenges of the future. The next twelve months is likely to be a testing time but the Board of the CITB believes that excellent industry engagement, sound policy platforms and prudential financial management provide the capacity and flexibility to serve the needs of the SA building and construction industry despite uncertain economic times.

Chart A maps levy collections against construction work done in SA over the life of the CITB. Intuitively, one would expect the two to be in proportion. It is important to note that the levy is a leading indicator: that is, it is paid in advance of work being done which is important to keep in mind when looking at the graph.

In 1999-2000, for example, there was an increase in construction activity.

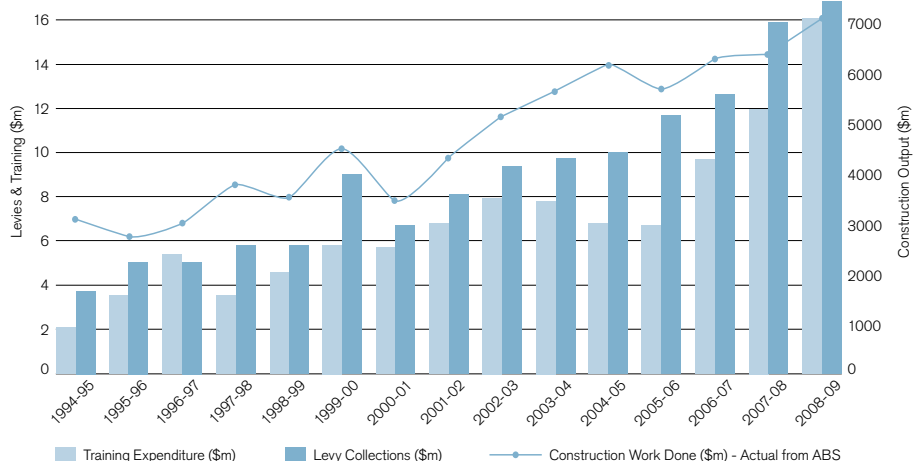
Some of this activity was associated with the introduction of the Goods and Services Tax (GST) when consumers hurried to complete construction projects to avoid the GST.

In 2004-05, training expenditure fell away slightly, total work done climbed and levy collections grew less significantly. The drop in training expenditure reflected a change in the way training was funded compounded by a lag in uptake.

Subsequently, training expenditure has climbed back reflecting the growth in apprentice commencements and higher levels of demand for all forms of training.

While levy collections grew sharply in 2007-08 as a reflection of overall levels of industry activity, significantly, they also increased as a proportion of work done, suggesting that the increased effort devoted to collections has paid off.

**Chart A: SA Construction Industry Output, Levies Collected and Training Activity 1994 - 2009**



# DIRECTORS

## The directors of the Board as at 30 June 2009 were:

**Mary Marsland** PSM, BARCH, LFRAIA  
- Independent Presiding Member.

## Members and their deputies representing the interests of employers in the building and construction industry

**Steven Hall** MIPA, MAIE, JP, Director Industrial Plumbing Services Pty Ltd. (Deputy: **Larry Moore**, Chief Executive Officer, National Electrical and Communications Association (NECA)).

**Robert N Stewart** MNIA MAICD, Chief Executive Officer Master Builders Association of SA Inc. (Deputy: **Sari Flynn**, Master Builders Association of SA).

**Peter Harrland** BESTEC FIE (Aust), BE (Hons), Director. (Deputy: **Nathan Paine**, Property Council of Australia).

**Anna Montebello**, Group Training Manager, Plumbing Industry Association of SA Inc (Deputy: **Douglas Stevens**, HIA Regional President).

## Members and their deputies representing the interests of employees in the building and construction industry

**Robert Geraghty**, Secretary Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU) (Deputy: **Douglas Buchanan**, CEPU).

**Martin J O'Malley**, Secretary CFMEU (Deputy: **Bentley E Carslake**, Construction, Forestry, Mining and Energy Union).

**Deborah Nicholls** (Deputy: **Christine Chevalier**, Construction Industry Training Centre).

## Members nominated by the Minister

**Fiona O'Connor** MA(Hons), Dip Ed (Deputy: **Christine Harrison**, DFEEST).

**Romana Wereszczak** PhD.Ed, MEd, BEd, Grad. Dip Ed. Admin, Executive Director, Transport Distribution Training SA (Deputy: **Sally Jeremic**, DFEEST).



## Obituary for Alison Scheffler

Alison was appointed to the Board in 2007 as a civil sector appointee. As General Manager of Civil Train, she won the admiration of the civil sector through hard work and effective management of the Civil Contractors Federation's training business. Alison's energy and enthusiasm were appreciated on the Board where her sage contributions were noted. In early 2009, Alison resigned from the Board due to ill health and she was subsequently diagnosed with cancer. She dealt with it in her usual indomitable fashion displaying fortitude and optimism. Sadly, she succumbed to her illness on 15 July 2009. Her funeral was attended by a large number of industry identities, indicative of the esteem in which she was held.



From left: Steve Larkins (CEO), Martin O'Malley, Mary Marsland (Chair), Peter Harrland, Rob Stewart, Anna Montebello, Romana Wereszczak, Steve Hall, Doug Buchanan (deputy to Rob Geraghty), Chris Chevalier (deputy to Deb Nicholls). Absent: Deb Nicholls, Fiona O'Connor, Rob Geraghty.

# CITB STRATEGIC FRAMEWORK/ BOARD STRUCTURE

The Board's underlying strategic intent is expressed in detail later in this section.

In the context of the past 12 months and forward economic projections, the Board undertook scenario-based strategic planning in anticipation of the impact of the GFC in late 2008 – early 2009.

On the basis of the information available, the Board resolved that it was important to protect the investment that had already been made in training, particularly in respect to apprentices in training. It took the view that the best way to do this was to maintain existing policy settings and levels of funding support in order to maintain stakeholder confidence, and to provide certainty to those committed to apprentice employment and training, even though indications were that levy revenue would most likely be impacted.

The Board's accumulated revenue is deemed sufficient to support this approach over the next two years (2009-10 and 2010-11).

Since the scenario planning was undertaken, the advent of the Commonwealth Government's 'stimulus package' and associated construction activity has softened the impact of the GFC in SA and elsewhere. SA's general economic outlook seems better than anticipated. However, the Board will remain alert to emerging trends that may have adverse work force impacts.

## **Strategic Intent**

### **Support and Promote Career Opportunities**

The future of the industry depends very much on its ability to attract, train and retain people of all ages with the skills demanded by the industry.

### **Enhance Work Force Productivity**

The CITB has resolved that the best way to assure the success of its funding support is to focus on the attainment of agreed training outcomes as the condition of any funding support.

### **Optimise Information Exploitation**

Data integrity has been a key focus of management activity since 2005. Data collection and integrity has been improved dramatically with simple mechanisms such as improved validation of individual and corporate entities to avoid duplication.

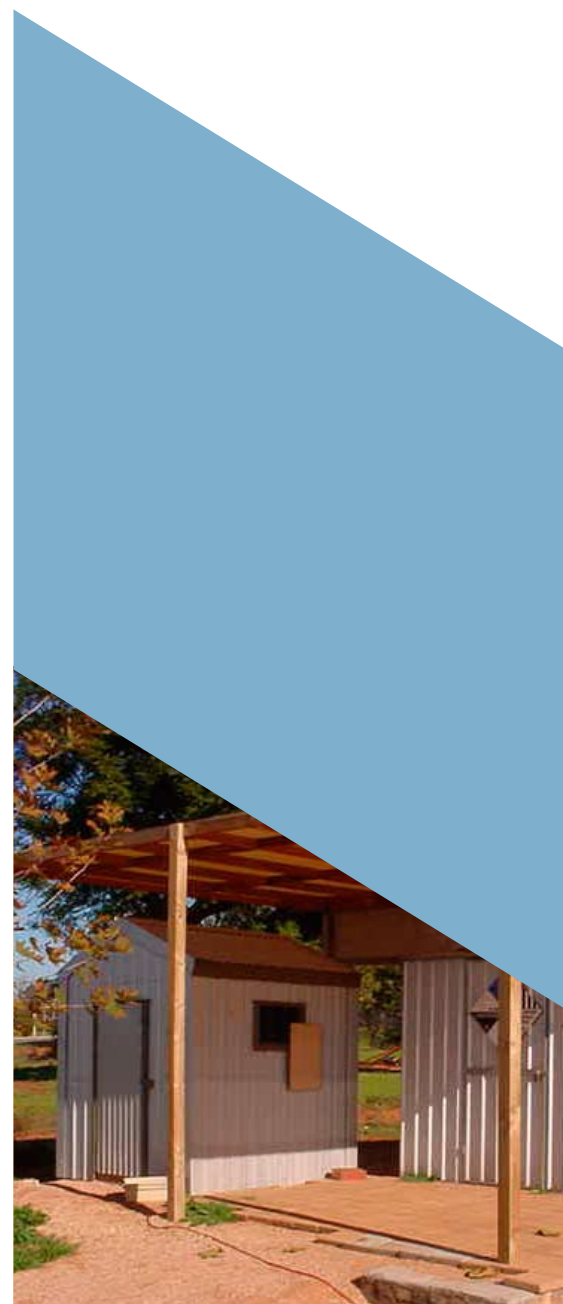
This improved data integrity has directly contributed to our capacity to produce better information to support policy, planning and better training outcomes.

### **Review and Evaluation of CITB Activities**

With better information, more informed decisions can be undertaken. In addition to routine review and evaluation, in the latter part of 2008-09, CITB commenced planning for the conduct of a comprehensive evaluation of D2C and School-Based Apprenticeships as a basis for development of our future VET strategy.

### **Develop Income Diversification**

A key implied objective of the CITB is to reduce the cyclical vulnerability of training activity to reductions in available funding so that long-term objectives can be better met with greater certainty of funding streams for recipients. CITB generates significant revenue through a range of non-levy activity by providing a range of products and services to customers around Australia.





### **Staff, Systems and Policies**

The CITB's operations are interlinked with – and underpinned by – its management, administration and support systems. These represent a significant investment by the stakeholder community and are subject to ongoing review and refinement.

In October 2007, the Board refined further strategic guidance as follows:

#### **Streamlining Transition From School To Work in the Construction Industry**

The Board resolved to work with schools, vocational education providers and RTOs to 'front-load' skills while students are still at school. D2C Plus commenced in 2008 and is designed to give effect to the Board's intent. Further work in this area is underway.

#### **Improved Data Capture Analysis and Research**

The Board is focused on using data from a diverse range of sources to ensure a demand-driven approach to policy settings.

Commencing last year, CITB has produced a 'State of the Industry Report' as an addition to the program of research and analysis.

#### **Increase Industry Participation**

In an economy where skills and labour shortages impact on many industries, the Board has determined that various strategies are required to recruit, train and retain skilled labour. For example, more needs to be done to increase the number of people entering the industry.

A range of indicators elsewhere in this report illustrate the success of the Board's participation objective over the past few years.

### **Distribution of Funds**

The Board recognises that it is important to look at how funds are distributed to encourage and engage all sections of the work force with the aptitude to work in the construction industry. While most of the funding provided by the Board has been focused on blue-collar skills, there is an awareness that some of the most pressing skills shortages are now in project management, scheduling and estimating. These positions could be filled by people who would not normally consider working in the industry (e.g., women) or people who are in the industry but who were planning to exit (e.g., injured workers or skilled tradespeople who want to move to a desk job).

# CONSTRUCTION TRAINING FUNDS

Construction Training Funds of various kinds operate in the ACT, Tasmania, Queensland, Western Australia and SA. Construction Training Funds also operate in a number of other countries, notably the UK and many Commonwealth countries.

The individual State and Territory funds are the largest sources of non-Government funding for training in the building and construction industry and represent the largest sources of non-Government funding for training across all industries. Collectively, they generate more than \$75 million annually.

Together, these organisations support the training of over 80,000 industry employees each year. In addition, a further 20,000 apprentices and trainees are supported on a national basis. School-based apprentices and trainees account for a further 3,000 participants in building and construction industry training.

## The South Australian CITF Levy: How it Works

In SA, the CITF levy is imposed at the rate of 0.25% of the estimated value of each construction project over \$15,000 undertaken in SA. The levy is paid by the end-consumer of construction services, either directly or on their behalf by the builder or prime contractor.

There are exemptions from the levy, such as construction carried out on Commonwealth land, and activities such as mining, petroleum processing, some forms of work on agricultural land and, in some cases, non-construction plant and equipment.

In general terms, the levy applies to everything from a home renovation to the building of a new hotel or office building on North Terrace, and road developments ranging from Local Council roadworks to projects of the scale of the Northern Expressway.

The levy can be paid manually over the counter at Local Council offices and the CITB, or online at the CITB website [www.citb.org.au](http://www.citb.org.au).

The CITB is in the process of introducing a new online levy payment system which will streamline the process and with a dedicated function for large volume builders and developers.

## The Levy: a Leading Indicator of Activity

Levy collections are a good leading indicator of economic activity. Payment of the levy takes place prior to approval, and precedes the actual conduct of the work.

Chart B shows levy volumes over time. When compared to Chart A, one can quickly draw the conclusion that the average value of projects has increased significantly over time, whereas the volume of levy transactions has remained relatively constant, noting a spike in 2007-08 consistent with the economic boom at that time.

The construction industry comprises of three main sectors which are defined in the Act. In simple terms, they are as follows:

- Housing: any permanent structure in which people live (but not including hotels, nursing homes and the like);
- Commercial: all other roofed construction;
- Civil: unroofed construction.

Housing is traditionally the largest judged by activity, but it is also the most subject to cyclical variation. Many trades and skills 'migrate' across sectors, particularly between housing and commercial.

Charts C and D show the sector attribution of levies collected in 2007-08. What is immediately apparent is the significant jump in the proportion of civil work being undertaken. There are two elements to this apparent growth; a real increase in the level of civil works being undertaken (thanks to government funded infrastructure development) and better collection methods.





It is important to note that levy attribution is only an approximate indication at best, as it is based on a declaration by the levy payer and tends to be generic rather than specific – or, indeed – accurate.

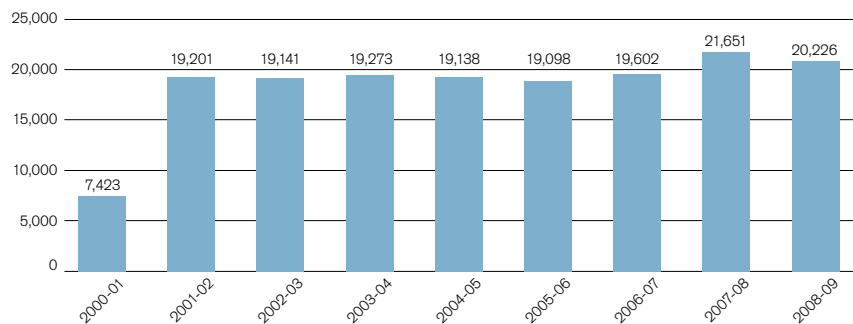
SA has the only Training Fund that attributes levy collection and training expenditure because of the administrative complexity and inherent inaccuracies involved.

A significant effort has been mounted with Local Government, the wind energy sector and some other specific classes of project over the past year, in order to improve awareness and compliance. The appointment of Mark Williams as Compliance Investigator, and the boosting of the audit program have yielded excellent results.

Chart B illustrates the volume of levy collections over time. The remarkable thing is how constant that level has been, particularly when compared to the value of levies collected. What is clear is that the average value of projects has risen significantly over time, even if the volume of activity has not.

Charts C and D illustrate the attribution of levy collections to the three key sectors of the industry. The major point of note is the dramatic increase in civil collections both net and as a proportion of total collections when compared to previous years. This is principally due to increased infrastructure project spending by Government and parts of the mining sector in areas such as road, water and energy projects, and partly due to a sustained effort by CITB management to improve collection performance in Local Government which is a major customer of civil construction work. Interestingly, the last time a similar split was evident was ten years ago, and coincides with an earlier burst of road building projects.

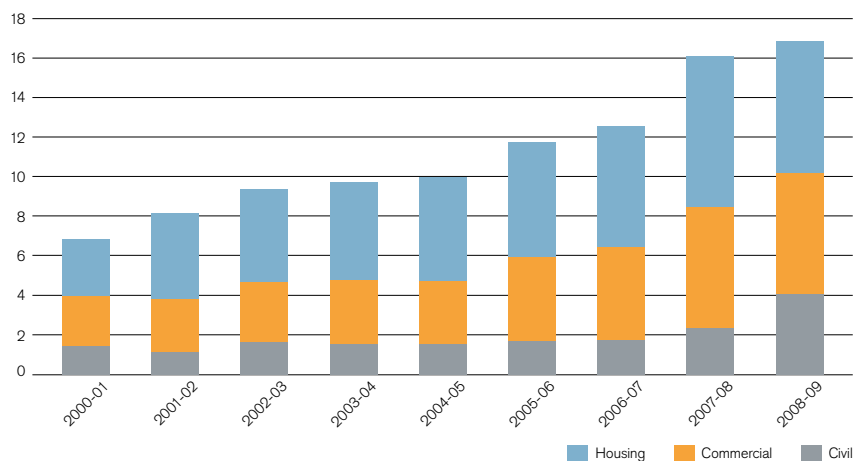
**Chart B: Levy Transaction Volumes**



**Chart C: Levy sector split as a proportion of total collections 2000-2009 (\$16.8m, 2008-09)**



**Chart D: Levy collections per sector 2000-2009 (\$m)**



# ANNUAL TRAINING REPORT

The CITB is required to prepare training plans for submission to the Minister as one of its prescribed functions under the CITF Act (1993).

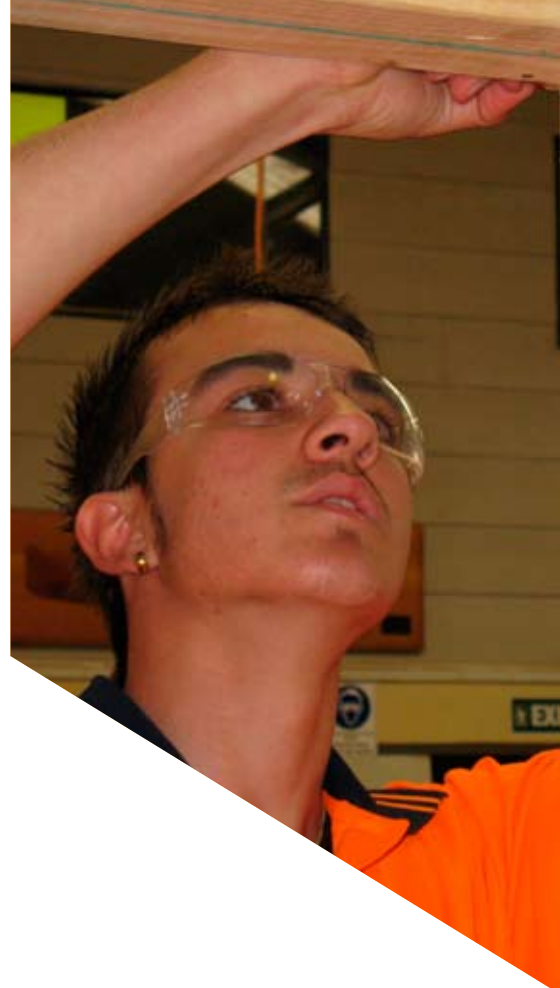
The ATP outlines the funding programs and associated resources, which forms the basis of the training activity in each reporting year.

The 2008-09 ATP reported performance against measures established in 2006-07. The report highlights achievements in distinct program areas. In summary:

- The CW program aims to facilitate skill and career development, including cross-skilling and up-skilling for existing workers in the immediate to medium term.
- The ELT program encourages and develops a foundation of skills for the longer term. This program offers incentives and funding for apprenticeship/traineeship tuition, progressive completion of contracts of training, and maintenance of on-job training records. It also includes D2C, which attracts young people into the construction industry.

In 2005-06, an innovation and contingency component was incorporated in the CW program to provide flexibility in developing training responses to industry needs, to enhance capacity to address emerging needs and to engage target demographic groups better.

The following table illustrates the budget vs actual achievement with respect to the ATP. The alignment of the budget against actual figures reflects the confidence that the Board now has in the consultation mechanisms, financial procedures and computing records that have been progressively developed in the past five years.



	2008-09 Budget	2008-09 Actual
<b>Levy Revenue</b>	<b>\$17.0m</b>	<b>\$16.8m</b>
<b>Current Worker Program</b>		
Current Worker	\$5.6m	\$6.2m
Innovation & Contingency	\$1.7m	\$0.8m
<b>Total Current Worker Program</b>	<b>\$7.3m</b>	<b>\$7.0m</b>
<b>Entry Level Training Program</b>		
Tuition funding	\$1.1m	\$1.9m
On-Job funding	\$3.4m	\$3.4m
Completion funding	\$3.7m	\$3.7m
D2C Employer incentive	\$0.3m	\$0.2m
<b>Total Entry Level Training</b>	<b>\$8.5m</b>	<b>\$9.1m</b>
<b>Total Programs*</b>	<b>\$15.8m</b>	<b>\$16.2m</b>
<b>Number of Current Worker training places</b>	<b>25,103</b>	<b>35,010</b>
<b>Number of apprentices supported</b>	<b>2,841</b>	<b>3,613</b>

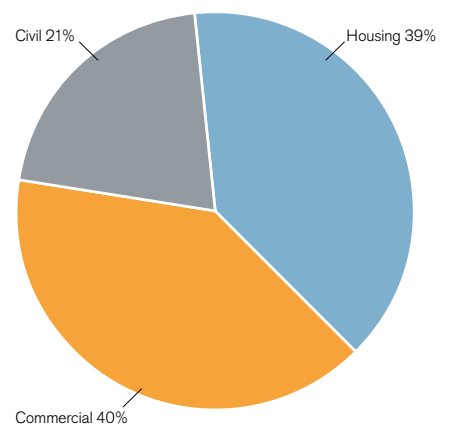
\* Total equals more than reported subtotals due to rounding



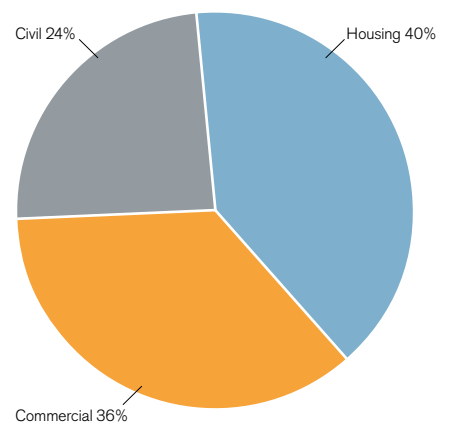
The Board aims to disburse training funds in the same ratio to levy collections. As Chart E1 and E2 indicate, the Board's intent has been achieved. The proportion of training expenditure in 2007-08 compared to 2008-09 did not vary at all in the commercial sector and only varied by 1% in the civil and housing sectors. However, the proportion of levy collections did change. In 2007-08, the proportion of levies collected in the housing sector was 52% while in 2008-09 it was 40%. In the previous year civil collections were 13% of the total collected and in the current year they were 24%. The housing sector still accounts for the largest amount of levies collected: \$6.7m in 2007-08. However, in actual collections, the amount levied from the housing sector decreased by 12%; from \$7.6m in 2007-08 to \$6.7m in 2008-09. Conversely, levies collected from the civil sector increased by 71% from \$2.3m in 2007-08 to \$4.0m. There was a slight increase in commercial collections from \$6.0m to \$6.1m.

The following charts summarise specific aims in each of the funding programs.

**Chart E1: 2008-09 Current Worker & Entry Level Training Expenditure by Sector (\$15.1m Total)**



**Chart E2: 2008-09 Levy Collections by Sector (\$16.8m Total)**



# CURRENT WORKER PROGRAM

## How it Works

The CW program is a key element of the CITB's approach 'to promote increased productivity, career opportunities, personal satisfaction and occupational health and safety within the building and construction industry through training' as prescribed in the CITF Act (1993).

While negative sentiment about the economy and the construction industry has been widespread during the year, workers in the building and construction industry have attended an unprecedented number of training courses measured as training places. The introduction of the new OH&S induction course at the adoption of the 'National Code of Practice for Induction for Construction Work',

was a significant driver to the increase in the number of workers attending training. Almost 20,000 construction industry workers attended induction training, 'White Card'.

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

As in previous years, the CITB implements the CW program through a range of support funding subsidies to RTO in order to reduce the cost of training to industry. The RTO provide training, assessment and other services to the industry, in accordance with guidelines established by the Joint Sector Advisory and the Training Policy Committees.

All CITB support funding is premised on the successful attainment of industry-agreed training outcomes, delivered and monitored under the auspices of a quality assurance process such as the Australian Quality Training Framework (AQTF).

The program is based on several key objectives and enabling strategies within each objective. These are linked to a series of outcomes, the measures for which are shown in the leading table. Some of the measures are difficult to report due to concerns about data integrity and the reporting timeframe. This is a significant driver for the upgrade of our computer system (LATAS). Nonetheless, the outcomes and benchmarks are stated below to provide a framework for reporting over time.

## Current Worker Program

Outcomes	Benchmark 2006-07	2008-09 Performance & % Change from 2007-08	Overall Trend Performance since benchmark
<b>Objective 1:</b> to facilitate, support and promote a training culture across the industry			
A greater uptake of training, measured by number of training places and expenditure	22,607 training places funded	35,010 training places, an increase of 40%	
	\$3.9m expended	\$6.2m expended, an increase of 30%	
Improved levels of awareness of the importance of training and the means by which it can be accessed	61% of enterprises aware of CITB funding incentives for current workers	69% of enterprises aware of CITB incentives, a decrease of 1% since 2007-08 but overall increase since benchmark	
Balanced regional training provision and delivery	32.1% of training places funded in Current Worker program delivered to regional participants	34% of training places delivered to regional participants, steady compared to 2007-08	
<b>Objective 2:</b> to improve workplace productivity and performance by developing and maintaining a highly skilled and accredited work force			
An increased application of skills learnt	60% of participants applying skills learnt from current worker program to current job	54% of participants applied skills learnt, an increase of 26% on 2007-08	
The work force has a broader skills-base which keeps pace with changing technologies and industry requirements	75% of participants in Current Worker program training learnt new skills	76% learned new skills, a slight decrease from 2007-08 but overall increase since benchmark	
An increase in the proportion of the work force currently an apprentice or trainee <sup>1</sup>	55,874 workers in the construction industry in 2007-08 and 5,219 apprentices and trainees in training (9%)	61,271 workers in the construction industry and 5,635 apprentices and trainees in training (9%)	
An increase in the number of recognised current competencies (RCCs) funded	33% of training undertaken to recognise current competencies	24% of training was undertaken to recognise current competencies which was a significant increase from 2007-08	



## Current Worker Program (cont.)

Outcomes	Benchmark 2006-07	2008-09 Performance & % Change from 2007-08	Overall Trend Performance since benchmark
<b>Objective 3:</b> to ensure a more equitable distribution of effort amongst enterprises in relation to employment-related training in the industry			
Increase in number of enterprises accessing CITB funds	2,617 enterprises registered with CITB	5,822 enterprises registered with CITB, an increase of over 50% since 2007-08	
<b>Objective 4:</b> to enhance career opportunities and broaden work force employability through training			
The skills of the work force meet industry requirements	41% of training from Current Worker program was for up-skilling, 34% for cross-skilling	29% was for up-skilling and 23% for cross-skilling, a small decrease from 2007-08	
The level of training activity is balanced against present and projected economic trends	Number of persons training (17,318) in the industry as a proportion of total work force (56,000) = 31%	29,056 people undertook training which is 47% of the work force (61,271), a substantial increase	
<b>Objective 5:</b> to facilitate the development and adoption of safe work practices across the industry			
A demonstrated commitment to training in the area of safer work practices	48% of current worker training places and 21% transaction value within the OH&S category	66% of training places and 32% transaction value were within the OH&S category representing an increase 60% and 72%, respectively	
A safer working environment through training	69% of workers report safer work practices as a result of current worker training	59% report safer work practices, a decrease of 31%	

1 N.B.: the measure used for this indicator has been changed to ensure that annual data are available to report. Benchmark set in 2007-08.

## Contingency Program

Outcomes	Benchmark 2006-07	2008-09 Performance & % Change from 2007-08	Overall Trend Performance since benchmark
<b>Objective:</b> to address training needs in skill shortage areas that are not otherwise covered by the Current Worker or ELT programs			
Build capacity in skill shortage areas with employment outcomes and attract more people to the SA construction industry.	96 training places funded to the value of \$530,200	247 training places funded to the value of \$675,950	

## Innovation Program

<b>Objective:</b> to develop new training programs and/or innovative delivery of training in skills shortage areas			
To facilitate new approaches to training in areas of skills shortages with employment outcomes	This is a new program. Benchmarks set this year: 43 skilled migrants provided with funding 21 tradesmen and women graduated from Wise Guys program 10 participants in Heritage/ Artisan Support program		

Total of \$167,600 expended against this program

## CURRENT WORKER PROGRAM

In 2006-07, the Board set benchmarks for key areas of performance. The table above describes the outcomes for activities aimed to increase participation in training and outcomes for the construction industry. The results demonstrate that there has been a strong upward trend to achieve many of these outcomes.

### Objectives and Strategies

#### 1. To facilitate, support and promote a training culture across the industry

- A greater uptake of training, measured by training places and value of the training provided. The number of training places has increased by an unprecedented 39.5% which can, in part, be attributed to the construction industry's commitment to implementing the new OH&S induction standard. The total spent on current worker training has also increased by 30.4%.
- The slight decrease in the awareness of CITB funding was expected as the previous awareness survey was conducted after a radio advertising campaign. Because the apprentice is no longer directly involved in submitting a claim, CITB anticipated reduced awareness of the Fund. CITB will work directly with apprentices in 2009-10 to ensure they are aware of the benefits that the industry Fund makes to apprenticeship training and the opportunities for lifelong learning provided by the Fund.
- Balanced regional training provision and delivery to ensure that the benefits to the SA public are felt across the state. In 2008-09 the number of training places to regional participants remained at 34%.

#### 2. To improve workplace productivity and performance by developing and maintaining a highly skilled and accredited work force

- There was actually a decrease in the perception of the skills applied to the work force. This was due to the significant increase in the proportion of courses that were undertaken to fulfil mandatory licensing and OH&S requirements. Many of these skills are those that participants know and use regularly and updating these qualifications regularly is important in ensuring that the industry is regularly reminded of what is required in a safe and efficient industry.
- Training is provided to ensure that the work force has a broader skills-base which keeps pace with changing technologies and industry requirements. Participants in training reported an increase in the skills learnt.
- An increase in the proportion of the work force with recognised AQF qualifications is intended through the various training supported by CITB, including Certificate IV level Qualifications in building, site management and estimating. Certificate IV in plumbing has been declared as a requirement for licensing in plumbing. There has also been an increase in the number of people undertaking training at the Certificate III level (apprentices and trainees) which is commensurate with the increase in the number of people employed in the construction industry.
- Survey data suggest that there was a significant increase in the number of recognised current competencies (RCCs) funded this year following a substantial decrease from the benchmark set in the previous year. This followed a commitment by CITB to increase recognition of prior learning associated with all levels of training.



### 3. To ensure a more equitable distribution of effort amongst enterprises in relation to employment-related training in the industry

- There has been a substantial increase in the number of enterprises registered with CITB. Part of this growth can be attributed to the uptake by the industry of the new OH&S induction program, 'White Card'. There has also been an increase in the number of enterprises directly indenturing an apprentice. More generally, there has been a substantial increase in the total number of individual recipients of CITB funding from 25,100 in 2007-08 to 35,010 in 2008-09.

### 4. To enhance career opportunities and broaden work force employability through training

- The skills of the work force that meet industry requirements are enhanced through training to up-skill and cross-skill participants. The current year continued a trend of overall decrease in the proportion of courses undertaken to up-skill and cross-skill existing workers. However, there have been increases in the overall number of people undertaking many courses to increase their level of knowledge in their trade and to broaden the breadth of their knowledge.
- There was a significant increase in the number of people undertaking training funded by CITB and as a proportion of the number of people employed in the construction industry, this increase was substantial. As previously stated, some of this increase can be attributed to 'White Card', although there were also increases in the uptake of a range of courses.

### 5. To facilitate the development and adoption of safe work practices across the industry

- A demonstrated commitment to training in the area of safer work practices is evident in 66% of training places and 32% of the transaction value of training being allocated to courses categorised as OH&S. This is a substantial increase from 2007-08.
- Unfortunately, despite the increase in the number of people undertaking 'White Card' training and other OH&S training, there was a substantial decline in the number of people surveyed that reported safer work practices. CITB will investigate this apparent anomaly and, in conjunction with other stakeholders, will seek to implement a strategy to address this issue.

## Contingency Program

### 1. To address training needs in skill shortage areas that are not otherwise covered by the CW or ELT programs

- There was an increase in the number of training places provided in skill shortage areas, although the dollar value of these places increased from 2007-08. Examples of these training places include: innovative approaches to brick and block skills training; civil plant operations; and strategies to implement the National Insulation Installation Initiative in the construction industry.

## Innovation Program

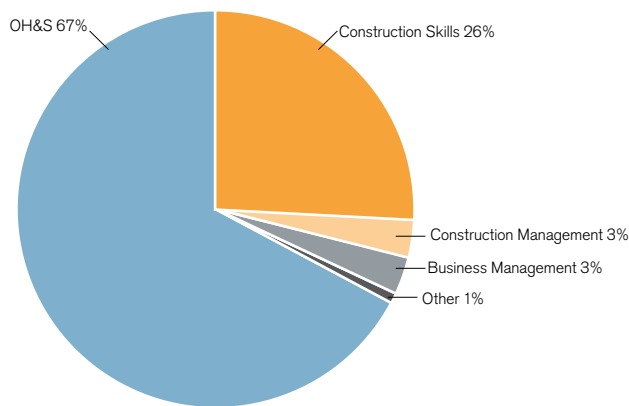
### 1. To develop new training programs and/or innovative delivery of training in skills shortage areas

- Engagement of industry participants by applying different approaches and/or methods to training that are outside the CW or ELT programs. Policy settings were developed during the year and pilot programs established. Examples include:
  - » Support for self-funded skilled migrants to obtain the required licences to operate in South Australia;
  - » A program called Wise Guys, to train skilled workers to mentor and train newer or less experienced tradespeople;
  - » A program to retain heritage/artisan skills which will provide training in rarer trades.

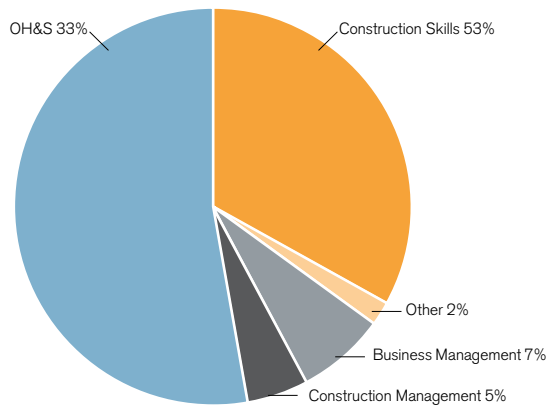


## CURRENT WORKER PROGRAM

**Chart F: 2008-09 CW Training Places By Course Category (35,010 Places)**



**Chart G: 2008-09 Current Worker Expenditure by Course Category (Total \$6.2m)**



**Chart H: Current Worker Training Places 2001-02 to 2008-09**

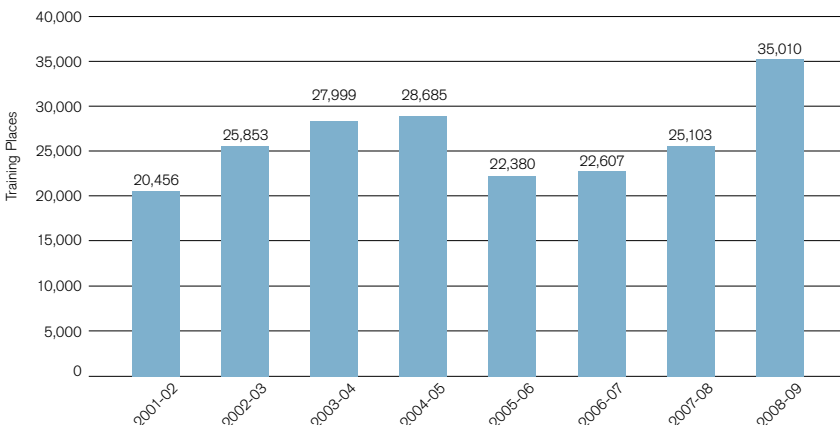


Chart F displays 'consumption' of training places in the CW program by 'course category'. The most significant is the very high number of OH&S places. These courses range from the basic 'White Card' generic construction induction program, to higher level management audit and compliance coordinator training. 'White Card' is the national standard that replaces the earlier SA-specific 'Green Card'. SA was the first state to introduce the new national standard in July 2008, and uptake has been rapid. Unlike the earlier 'Green Card', as yet there is no mandated renewal process every three years. Indications are that high levels of demand will persist for the next 18 months or so, after which a 'maintenance' rate will establish itself.

Chart G presents a contrast to its predecessor. It displays the cost of the CW program by category. Not surprisingly, construction skills training forms the bulk of the CW budget. These courses are 'core skills' and tend to be longer in duration and more expensive on a per capita basis than the OH&S training. Hence, the apparent mismatch between the two graphs. Note that business management currently comprises only 3% of training places and 7% of the spend. Expect that to increase in the near future as new national licensing requirements will push demand for this form of training up significantly.

Training activity over time is displayed in Chart H. A new record in the number of funded training places was set in 2008-09. The previous high point in 2004-05 was followed by three rather more subdued results. Given the impact of 'White Card' training on this year's result, it is expected that a similar pattern will now repeat as a significant proportion of the industry attains their 'White Card' over the next 12-18 months.

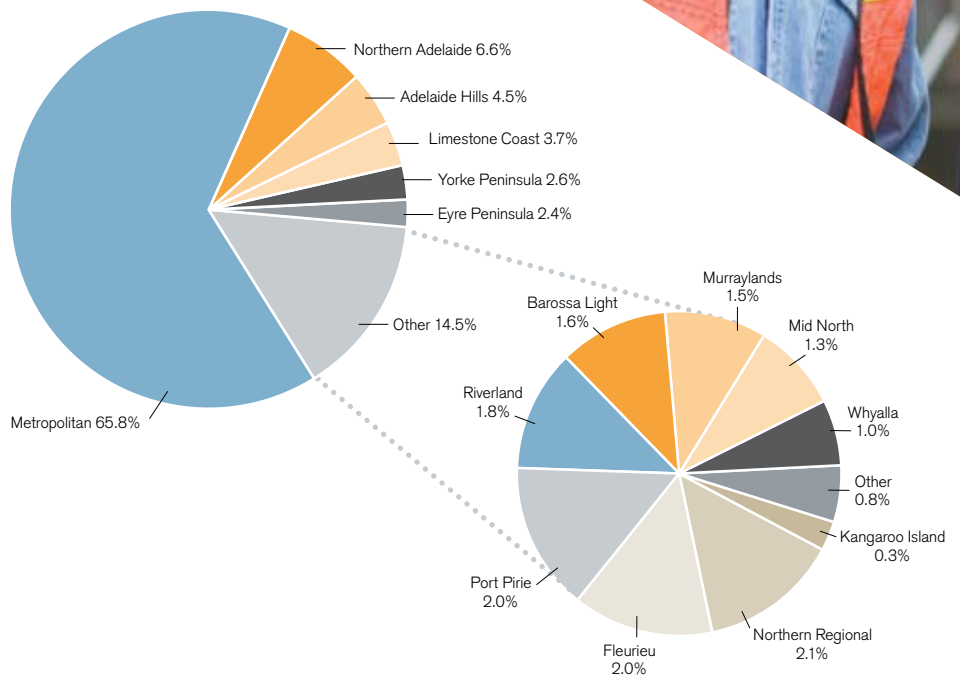


The extent to which regional training is needed is in part displayed in Chart I. These data are grouped by postcode of residence but they do not necessarily represent where the training was delivered. Many people from regional locations come to the Adelaide metropolitan area where there is a greater number of RTO. Regional delivery is supported by a number of regional RTO, as well as metropolitan RTO who 'export' training to regional locations.

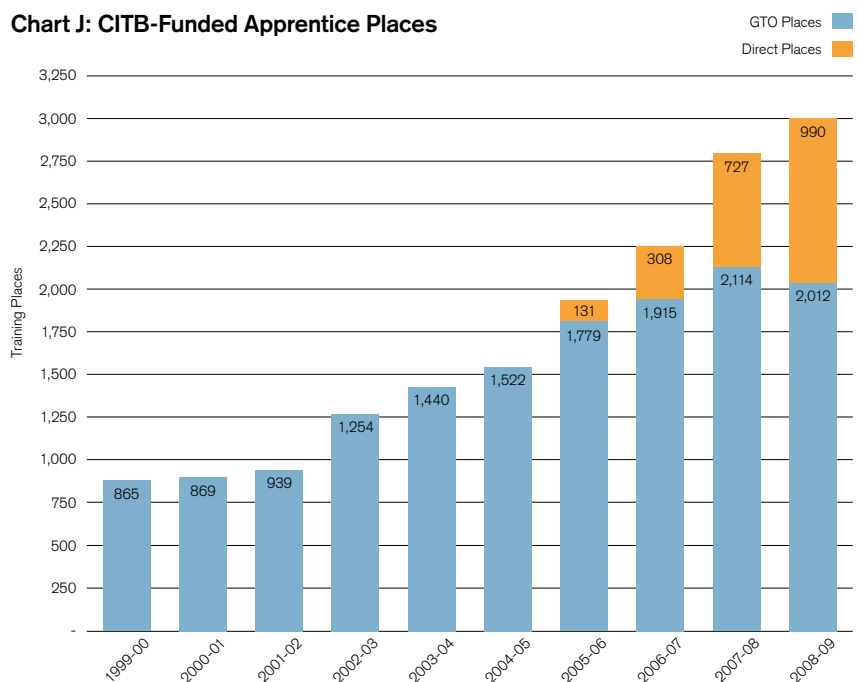
Apprentices are the key to a sustainable future for the construction industry. The record of the past ten years is a good one, as Chart J illustrates. In 2005-06, the CITB changed its apprentice funding model from one which resourced only group schemes to a universal system which funds direct indenture employers and group schemes on an equal footing. The growth in the number of direct-indenture apprentices is a function of communication with the employer.

Group schemes are easy to deal with – there are nine covering 2,000 or so apprentices. In the case of the direct-indenture employers and apprentices, the communication challenge is much greater. A range of technologies and approaches are being used to improve performance in this area.

**Chart I: Training Places By Region of Residence 2008-09 (35,010 Places)**



**Chart J: CITB-Funded Apprentice Places**



Note: in 2007-08, improved data integrity resulted in a slight increase on data reported in the 2006-07 Annual Report

# ENTRY LEVEL TRAINING PROGRAM

## How it Works

The ELT program is guided by active input from the Entry Level Training Reference Committee (ELTRC) in relation to apprenticeships and traineeships, D2C and career information. The ELTRC fosters linkages with training providers, schools and industry.

The Training Policy Committee (TPC) oversees the implementation of all the ELT programs on behalf of the Board.

The program is based on several key objectives and enabling strategies within each objective.

These are linked to a series of outcomes, the measures for which are shown in the table that follows. Some of the measures are difficult to report due to concerns about data integrity and the reporting timeframe. This was a significant driver for the upgrade of the CITB's computer system (LATAS). Please note that the data presented in the previous annual reports is slightly different to that presented here, reflecting the upgrade in data integrity. Apprenticeship data were derived from the National Centre for Vocational Education Research (NCVER).



## Program 2: Entry Level Training

Outcomes	Benchmark 2006-07	2008-09 Performance & % Change from 2007-08	Overall Trend Performance since benchmark
<b>Objective 1:</b> to encourage prospective new entrants in schools and the community to consider careers in the industry			
An increased awareness and acceptance of building industry careers amongst school students	72% of careers advisers within D2C-enabled schools, promoting building and industry careers	Careers advisers within all 54 D2C-enabled schools promoting building and industry careers	
An increased interest by schools and the community in the D2C program	150% increase in the number of enquiries about the D2C program	Approximately 1,000 applicants for 600 D2C places.	
Maintenance of a population of appropriately qualified, committed and enthusiastic teachers delivering D2C	Number of applicants for D2C teacher scholarships: 2 now in Year 3 4 in Year 2 2 successful this year	Number of applicants for D2C teacher scholarships: 3 in Year 2 4 graduates successful this year	
<b>Objective 2:</b> to encourage enterprises to take on apprentices and trainees in approved vocations			
An increase in the proportion of D2C participants gaining contracts of training	\$47,000 paid as an incentive to enterprises signing a contract of training	\$80,000 paid in incentives – no change since 2008-09	
Apprentice and trainee commencements in approved vocations are consistent with 10-year long-term trend	Apprentice/trainee commencements: Electricians 645 Refrigeration/air conditioner mechanics 127 Construction trades 1,129	Apprentice/trainee commencements: Electricians 587 Refrigeration/air conditioner mechanics 139 Construction trades 1,537	
Increased awareness of financial and tangible benefits of employing under contracts of training	61% of enterprises aware of CITB funding	78% of enterprises aware of CITB funding incentives, an increase of 4% since 07-08	

## Program 2: Entry Level Training (cont.)

Outcomes	Benchmark 2006-07	2008-09 Performance & % Change from 2007-08	Overall Trend Performance since benchmark
<b>Objective 3:</b> to maximise the proportion of new entrants undertaking approved vocational qualifications			
The levels of apprentices and trainees in approved vocations in training are sufficient to maintain the industry work force at required levels	1,434 individuals and enterprises reimbursed for tuition fees in the ELT program	3,033 individuals and enterprises reimbursed for tuition fees, an increase of 79% since 2007-08	
	Apprentice/trainee in training: Electricians 1,657 Refrigeration/airconditioning mechanics 308 Construction trades 2,591	Apprentice/trainee in-training: Electricians 1,971 Refrigeration/airconditioning mechanics 368 Construction trades 3,208	
	Enterprises received financial incentives for a total of 1524 apprenticeship completions from the ELT program.	Enterprises received financial incentives for 2,426 apprenticeship completions, an increase of 9% since 2007-08	
	Apprentice/trainee completions: Electricians 273 Refrigeration/airconditioning mechanics 45 Construction trades 526	Apprentice/trainee completions: Electricians 449 Refrigeration/airconditioning mechanics 68 Construction trades 575	
An increase in the proportion of new entrants in approved vocations gaining formal recognition of their skills	239 apprentices and trainees gaining early sign-off in approved vocations. This figure includes 100 civil construction workers involved in a pilot program.	151 apprentices and trainees gaining early sign-off in approved vocations, an increase of 2% since 2007-08	
<b>Objective 4:</b> to improve the quality of workplace learning and training of apprentices and trainees in approved vocations			
A wider acceptance and adoption of on-the-job recognised training	\$2.1m spent on on-job log book funding	\$3.4m spent on on-job log book funding, an increase of 23% since 2007-08	
An increase in the number of recently completed apprentices in approved vocations gaining appropriate licenses	615 apprentices accessing current worker funding (excluding 'Green Card') in their final contract of training year or within 6 months after completion.	1959 apprentices accessing current worker funding (excluding 'White Card') in their final contract of training year or within 6 months after completion, an increase of 77% since 2007-08	
<b>Objective 5:</b> to raise awareness of safe work practices amongst apprentices and trainees in approved vocations			
Participation levels in approved OH&S-specific training is consistent with work force numbers	734 apprentices and trainees participating in 'Green Card' training	1,535 apprentices and trainees participating in 'White Card' training, an increase of 82%	

## Outcome Performance

The key initiatives of the ELT program are apprenticeship and traineeship support.

Apprenticeship and traineeship support includes: tuition funding for apprentices; on-job training (log book) incentive; and completion incentive for eligible employers.

## ENTRY LEVEL TRAINING PROGRAM

### Objectives and Strategies

#### 1. To encourage prospective new entrants in schools and the community to consider careers in the construction industry.

- CITB aims to increase awareness and acceptance of building industry careers amongst school students. Careers advisers in all schools offering D2C are prime advocates for the program and a career in the construction industry.
- Construction is now a career of choice for many young people. Demand for places far outstrips availability. Numbers of places are contained to just over 600 to ensure that students completing the program have the best chance possible of gaining employment in the industry. Students are now screened by interview prior to entry into the D2C program.
- Maintenance of a population of appropriately qualified, committed and enthusiastic teachers delivering D2C is important to the quality of training delivered. All recipients of CITB scholarships have progressed in their studies. Four students graduated in 2008-09 and are now placed in schools with D2C programs.

#### 2. To encourage enterprises to take on apprentices and trainees in approved vocations

- There has been an increase in the amount paid to enterprises signing D2C participants to a contract of training. With the number of incentive payments made to enterprises by CITB, taking on a D2C graduate is a robust indication of the trend.
- Overall, NCVER data on apprentice commencements in approved vocations in the construction industry indicates that there has been a small decrease (2.5%) in the number of apprentice commencements in the construction industry.

While there has actually been an increase in the number of apprentices signed to most construction trades (8.3%), this was offset by a significant decrease in electrical apprenticeships (22.9%). There has been an increase in the number of directly indentured apprenticeships and a slight decrease in GTO numbers.

- Improved levels of awareness of the importance of training and the means by which it can be accessed followed a successful communication and marketing plan which included an advertising campaign and extensive liaison with industry stakeholders.
- #### 3. To maximise the proportion of new entrants undertaking approved vocational qualifications

- CITB aims to ensure that the levels of apprentices and trainees in approved vocations in training are sufficient to maintain the industry work force at required levels. CITB is working with Group Training Australia to assist the re-engagement of apprentices whose contracts of training have been cancelled. CITB also assists individuals and enterprises with tuition fees, a service which has increased substantially in 2008-09.
- The number of apprentices currently in training continues to show positive growth but it will be important that electrical apprentice commencements rebound in the coming year to reduce skills shortages in subsequent years.
- Overall, NCVER data indicate that there was an increase in the number of apprenticeships that were completed (12.0%) in 2008-09. However, there was a slight decrease in general construction completions (3.7%).



- There was an increase of 2% in the number of apprentices achieving early sign-offs in 2008-09. This is an important achievement to ensure that the length of a contract of training is based on the achievement of competency rather than a set timeframe. A contract of training can be accelerated with collaboration between the RTO, the apprentice and the host employer.

**4. To improve the quality of workplace learning and training of apprentices and trainees in approved vocations**

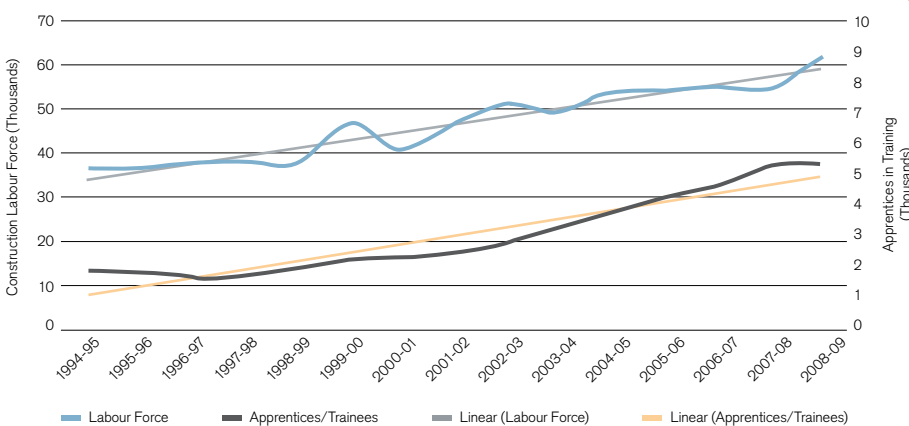
- CITB aims to increase acceptance and adoption of on-the-job recognised training as is evident by the number of apprentices maintaining on-job log books. There has been a 23% increase in funding for participants submitting log books.

- There has been a 77% increase in apprentices and trainees who, in the last year of their contract of training or else within 6 months of completion, access CW funding for training towards licences.

**5. To raise awareness of safe work practices amongst apprentices and trainees in approved vocations**

- Participation levels in approved OH&S specific training is consistent with work force numbers and includes apprentices. There was an 82% increase in the overall numbers of participants in receipt of funding for 'White Card' training.

**Chart K: SA Construction Labour Force and Apprentices In Training**



This chart illustrates that there has been a steady increase in both the number of people employed in the construction industry and the number of apprentices in training. However, in 2008-09 there were indications of an increase in the size of the work force that was not matched by increases in the number

of apprentices in training. It remains to be seen whether this was a short-term reflection of the economy or a longer-term indicator of a trend. Electrical apprenticeships were more significantly affected than other construction trades, where there was a reduction in commencements of almost 23%.



# DOORWAYS2CONSTRUCTION

## Doorways2Construction, A leader in 'VET in Schools'

D2C was initiated as a pilot program in 2000 in direct response to the need to overcome negative sentiment among school students, teachers and parents about career opportunities in the construction industry, and to encourage young people to consider the building and construction industry as a career option. The program aims to improve recruitment to the industry, promote career pathways and create a positive image of the building and construction industry. The passage of time has realised those objectives better than might have been imagined at the time.

D2C is a general introduction to the industry for students, built around completion of a Certificate I in General Construction and structured work-placement (contextual) learning emphasising practical hands-on experience in a workplace setting. Its delivery focus is Year 10 and Year 11. It provides a solid foundation of skill, knowledge and experience, which flows on into a range of vocational training courses and is the gateway for many varied career pathways.

## Aims of Doorways2Construction

- Create more awareness of building and construction among young people.
- Expose participants to industry expectations focussing on safety, punctuality, teamwork, commitment, deadlines and work standards.
- Provide students with accurate information about career opportunities and the tools necessary to successfully seek work in the industry.
- Develop basic skills that students can take into the industry.
- Develop and foster a 'work-ready' attitude.

## Overview of 2008-09

- This has been a formative year in the life of D2C. Since the inception of Federal funding for the construction of Trade Training Centres (21 recently announced by the Federal Education Minister, 14 of them with construction as the lead VET program), D2C has proven itself to be an exemplar of vocational training in a school environment.
- The CITB has provided advice to a number of Steering Committees for design, industry endorsement for grant applications, and tooling lists to support use of the D2C model in the delivery of selected Certificate III competencies.
- The core D2C program is now supported by an introductory program in Year 10: Home and Property Maintenance. It has been picked up by 15 schools, providing a pre-D2C program that has been an excellent way of allowing students to make decisions around career paths before committing to the full D2C program.
- 2008-09 saw the consolidation of the D2C Plus program introduced at the start of 2008. D2C Plus, is a Year 12 'specialist' program which streams students into training specific to the vocation of their choice. It continues to gain momentum, tripling in size for the 2008-09 enrolment period to 64. From the 2008 intake of 24, 17 are now in apprenticeships, which is an excellent result.
- D2C and D2C Plus are in the process of migrating from the current BCG03 package and introducing the nationally endorsed CPC08 competencies. Teachers are being inducted in late 2009 for its introduction in 2010.



## Looking Forward

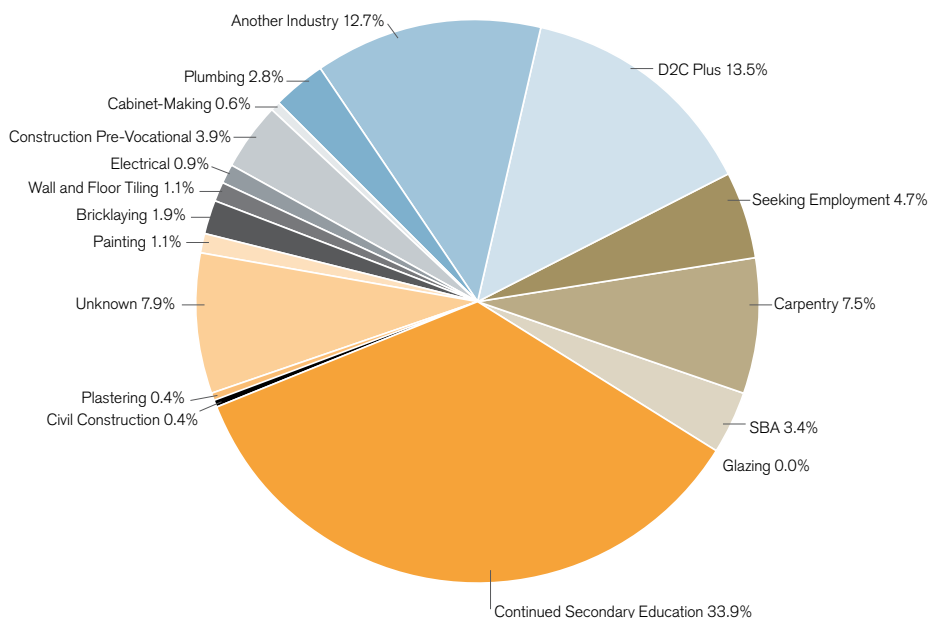
- Since April, the CITB has been working with DECS on the introduction of a second Indigenous program at Pt Pearce.
- We have been working with DECS and the Onkaparinga Council on the introduction of a second civil program at Christies Beach HS. Civil Train has agreed to be the RTO and is advising on the process.
- This year saw the first draft of the plans for SA Secondary School Reform led by the implementation of the new SACE in 2012.
- The new SACE will allow students to fully complete the Senior School Certificate of Education entirely via vocational pathways. The CITB responded to the call for industry submissions on the Draft Consultation Paper raising 7 issues and providing 7 solutions for this exciting initiative.

- The Industry Pathway Program (IPP) for general construction has been well received and we are currently working on the same for the civil sector. The IPP seeks to articulate a clear pathway of training from entry level to Certificate III competency, at this stage approximately 240 hours in a student's trade of choice.
- CITB is endeavouring to work closely with DECS and the SACE Board to ensure that the integrity of the VET system and D2C is not adversely impacted as an unintended consequence of DECS policy formation. VET is a diverse and complex environment, which by necessity is driven by industry needs. Each industry sector has differing needs as is evident by the variation in content of Certificate III qualifications across various industry sectors. It does not lend itself to a 'one size fits all' school-based delivery system.

## Conclusion

- Finally, we say goodbye to three of our D2C teacher/trainers: Will Duykers (Investigator College), Wilf Lienert (Murray Bridge High School) and Ken Adams (Birdwood High School), after many combined years of service. All have had to make the decision for family or personal reasons and all would wish it another way. Their dedication as 'true believers' in the teaching and trades community is what has made this program work during its formative years. Thank you for your contribution to your school communities and the construction industry.

**Chart L: Doorways2Construction Student Destinations 2008 School Year**



This chart illustrates the destinations of D2C participants in the 2008 cohort. The pattern has changed over the ten years of the program with the numbers remaining at school to complete Year 12 growing significantly. It illustrates one of the key reasons behind the introduction of the D2C Plus program. Fewer students are leaving school at the age at which apprenticeships traditionally commenced. Most employers recognise the value of a Year 12 completion, and since the school leaving age is being raised to 17, so the trend will only continue. D2C Plus provides continuity, enables participants to use their interest in construction to contribute to their Year 12 SACE outcomes and further develops their construction skills, thus making them more attractive to an employer and well able to be productive the day they start work full-time.

# DOORWAYS2CONSTRUCTION PLUS

D2C Plus was designed as a response to several factors emerging over 2007. These included particular needs and issues articulated below by both industry and education sectors; each had unique requirements.

## Industry

D2C students were still in demand and the program continued to have a strong presence in the industry. The current market noted several issues, in particular, mobility and age.

Added to this was a perceived (in the training context) lack of familiarity with contemporary workplace methods and materials such as steel-framing and Hebel construction. The lack of mobility rated high as an area of concern. If a young person does not have a vehicle and licence, their capacity to go to the job is a major impairment.

## Education

A Stage II Year 12 General Construction curriculum was developed several years ago, but has proven to be unworkable. Nine competencies cannot be delivered due to school resource issues, teacher skills, funding, etc. and, as a result, those students wishing to develop higher order skills were being placed in the design stream. They found themselves back in classrooms developing theory rather than the practical training they originally enrolled for.

As a result, these students often switched subject several weeks into the term, lost contact with the CITB and moved into other areas that gave them the opportunity to develop trade skills (ie engineering).

As a background to this:

- SSABSA (now the SACE Board of SA) had zero enrolments in Stage II and, if an alternative were not offered, they were planning on removing the option Stage II Year 12 statewide.
- The start of the 2009 school year will see the raising of the legal school leaving age to 17. Students will need to demonstrate they are either in 'learning or earning' lifestyles.
- The State Government's Future SACE initiative will be implemented in 2010, with the requirement of over 30% of a student's assessment to be designated or assessed off-campus. D2C Plus has already been used as a model by DECS as to how this can happen and has been presented to the Office for the Future SACE for modelling. It is leading the way.
- Additionally, there appears to have been a shift in the cohort quality which is leading our students to want to continue further training. Schools are finding themselves in situations of having as many as three times as many students as there are places in the program. Schools are naturally selecting better candidates who are a); seeing long-term association with the industry and b); seeing the value of completing the SACE.

## D2C Plus Curriculum

Any program designed to deliver at Certificate III level had to take account of all of the above. However, there was one other factor that needed to be addressed. The CFMEU has a 10-Point Plan for the employment of apprentices. D2C Plus manages to address seven of those points.



The Plus program now has several factors which has SACE Board approval and impacts on the choices for students wishing to continue on into Year 12:

- It is worth up to 5 SACE units.
- Entry is via D2C1 including the compulsory 'White Card' / work method statement.
- Delivered by an RTO over 3 weeks or equal to 100-120 nominal hours with RPL from the previous training.
- Students enrol twice per year in 2 training 'banks', providing they are related (this is the 'primary trade/secondary skill' concept).
- Up to 6 weeks of work placement but a minimum of 100 hours.
- Students act as mentors for the D2C1 cohort as 'leading hands' helping in both instruction and demonstration of their higher-level training.
- A TER score is available providing the SACE pathway is pre-planned.
- Students will also enrol in three other subjects of their choice but we advise English, Trade Maths and Small Business Enterprise.

The Australian Apprenticeship Centres are looking on the program favourably with the view to taking time off the COT requirements to the value of the training completed. RTOs have been enthusiastic, adjusting their timetables and trainers to suit the needs of the students. This is a credit to them. It is anticipated that those students taken into a COT will, in all likelihood, stay with the RTO that delivered their training.

## Overview of 2008-09

The largest impact for this period was the introduction for consultation of the new SACE. This SACE Board initiative is part of the State Government's Secondary School Reform policy to up-skill young people to work-readiness.

Our D2C Plus program had pre-empted this initiative and has successfully been adopted state-wide as the primary source of Certificate III-level training for those wishing to complete the full SACE. RTO have spoken highly of the idea and the quality of students they have accepted into training. For the foreseeable future, the CITB will provide further subsidy funding for this program, with annual reviews planned. The trend is upward, with the program having tripled this year. Given the requirements to stay at school longer and achieve some part of a Certificate III if in vocational training, the adjustment of school timetables to suit student training needs, and the construction of on-site trade training facilities, it is clear that we could easily see a further tripling of the numbers for 2010.

The quality of student is something most commented on. This appears to have its origin in our required Year 10 interviews and further on into the support provided by teachers during the delivery of the D2C Year 11 program. Those who elect to continue into the Plus program are clearly motivated- even passionate - about construction as a career.

Next year, we hope to see the scope expand into painting and decorating and solid plastering. D2C Plus is being used as an exemplar for other sectors. Given we have some experience in program development, have a continuous pathway in building and construction from Year 10 to Year 12, and excellent relationships with nine RTO in this industry, we are happy to support others moving in this direction.



# RESEARCH & EVALUATION

## Research and Evaluation

Under the CITF Act (1993), the Board is required to conduct or commission research to help in decision making, policy formulation and advisory functions. Much of this research is integral to the development of the ATP, which involves a structured process of consultation and feedback. The ATP is submitted for Ministerial endorsement by the end of May each year.

The research undertaken includes quantitative and qualitative data collection to monitor construction industry trends, including collation and analysis of data from sources such as the Australian Bureau of Statistics and face-to-face consultation with people in the building and construction industry.

The research team commissioned several projects as part of the evaluation of programs funded by the CITB. These projects included the annual survey of past participants of CITB-funded training. The aim was to obtain direct feedback from course participants and/or their employers on the quality, effectiveness and relevance of the training funded by the CITB and assess the medium-term benefits of CITB-funded training to course participants and their organisations.

A survey to assess awareness of CITB funding was also commissioned. Effectiveness is directly related to industry awareness of CITB training support activities. The research objective was to understand who is, and who is not, aware of the CITB Training Fund. This contributes to strategies to refine communication to increase awareness and access to the Training Fund for the future. It is also used to report on key objectives and strategies performance measures.

The research team also played a key role in the continuing development of the replacement of the CITB's

proprietary Levy and Training Administration System (LaTAS). This system is an important source of data for ongoing research and evaluation.

## Work force Development: Industry Skills Board

The role of the Industry Skills Board (ISB) is performed by the CITB under administrative arrangements with DFEEST. The ISB is one of nine across SA covering a range of industries which align with a similar structure implemented at a national level around Industry Skills Councils.

ISB receive \$200,000 per year to perform work force development functions prescribed in a funding deed with DFEEST. In practice, shared objectives with the CITB enable the construction ISB to achieve many work force development projects and strategies that would not otherwise be possible without the contributions of the Training Fund. The research and evaluation team performs the functions associated with the ISB role in conjunction with the CITB management team.

In the previous financial year, DFEEST commissioned a consultant to review the roles of the ISB and a new framework for priorities and reporting was established. Work force development strategies have been reinvigorated with improved reporting and planning. CITB works with industry, community and government to develop industry work force plans, identify work force trends and emerging skill needs.

The objectives of the ISB are to:

1. Provide robust and substantiated advice on industry skills and work force development priorities that enable the Government/Training and Skills Commission to perform its functions under the Training and Skills Development Act 2008.

2. To ensure that national training packages have relevance to SA industries and work forces.
3. To increase the number of employers investing in high performing workplace practices through:
  - » Encouraging employer uptake of high-performing workplace practices
  - » Promoting the benefits of education and training
  - » Negotiating and implementing work force development programs with organisations.

Construction ISB activities conducted during 2008-09 include:

1. Development of the Heritage/ Artisan Support Program with the first in a planned series of courses to support and promote rare trades. The course was run by Timber Frames of Australia and taught ten participants theoretical and practical aspects of constructing a timber frame using traditional forms. The course, run over five days, resulted in the construction of a beautiful structure at Monarto Zoo for the ongoing use of visitors.
2. The Wise Guys program recruited and trained 21 skilled tradesmen and women to play a leading role to train and act as mentors for people entering the construction industry. The Wise Guys participants attained a Certificate IV in Training and Assessment, solid skills using technology for training and business requirements, and updated qualifications and/ or licensing in their industry sector.
3. Continuation and development of the Migrant Support program to assist skilled migrants to obtain the necessary training and licenses so they can make the transition into the SA construction industry.





4. CITB developed a mechanism, the Ten Percent Plan, to provide a platform for the reporting requirements of the Nation Building and Jobs program included in the 'Building the Education Revolution' (BER) schools projects. The policy sets a target of ten percent of total labour hours on any given project to be worked by apprentices, trainees or employees from a range of identified backgrounds. It also includes up-skilling existing workers. CITB is in the process of developing a web-based reporting tool to streamline reporting obligations and enable contractors to monitor their obligation as they progress through the contract. This policy aims to increase the investment that contractors make in training and CITB plans to work with Government and industry to extend the application of this policy to all publicly funded construction projects in the future.
5. Participation in the development of the Construction Industry Work force Action Plan (CIWAP). The plan was developed by a reference group chaired by the CITB's Presiding Member, Mary Marsland. Industry representation on the reference group included nominees from the Construction Industry Forum and State Government agencies: Transport, Environment and Infrastructure; Trade and Economic Development (including the Office of Regional Affairs); and Housing SA. DFEEST, in its role as the lead agency for work force development, is represented on, and supported by, the reference group. The plan provides a framework for a coordinated and comprehensive suite of actions to address the work force issues facing the industry. It will form a critical component of the 5-year Skills and Work force Development Plan for SA being developed under the leadership of the Training and Skills Commission.
6. Continuation of the extensive consultation with industry stakeholders to negotiate the new construction training package, CPC08. This package has been developed over several years by the Construction and Property Services Industry Skills Council (CPSISC). The process was extended due to significant issues raised by various state and territory Industry Advisory Bodies (IAB). The package was finally endorsed by the National Quality Council and is available on the National Training Information Service website. However, the endorsed package still contains various qualifications not acceptable to many stakeholders. The ISB will continue to work with stakeholders with a view to modifications through the continuous improvement process. It is particularly important that CPC08 is acceptable to all stakeholders because a national training package endorsed by all states and territories is the platform for the COAG national licensing initiative. It also forms the basis of a safe and responsible training regimen for the construction industry.
7. Consulted with civil construction stakeholders to provide input to the rationalisation and consolidation of the drilling, mining and civil construction training package (RIISC06). The national Industry Skills Council responsible for this project, SkillsDMC, has been responsive to the SA civil construction industry feedback, and implementation workshops have been scheduled. SA continues to play an important role in the continuous improvement of the civil construction training package through participation in the Civil Construction Training Package Working Party.



# GOVERNANCE, FINANCE & ADMINISTRATION

## Objectives

- To monitor the performance of the Fund.
- To ensure the Board and the Fund are administered in accordance with the CITF Act (1993) ('the Act') and other relevant legislation.
- To ensure compliance with the requirements to pay the levy.
- To maximise the effective use of the Fund.
- To maximise the efficiency of administration.

## Strategies

- Continued refinement of internal administrative procedures.
- Improve compliance rates and efficiency.
- Introduce a new accounting software package to centralise all accounting information and abolish outdated manual procedures. This was effected with the transition to AccPac accounting software in 2008, which has resulted in enhanced efficiency and productivity.
- Develop a new Training And Levy Administration System to replace the current application. This project is running behind schedule at the time of writing. It has not impacted on the day-to-day operation of the business yet, but the process is being intensively managed by management and staff.

## Outcomes

- Quarterly reports are provided to the Board and the sectors on budget/actual progress.
- Compliance by the industry to the satisfaction of the Board.
- Unqualified audit opinion by Auditor-General.
- Total cost of this program not to exceed 11% of budgeted expenditure.

## Implementation

The CEO is responsible for maximising compliance with the Act and for effective use of the Fund.

A compliance management program is in place to ensure collection of levies is in accordance with the requirements of the Act.

Regular monitoring of the effectiveness of CITB-funded training programs is conducted, and funding is linked to specified conditions of eligibility and the attainment of training standards. Internal procedures are regularly assessed for their currency and efficiency to ensure most effective use of CITB funds.

An investigative review into the CITF Act (1993) ('the Act') compliance program has been conducted by Moore Stephens. Its recommendations are under consideration by the Board's Finance & Audit Committee.

The aim of the review was to identify the most efficient, cost-effective audit and compliance framework for the future, in order to keep pace with industry expansion and proliferation of a wide variety of different types of construction activity.

The Board approved the appointment of a compliance investigator for an initial fixed, six-month term to scope areas of non-compliance risk. His work has been particularly successful and cost-effective and has improved collection efficiency markedly. His contract has been extended.

The CEO wrote to all Local Government Councils to remind them of their legal obligation under the Act with respect to the payment of the CITF levy. The second phase of this process is in train, and a series of compliance management fact sheets are being produced and published, the first of which deals specifically with the Local Government environment.

A memorandum of understanding will be negotiated with the Local Government Association once this second phase is complete.

Eligibility of workers has been more closely scrutinised particularly with respect to companies in the mining sector. Because the CITF levy does not apply to mining operations, workers engaged in such work are not deemed to meet the eligibility criteria.

Regular reports in relation to compliance, funded-training outcomes and internal policies and procedures are provided to the Board. Systematic review and update of policies is conducted throughout the year.

A comprehensive risk-management review has been conducted overseen by the Finance & Audit Committee. The risk-management plan was redeveloped in June-July 2008. Regular risk reviews are undertaken by management.

## Performance Outcomes 2007-08

Quarterly reports are provided to the Board and the sectors on the budget/actual progress.

The Board receives monthly reports analysing the financial performance of the Fund, as well as trend analysis of collections, expenditure and achievement against the Board's budget targets. This information is communicated to stakeholders through scheduled sector committee meetings.

The Board has an annual compliance program that involves the auditing, by three separate external audit firms, of a number of significant projects to ensure that the levy paid is in accordance with the CITF Act (1993).

Board officers monitor all completed projects with a value in excess of \$200,000 to ascertain if a refund is due to the project owner or if the project owner owes an additional levy amount. These activities result in adjustments in the form of refunds or the collection of additional levies depending on whether the project completes either over or under the original estimate.

New collection agent agreements for the 2009-10 year have been signed up with the 48 participating councils, with high-volume collection councils remitting their levy forms and payments monthly. This has improved internal administration and cash flow.

As required under the CITF Act (1993), the financial statements of the Board have been audited by the Auditor-General of SA. The auditor's unqualified opinion is included with the 2008-09 financial statements.

Total cost of the finance & administration element of CITB business operations is not to exceed 11% of expenditure.

The total cost of this program for the 2008-09 financial year was \$1.5m, or 7.8% of actual expenditure (\$18.9m).



## GOVERNANCE, FINANCE & ADMINISTRATION

A total of \$6.2m was spent on the CW program. This figure was 31.5% higher than in the previous financial year reflecting a significant increase in training activity in 2008-09. To a certain extent, this was predicted during preparation of the budget. However, there was still 11% variance in the budget compared to actual expenditure. Similarly, there was a significant increase (32%) in expenditure on ELT to \$8.9m which was 8.0% above budget. This was due primarily to the increase in the proportion of apprentices and their employers now claiming CITB incentives and significant increases in the number of apprentices who commenced training, particularly in 2007-08.

**Chart M: Budget vs Actual Expenditure 2008-09 Training Programs**



Chart N shows expenditure on programs other than those accounted for under the ELT and the CW Program. Expenditure on these aspects of CITB activity totalled \$3.6m, some of which was offset by the ISB grant and project funding from the Department of Education and Workplace Relations.

**Chart N: Budget v Actual Expenditure**

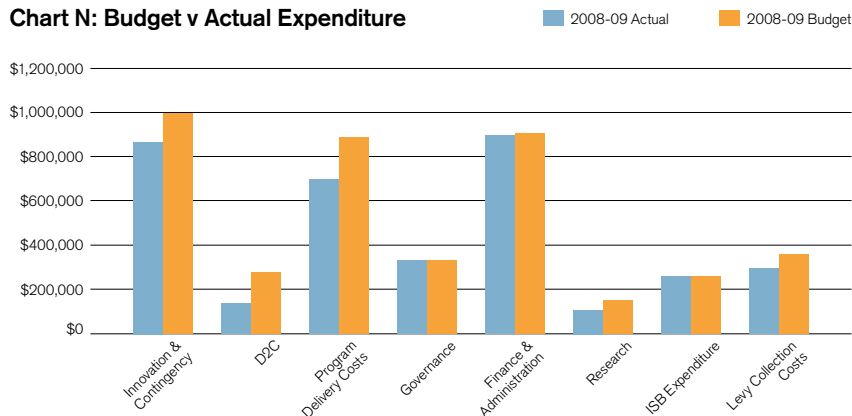
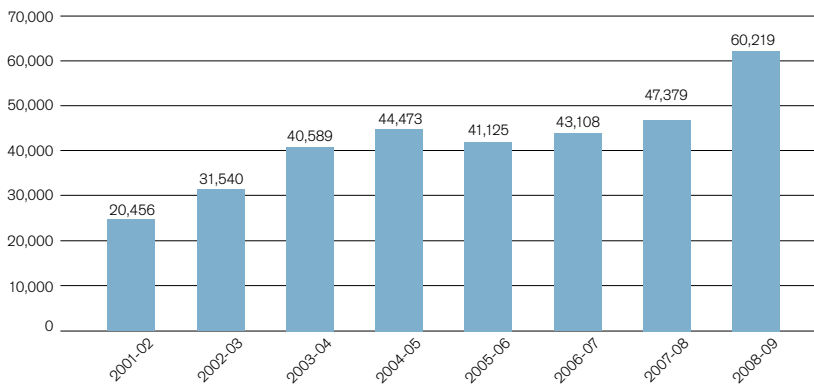


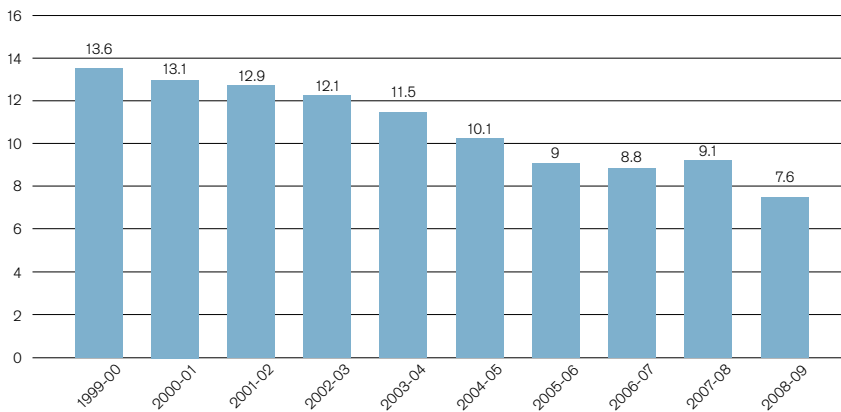
Chart O shows that there has been a significant increase (27%) in the number of training payment transactions processed by CITB. At the same time there was a decrease in the

proportion of total expenditure spent on administration to 7.8% of total expenditure, as can be seen in Chart P. This result reflects the Board's focus on administrative efficiencies.

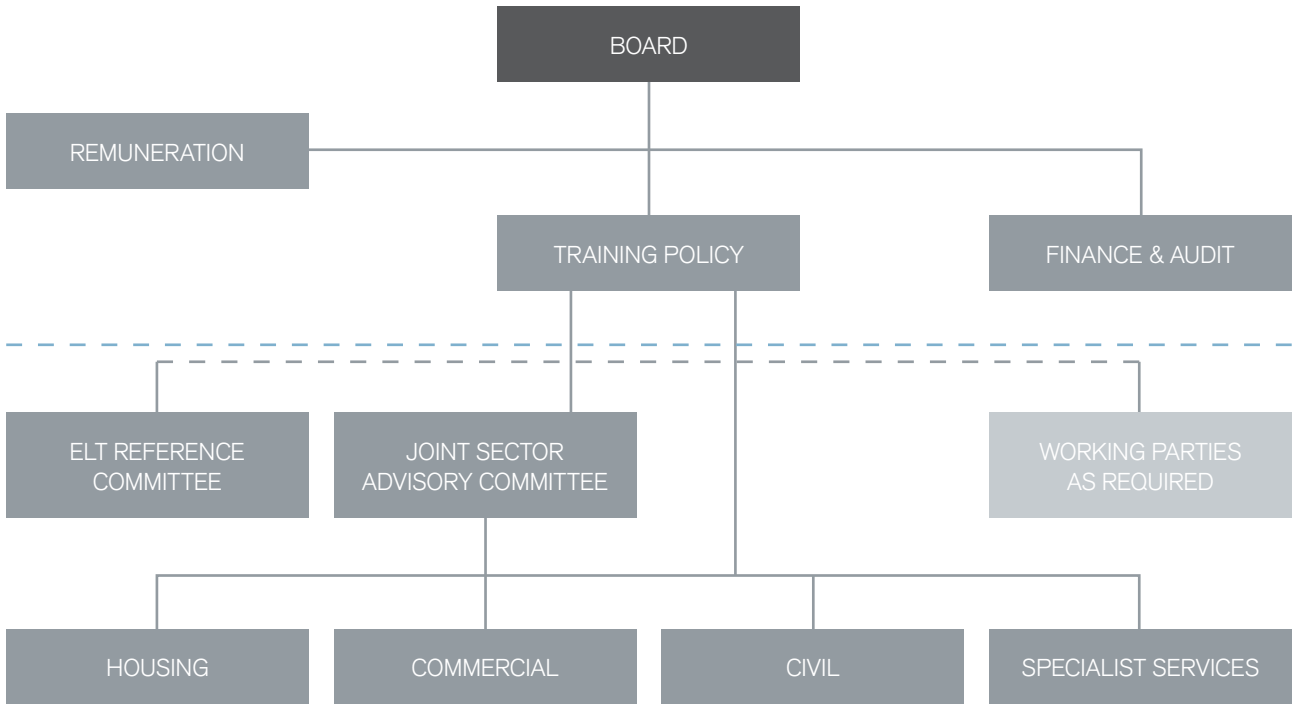
**Chart O: CITB Training Payment Transactions**



**Chart P: Administration Expense as % of Expenditure**



# BOARD COMMITTEE STRUCTURE



The Board utilises two key Board Committees.

The Finance and Audit Committee deals with revenue items, accountability, compliance management and reporting. It makes recommendations to the Board in respect to policies governing the collection of revenue, prudential management of the Fund and global allocation of resources.

The Training Policy Committee works to develop policies associated with the use of CITB resources in order to optimise the outcomes required to support Board training objectives.

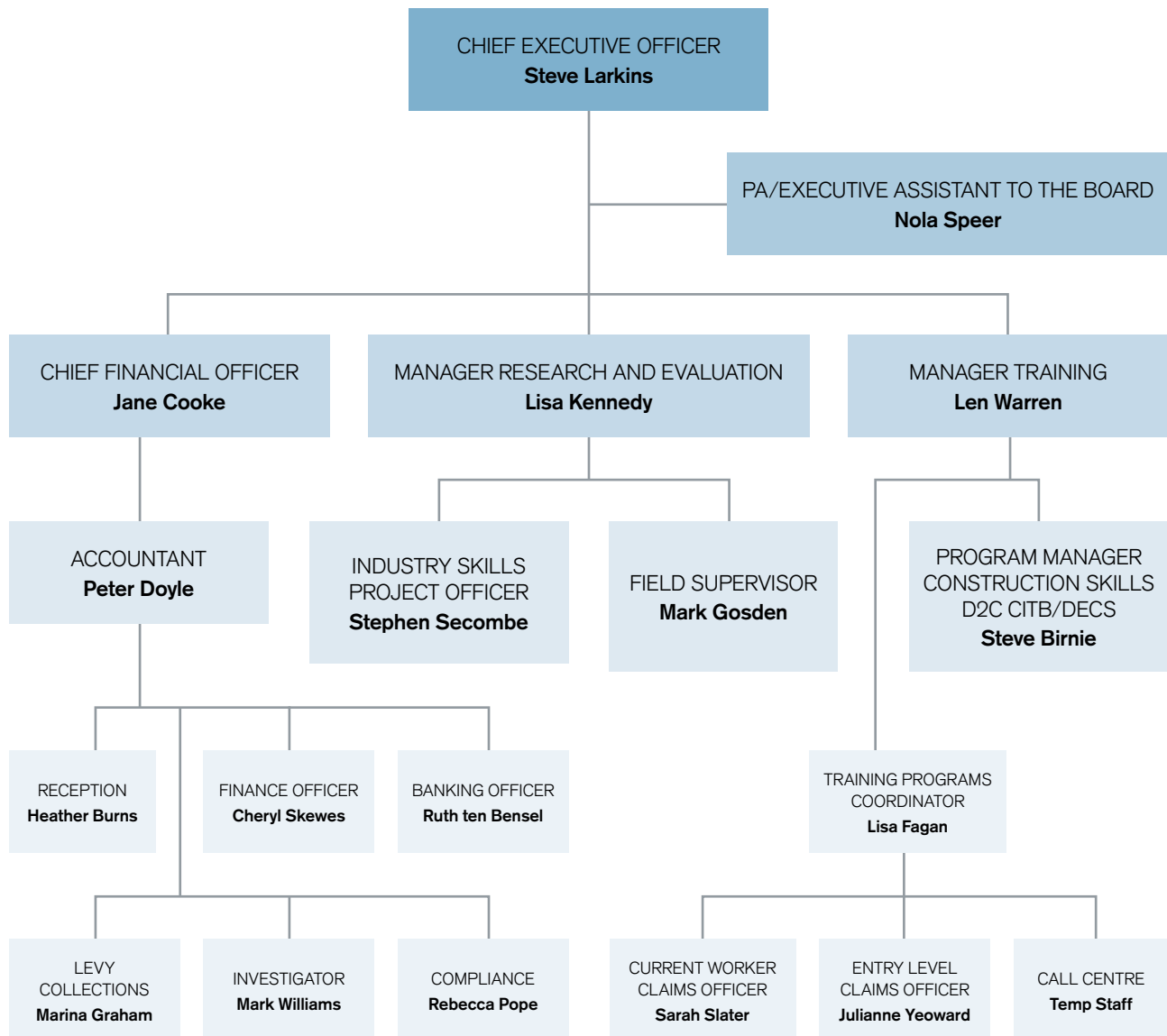
The input of industry is critical to the quality of CITB decision making and that

is reflected in the advisory committee structure. One of the signs of the CITB's maturity is the fact that there is now increased recognition that sector positions need to be developed outside the traditional silos and with a greater understanding of a whole-of-industry perspective, so that priorities can be balanced and synergies exploited. There remains a mechanism for sectors to take single sector issues to the Board via the Training Policy Committee.

The bottom line is, of course, the extent to which we are able to add value to the construction industry by the creation and fostering of a training culture for the benefit of stakeholders, the community and the State of SA into the future.



# STAFFING STRUCTURE AS AT 30 JUNE 2009



# CORPORATE GOVERNANCE

## Board Meetings

The Board of the CITB met on 7 occasions during 2008-09.

## Board Attendance Record

	Meetings Eligible to Attend	Meetings Attended
Mary Marsland	7	7
Martin O'Malley	7	6
Deputy: Ben Carslake	1	0
Robert Stewart	7	7
Deputy: Sari Flynn	0	0
Steve Hall	7	7
Deputy: Larry Moore	0	0
Robert Geraghty	7	5
Deputy: Douglas Buchanan	2	2
Peter Harrland	7	4
Deputy: Nathan Paine	3	0
Fiona O'Connor	7	5
Deputy: Christine Harrison	2	2
Romana Wereszczak	7	4
Deputy: Sally Jeremic	3	2
Deb Nicholls	7	4
Deputy: Christine Chevalier	3	3
Anna Montebello	7	7
Deputy: Douglas Stevens	0	0
Alison Scheffler (Resigned May 09)	6	4
Deputy: Jessica Renfrey	2	0

## Annual Training Plan Approval

The CITB 2009-10 ATP was prepared in accordance with Section 32 of the SA CITF Act (1993) and approval of that plan was given by the SA Minister for Employment, Training and Further Education on 26 June 2009.

## Authorisations

Authorised officers are appointed in accordance with Section 33 of the SA CITF Act (1993). The Chief Executive Officer, Mr Steve Larkins, the Chief Finance Officer, Ms Jane Cooke, Mr Jim Gouskos of Moore Stephens,

Mr Alan Bolaffi, Managing Partner, UHY Haines Norton, and Mr Mark Clayton, Director, Clayton Rudall, retained their appointments and Mr Mark Williams of Mark Williams Risk Management Pty Ltd was appointed authorised officer on 26 August 2008.

## Delegations

At its meeting on 23 July 2009, the Board APPROVED the Finance and Audit Committee's recommendation regarding appointment of authorised officers and DELEGATED future approvals to the Finance and Audit Committee. All delegations are monitored and recorded in a schedule.

## Conflicts of Interest: Disclosure by Board Members

During the term of this report, a register of interests was maintained whereby members record in advance any interests which may conflict with those of the CITB in certain circumstances. In general terms, the policy framework of the CITB is sufficiently robust as to avoid potential conflicts of interest. In the event a situation occurs that may entail a potential conflict of interest at a Board meeting, the member is obliged to record that a conflict of interest exists, and withdraw from further discussion and any vote that may be taken on the matter. At the Board's meeting on 28 May 2009 regarding the long-service leave levy for apprentices Martin O'Malley, Steve Hall and Doug Buchanan each indicated that they had a potential conflict of interest because of their involvement, or that of their principal, in the Long Service Leave Board. The Chair noted their advice and sought a view from the remainder of the Board for the persons so named to engage in discussion.

DECISION: The Board ENDORSED the continuing involvement of declared members in the meeting. The Board AGREED the recommendation that CITB write to LSL Board explaining that the Act prescribes what the resources of the CITF may be used for and that their request falls outside legislative parameters.

## Planning Framework

The planning framework of the CITB incorporates several internal systems including:

- Board Strategic Planning Forum and the CITB Strategic Plan;
- Business planning and the ATP (endorsed by Minister);
- Staff performance management system;
- Information management / e-business systems and procedures;
- A rolling review of policies and procedures.



## **CITB Advisory Committees**

Under the provisions of the CITF Act (1993), the building and construction industry is divided into three sectors representing civil, commercial, and housing construction. The Board of the CITB forms subcommittees in each of these areas as well as a Specialist Services Committee. These committees meet approximately bimonthly (or on an as-needed basis) and are comprised of an agreed membership of people within the relevant industry groups. A major review of the sector committees was undertaken during 2006-07 and implemented in July 2007. The new system has been operating satisfactorily since that time.

## **Statutory Authority Compliance Reporting Requirements**

### **Overseas Travel**

No overseas travel was funded by the CITB in 2008-09.

### **Contracts Exceeding \$4m**

The CITB did not enter into any contracts in excess of \$4m or which extended beyond the financial year.

## **Staff Employment**

The CITB has the task of administering the CITF Act, (1993). However it is not an agency or instrumentality of the Crown. CITB staff are not public servants and are employed under either individual contracts or the terms of an entity-specific enterprise agreement.

This does not include the Vocational Education and Learning officer which is a DECS position seconded to CITB on terms established in a memorandum of understanding, on a cost-share arrangement.

## **Bargaining Agreement**

The enterprise agreement is based on the SA Clerks' Award. It is re-negotiated every two years.

The current enterprise agreement was re-negotiated and subsequently approved by the Industrial Relations Commission and confirmed in August 2008 for a two-year term from 1 July 2008. The major change in 2008 was the inclusion of a provision for 12 weeks' paid maternity leave, which will lapse to the extent that any subsequent Federal Government supersedes it. Approval and implementation have subsequently been effected without issue.

PSM Act employment conditions do not apply to CITB staff and managers.

## **Financial Performance**

The Auditor-General's unqualified report on the financial statements of the CITB is at page 50 of this document.

## **Fraud**

No incidence of fraud was detected in the CITB during 2007-08. The Board's risk-management plan was substantially re-written in 2008 and is expected to be adopted early in 2008-09. A system of financial delegations and counter-signatories applies to all financial transactions.

## **Consultants**

Consulting services are used primarily in augmenting the research capabilities of the CITB. Details of consulting services engaged are provided in the notes to the financial statements.

## **Freedom of Information (FOI)**

A Freedom of Information statement is available on the CITB website. There were no FOI requests lodged with the CITB during the reporting year.

# CORPORATE GOVERNANCE COMMITTEES

## Board Committees

### Finance and Audit Committee

Steven Hall (Chair)  
Robert Geraghty  
Romana Wereszczak  
Anna Montebello

### Training Policy Committee

Fiona O'Connor (Chair)  
Peter Harrland  
Robert Stewart  
Martin O'Malley  
Alison Scheffler (resigned May 09)  
Deborah Nicholls

## Advisory Committees as at June 2009

### Joint Sector Advisory Committee

Name	Nominating Body/Group
Martin O'Malley (Chair)	CITB
Fiona O'Connor (Co-chair)	CITB
Jason Wilder	Specialist Committee
Chris Rankin	Specialist Committee
Bernie Biggs	Housing Sector Committee
David Gaffney	Housing Sector Committee
Harry Ennis	Commercial Sector Committee
David Thompson	Commercial Sector Committee
Alan Wilkey	Civil Sector Committee
John Hutton	Civil Sector Committee

### Civil Sector Committee

Name	Nominating Body/Group
Anna Montebello (Chair)	CITB
Steve Hall (Co-chair)	CITB
Allan Wilkey	Civil Contractors Federation SA
Garry Henderson	Australian Workers Union
Darren Roberts	Construction, Forestry, Mining and Energy Union
Terry Wright	Australian Asphalt and Pavement Association
Sandy Semmens	Local Government Association
Stan Robb	Association of Consulting Engineers
Ray Thompson	Practitioner 1
John Hutton	Practitioner 2

### Commercial Sector Committee

Name	Nominating Body/Group
Romana Wereszczak (Chair)	CITB
Alison Scheffler (Co-chair)	CITB
Harry Ennis	Construction, Forestry, Mining and Energy Union
David Thompson	Master Builders Association
John Bricher	Building Industry Specialist Contractors Association
George Inglis	Property Council of Australia
Michael Boyce	Airconditioning and Mechanical Contractors Association
George Fessas	Practitioner 1
Rob Colangelo	Practitioner 2



## Advisory Committees as at June 2009 (cont.)

### Housing Sector Committee

Name	Nominating Body/Group
Robert Geraghty (Chair)	CITB
Peter Harrland (Co-chair)	CITB
Aaron Cartledge	Construction, Forestry, Mining and Energy Union
Bernie Biggs	Building Industry Specialist Contractors' Association
Terry Gladwin	Master Builders Association
David Gaffney	Housing Industry Association
Derek Stapleton	Master Painters Association
Tim Russell	Practitioner 1
Neil Scarce	Practitioner 2

### Specialist Services Committee

Name	Nominating Body/Group
Deborah Nichols (Chair)	CITB
Robert Stewart (Co-chair)	CITB
Chris Rankin	Airconditioning and Mechanical Contractors' Association
Rick Castellan	Building Industry Specialist Contractors' Association
Doug Buchanan	Communications, Electrical and Plumbing Union (Plumbing)
Jason Wilder	Communications, Electrical and Plumbing Union (Electrical)
Larry Moore	National Electrical and Communications Association
Andrew Clarke	Plumbing Industry Association
Paul Schmidt	Practitioner 1
Paul Gesti	Practitioner 2

### Entry-Level Training Reference Committee

Name	Nominating Body/Group
Robert Stewart (Chair)	CITB
Deborah Nichols (Co-chair)	CITB
Mike Rundell	Brimblecombe Builders P/L
Adam Turnbull	Scott Salisbury Homes
Michael Wakefield	Trainee and Apprentice Placement Service Inc.
Graham Harris	Department of Education and Childrens Services – Futures Connect
Tony Boulderstone	Bardavcol P/L
Paul Klepczynski	Torrens Valley TAFE
John Yorston	Frigrite Air Conditioning P/L
Adele Braster	SACE Board of South Australia
Christopher Rankin	Airconditioning and Mechanical Contractors Association
Michael Barnes	Promptair P/L
Simon Heath	Torrens Valley TAFE
Tony Curtis	Trade Schools for the Future
Vacant	Employee Association



# CERTIFICATE BY BOARD MEMBERS, CHIEF EXECUTIVE OFFICER AND PRINCIPAL ACCOUNTING OFFICER

## Certification of the Financial Statements

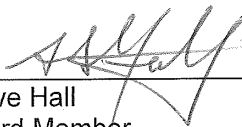
We certify that the attached general purpose financial statements for the Construction Industry Training Board:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the authority; and
- present a true and fair view of the financial position of the Construction Industry Training Board as at 30 June 2009 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Construction Industry Training Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



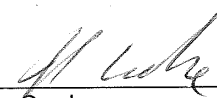
Mary Marsland  
Presiding Member  
21 September 2009



Steve Hall  
Board Member  
21 September 2009



Steve Larkins  
Chief Executive Officer  
21 September 2009



Jane Cooke  
Chief Financial Officer  
21 September 2009

# AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF THE CITB

## INDEPENDENT AUDITOR'S REPORT



Government of South Australia  
Auditor-General's Department

State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

### To the Presiding Member Construction Industry Training Board

As required by section 31 of the *Public Finance and Audit Act 1987* and subsection 16(2) of the *Construction Industry Training Board Act 1993*, I have audited the accompanying financial statements of the Construction Industry Training Board for the financial year ended 30 June 2009. The financial statements comprise:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Notes to and forming part of the Financial Statements and
- A certificate from the Presiding Member, a Board Member, the Chief Executive Officer and the Chief Financial Officer.

### The Responsibility of the Members of the Construction Industry Training Board for the Financial Statements

The members of the Construction Industry Training Board are responsible for the preparation and the fair presentation of the financial statements in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the Construction Industry Training Board, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion.

### Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Construction Industry Training Board as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

A handwritten signature in cursive script, appearing to read 'S O'Neill'.

**S O'Neill**  
**AUDITOR-GENERAL**  
23 September 2009

# INCOME STATEMENT

For the Year Ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
<b>Income</b>			
Revenues from industry levies		16,810	15,888
Interest revenues		1,064	1,274
Grants from SA Government	4	214	162
Other revenues	5	176	92
<b>Total Income</b>		<b>18,264</b>	<b>17,416</b>
<b>Expenses</b>			
<b>Administration Expenses</b>			
Employee benefits costs	6	677	594
Collection Agents fees		90	84
Depreciation and amortisation expense	7	88	28
Occupancy		70	57
Other		552	547
<b>Total Administration Expenses</b>		<b>1,477</b>	<b>1,310</b>
<b>Training Expenses</b>			
Employee benefits cost	6	471	456
Promotion		136	185
Training Claims		16,162	11,977
Depreciation and amortisation expense	7	61	21
Occupancy		49	44
Other		175	190
Research		49	24
<b>Total Training Expenses</b>		<b>17,103</b>	<b>12,897</b>
<b>Grant Expenses</b>			
Employee benefits cost	6	151	115
Depreciation and amortisation expense	7	19	5
Occupancy		16	11
Other		94	94
<b>Total Grant Expenses</b>		<b>280</b>	<b>225</b>
<b>Total Expenses</b>		<b>18,860</b>	<b>14,432</b>
<b>Net Result</b>		<b>(596)</b>	<b>2,984</b>
<b>Total Comprehensive Result</b>		<b>(596)</b>	<b>2,984</b>

# BALANCE SHEET

As at 30 June 2009

	Note	2009 \$'000	2008 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	10	1,693	5,473
Receivables	11	663	1,337
Other financial assets	12	16,367	13,436
<b>Total Current Assets</b>		<b>18,723</b>	<b>20,246</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	14	496	164
Intangible assets	15	680	399
<b>Total Non-Current Assets</b>		<b>1,176</b>	<b>563</b>
<b>Total Assets</b>		<b>19,899</b>	<b>20,809</b>
<b>Current Liabilities</b>			
Payables	16	1,419	1,763
Employee benefits	17	87	72
<b>Total Current Liabilities</b>		<b>1,506</b>	<b>1,835</b>
<b>Non-Current Liabilities</b>			
Payables	16	2	-
Employee benefits	17	13	-
<b>Total Non-Current Liabilities</b>		<b>15</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,521</b>	<b>1,835</b>
<b>Net Assets</b>		<b>18,378</b>	<b>18,974</b>
Reserves		8,719	12,060
Retained earnings		9,659	6,914
<b>Total Equity</b>		<b>18,378</b>	<b>18,974</b>
<b>Unrecognised contractual commitments</b>	<b>19</b>		
<b>Contingent assets and liabilities</b>	<b>20</b>		

# STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2009

	Strategic Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 30 June 2007</b>	<b>10,526</b>	<b>5,464</b>	<b>15,990</b>
Total Comprehensive Result for 2007-08	-	2,984	2,984
Transfer to Strategic Reserve	1,534	(1,534)	-
<b>Balance at 30 June 2008</b>	<b>12,060</b>	<b>6,914</b>	<b>18,974</b>
Total Comprehensive Result for 2008-09	-	(596)	(596)
Transfer from Strategic Reserve	(3,341)	3,341	-
<b>Balance at 30 June 2009</b>	<b>8,719</b>	<b>9,659</b>	<b>18,378</b>

# STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2009

	Note	2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
<b>Cash flows from Operating Activities</b>			
<b>Cash Inflows</b>			
Receipts from Industry training levies		17,269	15,383
Interest received		1,241	1,485
GST receipts on receivables		38	25
GST input tax credits		189	156
Other receipts		399	254
<b>Cash generated from operations</b>		<b>19,136</b>	<b>17,303</b>
<b>Cash Outflows</b>			
Employee benefit payments		(1,261)	(1,140)
Training expenditure		(16,088)	(12,790)
GST payments on purchases		(219)	(185)
Other payments		(1,635)	(462)
<b>Cash used in operations</b>		<b>(19,203)</b>	<b>(14,577)</b>
<b>Net Cash (used in)/provided by operating activities</b>	21(b)	<b>(67)</b>	<b>2,726</b>
<b>Cash flows from Investing Activities</b>			
<b>Cash Inflows</b>			
Proceeds from term deposits		65,103	197,311
Proceeds from sale of plant and equipment		50	-
<b>Cash generated from investing activities</b>		<b>65,153</b>	<b>197,311</b>
<b>Cash Outflows</b>			
Purchase of investments		(68,034)	(198,504)
Payment for plant and equipment		(832)	(461)
<b>Cash used in investing activities</b>		<b>(68,866)</b>	<b>(198,965)</b>
<b>Net Cash (used in) Investing Activities</b>		<b>(3,713)</b>	<b>(1,654)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,780)</b>	<b>1,072</b>
Cash and cash equivalents at beginning of financial year		5,473	4,401
<b>Cash and cash equivalents at end of financial year</b>	21(a)	<b>1,693</b>	<b>5,473</b>

## For the Year Ended 30 June 2009

### 1 GENERAL

#### Objectives of the CITB

The Construction Industry Training Board (Board) is established under the Construction Industry Training Fund Act 1993 (CITF Act).

The Board's responsibilities include:

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

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

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Accounting

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with applicable Australian Accounting Standards (AASB) and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the Public Finance and Audit Act, 1987 (PFAA), and the requirements of the Construction Industry Training Fund Act, 1993.

Except for the amendments to AASB 101 Presentation of Financial Statements (September 2007 version) including AASB 2007-2008 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Board has early adopted. The Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the reporting period ending 30 June 2009. The Board has assessed the impact of the new and amended standards, and interpretations and considers there will be no impact on the accounting policies or the financial statements.

The Construction Industry Training Board's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared on a twelve month operating cycle and is presented in Australian currency.

#### b) Comparative Figures

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard have required a change.

#### c) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

#### d) Taxation

The Board is exempt from Income Tax in terms of subsection 23(d) of the Income Tax Assessment Act 1936, as amended. The Board is liable for Payroll Tax, Fringe Benefits Tax and Goods and Services Tax.

Income, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred by the Board as a purchaser is not recoverable from the Australian Taxation Office. Receivables and payables are stated with the amount of GST included.

#### e) Income and Expenses

Income and expense are recognised in the Board's Statement of Comprehensive Income when and only when it is probable the flow of economic benefit to or from the entity will occur and can be reliably measured.

Industry levies are recognised as income when the Board obtains control of the levies. Control is normally obtained upon their receipt by the Board or its collection agents.

Interest revenue is recognised as it accrues.

Grant monies for specific projects are recognised as revenue when the Board obtains control over the asset. Control over these revenues is normally obtained upon receipt.

Income from the disposal of non current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount.

#### f) Current and Non-Current Classification

Assets and liabilities are characterised as current or non-current in nature. The Board has a clearly defined operating cycle of twelve months. Assets that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, the Board has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

#### g) Cash and Cash Equivalents

Cash and cash equivalents recorded in the Statement of Cash Flows includes cash on hand, cash at bank and deposits held at call.

Cash is measured at nominal value.

#### h) Receivables

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

Accrued levy income includes all amounts held by collection agents at balance date.

#### i) Other Financial Assets

Other Financial Assets comprise term deposits held to maturity for periods of one month and greater.

The Board measures financial assets at historical cost.

Interest revenue is brought to account on an accrual basis.

## For the Year Ended 30 June 2009

### j) Non-Current Asset Acquisition and Recognition

Assets are recorded at cost plus any incidental cost involved in the acquisition. The Board capitalises all non-current assets with a value of one thousand dollars (\$1,000) or more.

### k) Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

### l) Depreciation and Amortisation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as property, plant and equipment.

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

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

• Furniture and fittings	20 percent
• Computer equipment	25 percent
• Office machines	20 percent
• Motor vehicles	15 percent
• Leasehold Improvements	35 percent
• Computer Software	25 percent

### m) Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received at the end of the reporting period.

Employment on-costs include superannuation contributions, payroll tax and workers compensation premiums with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

Training expenses are recognised as an expense in the financial year that the expense is incurred. The balance of training expenses incurred and not paid at the end of the financial year are included as Accrued Training Expenses.

### n) Employee Benefits

Employee benefits comprise entitlements for salaries and wages, annual leave, sick leave and long service leave. Provision has been made in the Financial Statements, where stated, for the Board's liability for employee benefits arising from services rendered by employees to balance date. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal values. Payroll tax, superannuation and workers' compensation insurance premiums are classified as payables.

### Salaries and Wages

Liability for salaries and wages are measured as the amount unpaid at reporting date at remuneration rates current at reporting date.

### Annual Leave

Provision has been made for the unused component of annual leave at balance date. The provision has been calculated at nominal amounts based on projected salary rates. Related on-costs are reported as payables.

### Sick Leave

Under an Enterprise Bargaining Agreement taking effect from 1 July 2008, employees who are party to the Agreement and have between 2 and 5 years of service are entitled to accrue a maximum of twenty five percent (25%) of their Sick Leave Entitlement, if they have more than 5 years of service they are entitled to accrue a maximum of thirty percent (30%) of their Sick Leave Entitlement.

### Long Service Leave

In calculating long service leave entitlements the Board has used a benchmark of six and a half years as an approximation of the present value of expected future payments of the long service leave liability. Related on-costs are reported as payables.

### Superannuation

The Board has contributed nine percent of the employees' base salary into a prescribed superannuation fund. This amount represents the Board's full liability for the year. The liability for superannuation is included in employment on-costs.

### o) Leases

The Board leases premises for its administrative and operating activities. The lease is classified as a non-cancellable operating lease and lease payments are included as expenditure in equal instalments over the accounting periods covered by the respective lease term.

### p) Insurance

The Board has arranged through its brokers to insure all major risks of the Board. The excess payable under policies varies depending on each class of insurance held.

### q) Strategic Reserve

The Board has provided for a reserve to address any strategic needs that may arise which the Board considers warrant an allocation of funds.

## 3 FINANCIAL RISK MANAGEMENT

The Board is exposed to a variety of financial risks, credit risk and liquidity risk.

The Board has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash and cash equivalents and investments).

The Board has no significant concentration of credit risk.

Investments are in the form of term deposits with approved banking institutions.

In relation to liquidity/funding risk, the continued existence of the Board in its present form, is dependent on Government policy.

For the Year Ended 30 June 2009

4 GRANTS

	2009 \$'000	2008 \$'000
Industry Skills Board	200	140
Other Research Projects	14	22
<b>Total</b>	<b>214</b>	<b>162</b>

5 OTHER REVENUES

	2009 \$'000	2008 \$'000
Sale of Publications	106	43
Sundry Revenue	70	49
<b>Total</b>	<b>176</b>	<b>92</b>

6 EMPLOYEE BENEFITS COST

	2009 \$'000	2008 \$'000
Salaries and Wages	1,025	933
Annual Leave	74	66
Employment on-costs-superannuation	98	86
Employment on-costs-other	68	61
Board Fees	34	19
<b>Total</b>	<b>1,299</b>	<b>1,165</b>

Remuneration of Employees

The number of employees whose total remuneration was within the following bands:

	2009 Number of Employees	2008 Number of Employees
\$110,001 - \$120,000	1	1
\$130,001 - \$140,000	-	1
\$140,001 - \$150,000	1	-
<b>Total</b>	<b>2</b>	<b>2</b>

The table includes all employees who received remuneration of \$100,000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any salary sacrifice benefits. The total remuneration for these employees was \$259,000 (\$243,000).

Remuneration of Directors

Total income received, or due and receivable during the financial year by Directors was \$34,000 (\$19,000). The number of Directors whose income from the entity falls within the following bands is nine. This income included superannuation \$21,000(\$12,000).

	2009 Number of Directors	2008 Number of Directors
\$1 - \$10,000	8	-
\$10,001 - \$20,000	1	1
<b>Total</b>	<b>9</b>	<b>1</b>

## For the Year Ended 30 June 2009

### 7 DEPRECIATION AND AMORTISATION

The aggregate amounts of depreciation expensed during the reporting period for each class of depreciable asset are as follows:

	2009 \$'000	2008 \$'000
Furniture and fittings	3	-
Computer equipment	28	18
Computer Software	13	10
Office machines	1	1
Motor vehicles	25	23
Leasehold improvements	98	2
<b>Total</b>	<b>168</b>	<b>54</b>

### 8 TRANSACTIONS WITH SOUTH AUSTRALIAN GOVERNMENT

There have been no transactions with the South Australian Government greater than \$100,000 other than those disclosed on the Income Statement.

### 9 AUDITOR'S REMUNERATION

	2009 \$'000	2008 \$'000
Audit fees paid/payable to the Auditor-General's Department	32	39

No other services were provided by the Auditor-General.

### 10 CASH AND CASH EQUIVALENTS

	2009 \$'000	2008 \$'000
Cash at bank	179	838
Bank Deposit at Call	1,514	4,635
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,693</b>	<b>5,473</b>

The cash at bank and deposit at call are interest bearing at average rates at 30 June 2009 4.68 % (4.69%).

### 11 RECEIVABLES

	2009 \$'000	2008 \$'000
<b>Current</b>		
Accrued levy revenue	149	382
Accrued interest	66	243
Trade debtors	446	672
Less allowance for doubtful debts	(53)	(27)
Sundry debtors	26	34
Prepayments	15	13
GST receivables	14	20
<b>Total Current Receivables</b>	<b>663</b>	<b>1,337</b>

## For the Year Ended 30 June 2009

**Interest Rate and Credit Risk**

Receivables are raised for all levies, goods and services for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being received on demand. In addition, there is no concentration of risk.

**Movements in the allowance for doubtful debts (impairment loss)**

	2009 \$'000	2008 \$'000
<b>Carrying amount at the beginning of the period</b>	27	-
Increase in the provision	33	27
Amounts written off	(7)	-
<b>Carrying amount at the end of the period</b>	<b>53</b>	<b>27</b>

**Bad and doubtful debts**

The Board has recognised a bad and doubtful debts expense of \$33,000 (\$27,000) in the Statement of Comprehensive Income.

**12 OTHER FINANCIAL ASSETS**

The investments of the Board at balance date comprise:

	2009 \$'000	2008 \$'000
<b>Current Investments</b>		
Westpac Term Deposits	5,544	49
National Australia Bank Term Deposits	4,780	4,437
CBA Fixed Term Deposit	5,988	4,023
ANZ V2 Plus	55	53
Adelaide Bank Negotiable Certificate of Deposit	-	4,874
<b>Total Current Investments</b>	<b>16,367</b>	<b>13,436</b>

The deposits are held to maturity and have a weighted average interest rate of 6.59% (7.83%). The carrying amount is equal to the net fair value.

**13 MATURITY ANALYSIS OF FINANCIAL ASSETS**

	2009	Carrying Amount \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000
<b>Financial Assets</b>					
Cash and Cash Equivalent		1,693	1,693	-	-
Receivables		107	107	-	-
Other Financial Assets		16,367	16,367	-	-
<b>Total Financial Assets</b>		<b>18,167</b>	<b>18,167</b>	-	-

	2008	Carrying Amount \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000
<b>Financial Assets</b>					
Cash and Cash Equivalent		5,473	5,473	-	-
Receivables		290	290	-	-
Other Financial Assets		13,436	13,436	-	-
<b>Total Financial Assets</b>		<b>19,199</b>	<b>19,199</b>	-	-

## For the Year Ended 30 June 2009

### 14 PLANT AND EQUIPMENT

#### a) Plant and equipment

	2009 \$'000	2008 \$'000
Furniture and fittings at cost	39	35
Less: Accumulated depreciation	(11)	(35)
	28	-
Computer equipment at cost	220	168
Less: Accumulated depreciation	(152)	(124)
	68	44
Office machines at cost	32	33
Less: Accumulated depreciation	(29)	(33)
	3	-
Motor vehicles at cost	190	153
Less: Accumulated depreciation	(30)	(33)
	160	120
Leasehold Improvements	364	29
Less: Accumulated depreciation	(127)	(29)
	237	-
<b>Total Plant and Equipment</b>	<b>496</b>	<b>164</b>

#### b) Reconciliation of Plant and Equipment

The following table shows the movement of plant and equipment during the current reporting period.

	Furniture & Fittings \$'000	Computer Equipment \$'000	Office Machines \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total 2008 \$'000
Gross Value at 1 July 2008	35	168	33	153	29	418
Plus: Purchase of assets	31	52	4	119	335	541
Less: Disposal of assets	(27)	-	(5)	(82)	-	(114)
<b>Gross value at 30 June 2009</b>	<b>39</b>	<b>220</b>	<b>32</b>	<b>190</b>	<b>364</b>	<b>845</b>
Accumulated depreciation at 1 July 2008	35	124	33	33	29	254
Depreciation charge for the year	3	28	1	25	98	155
Less depreciation on disposal	(27)	-	(5)	(28)	-	(60)
Accumulated depreciation at 30 June 2009	11	152	29	30	127	349
<b>Net book value as at 30 June 2009</b>	<b>28</b>	<b>68</b>	<b>3</b>	<b>160</b>	<b>237</b>	<b>496</b>

**For the Year Ended 30 June 2009**

The following table shows the movement of plant and equipment during the reporting period ended 30 June 2008.

	Furniture & Fittings \$'000	Computer Equipment \$'000	Office Machines \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total 2008 \$'000
Gross Value at 1 July 2007	35	138	33	120	29	355
Plus: Purchase of assets	-	30	-	33	-	63
<b>Gross value at 30 June 2008</b>	<b>35</b>	<b>168</b>	<b>33</b>	<b>153</b>	<b>29</b>	<b>418</b>
Accumulated depreciation at 1 July 2007	35	106	32	10	27	210
Depreciation charge for the year	-	18	1	23	2	44
Accumulated depreciation at 30 June 2008	35	124	33	33	29	254
<b>Net book value as at 30 June 2008</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>164</b>

**15 INTANGIBLE ASSETS**
**a) Intangible Assets**

	2009 \$'000	2008 \$'000
Computer software	454	430
Less: Accumulated amortisation	(417)	(404)
<b>Total Computer Software</b>	<b>37</b>	<b>26</b>
Work in progress Computer System Development	643	373
<b>Total Work in progress Computer Systems Development</b>	<b>643</b>	<b>373</b>
<b>Total Intangible Assets</b>	<b>680</b>	<b>399</b>

**b) Reconciliation of Intangible Assets**

The following table shows the movement of intangible assets during the current reporting period.

**Computer Software**

	2009 \$'000	2008 \$'000
Gross Value at 1 July	430	402
Plus Purchases	24	28
<b>Gross value at 30 June</b>	<b>454</b>	<b>430</b>
Accumulated amortisation at 1 July	404	394
Amortisation charge for the year	13	10
<b>Accumulated amortisation at 30 June</b>	<b>417</b>	<b>404</b>
<b>Net book value as at 20 June 2009</b>	<b>37</b>	<b>26</b>

**Work In Progress**

	2009 \$'000	2008 \$'000
Gross Value at 1 July	373	0
Plus Purchases	270	373
<b>Gross value at 30 June 2009</b>	<b>643</b>	<b>373</b>
<b>Total Net book value as at June 2009</b>	<b>680</b>	<b>399</b>

## For the Year Ended 30 June 2009

### 16 PAYABLES

	2009 \$'000	2008 \$'000
Current:		
Trade Creditors	247	854
Other Creditors	229	55
Accrued expenses	82	75
Accrued Training Expenses	844	770
Employment on-costs	17	9
	<b>1,419</b>	<b>1,763</b>
Non Current:		
Employment on-costs	2	-
	<b>2</b>	-

#### Interest Rate and Credit Risk

Creditors and accruals are raised for all amounts billed but not paid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefits that they relate are discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

### 17 EMPLOYEE BENEFITS

	2009 \$'000	2008 \$'000
Current:		
Annual Leave	58	56
Sick Leave Provision	18	13
Accrued Salaries and Wages	11	3
	<b>87</b>	<b>72</b>
Non Current:		
Long Service Leave	13	-
	<b>13</b>	-

The aggregate employee benefits and oncost liability recognised and included in the financial statements is as follows:

	2009 \$'000	2008 \$'000
Current	104	81
Non Current	15	-
	<b>119</b>	<b>81</b>

For the Year Ended 30 June 2009

**18 MATURITY ANALYSIS OF FINANCIAL LIABILITIES**

	2009	Carrying Amount \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000
<b>Financial Liabilities</b>					
Payables		1,419	1,419	-	-
<b>Total Financial Liabilities</b>		<b>1,419</b>	<b>1,419</b>	<b>-</b>	<b>-</b>

	2008	Carrying Amount \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000
<b>Financial Liabilities</b>					
Payables		1,763	1,763	-	-
<b>Total Financial Liabilities</b>		<b>1,763</b>	<b>1,763</b>	<b>-</b>	<b>-</b>

**19 UNRECOGNISED CONTRACTUAL COMMITMENTS**

**Operating lease commitments**

Commitments under non-cancellable operating leases at the reporting date are not recognised as liabilities in the financial report and are payable as follows:

	2009 \$'000	2008 \$'000
Expenditure Commitments		
Not later than one year	110	106
Later than one year but not later than five years	243	353
<b>Aggregate expenditure commitments contracted for at balance date but not provided for (including GST)</b>	<b>353</b>	<b>459</b>

The lease for office accommodation is a non-cancellable lease, with rental payable monthly in advance. Lease payments are subject to an annual increase of four percent.

**20 CONTINGENT ASSETS AND LIABILITIES**

As at reporting date the Board is not aware of any contingent assets or liabilities.

**21 CASH FLOW RECONCILIATION**

**a) Reconciliation of Cash and Cash Equivalents**

	2009 \$'000	2008 \$'000
Statement of Cash Flows	1,693	5,473
Statement of Financial Position	1,693	5,473

## For the Year Ended 30 June 2009

### b) Reconciliation of Net Surplus to Net Cash provided by Operating Activities

	2009 \$'000	2008 \$'000
Net Result	(596)	2,984
Depreciation and amortisation expenses	168	54
Increase (Decrease) in employee benefits	28	21
(Increase) Decrease in debtors and accrued levy income	497	(475)
(Increase) Decrease in accrued interest	177	211
Increase (Decrease) in payables	(415)	507
Increase (Decrease) in training liability	74	(576)
<b>Net Cash (used in)/provided by Operating Activities</b>	<b>(67)</b>	<b>2,726</b>

### 22 CONSULTANTS FEES

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	No	2009 \$'000	No	2008 \$'000
Below \$10,000	4	17	7	27
Between \$10,000 and \$50,000	6	94	1	11
Above \$50,000	1	61	-	-
<b>Total paid/payable to the consultants engaged</b>	<b>11</b>	<b>172</b>	<b>8</b>	<b>38</b>

### 23 RELATED PARTY DISCLOSURES

#### a) Directors of the Construction Industry Training Board

The Directors of the Construction Industry Training Board appointed for the period from 1 July 2008 to 30 June 2009 were:

Mary Marsland	<i>Chairperson</i>
Fiona O'Connor	
Anna Montebello	
Martin O'Malley	
Robert Stewart	
Deborah Nicholls	
Steven Hall	
Robert Geraghty	
Romana Wereszczak	
Peter Harrland	
Alison Scheffler	<i>Resigned 15<sup>th</sup> May 2009</i>

#### b) Transactions with Director – Related Entities

During the year training funds were allocated to associated entities of the Directors of the Construction Industry Training Board. Such transactions were within terms and conditions no more favourable than those available on similar transactions with other parties.



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