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Construction Industry Training Fund Investigation and Review Secretariat
Policy and Strategy
Skills SA
Department for Education
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By email: CITFActReview@sa.gov.au

Dear Secretariat

Investigation and Review of the *Construction Industry Training Fund Act 1993*

I refer to your email of 3 November 2022 providing details of the Investigation and Review of the *Construction Industry Training Fund Act 1993* (the Act), and your invitation to provide a submission.

With Australian Governments continuing to invest in infrastructure projects, an increasing number of skilled construction workers are required. However, there is widespread acknowledgment of longstanding skills shortages in trade-related occupations for which apprenticeships are the traditional training pathway. Low training wages for up to four years may be one reason why young people are less attracted to the apprenticeship model than they once were. On the other hand, the time-consuming nature of apprenticeships is a particular barrier to mature age workers. At the same time, mature age Australians who would like to reskill through vocational training are often stymied by financial and time constraints.

I make the following comments and suggestions against this background and context.

CITB composition, administration and operation

Section 5 of the Act requires the Construction Industry Training Board (the Board) to comprise a presiding member, four to eight persons who have knowledge of, and experience or expertise in the building and construction industry and two persons who are independent of that industry. Of the four to eight persons with the requisite knowledge, experience and expertise, one must represent the interests of employers in the industry and one must represent the interests of employees.



I note that the Act does not mandate the nomination of a person representing the interests of small and family enterprises who do not employ any staff. These small business operators also require ongoing training and education to succeed in their businesses, however, it is not clear that their interests are being represented on the Board. In its 2022-23 training plan, the Board projected its levy revenue to be \$26.5m. The lion's share of those funds (\$16.6m) was to be delivered across the Board's Apprenticeship Support Program, which does not seek to assist small non-employing businesses.

I also note that the Board lacks a representative from the vocational educational system, who could provide valuable input to the Board's considerations and decisions. There appears to be an overlap between the work of the Board and that of the South Australian Skills Commission. According to the Skills Commission's website, it is working with a number of Industry Skills Councils, including a Construction, Mining and Energy Skills Council. These Skills Councils provide independent industry-led advice on skills and workforce development. In light of this, it may be worthwhile considering appointing a vocational education representative to the Board from an organisation such as the Skills Commission.

Levy

Under the Act, levies are imposed in respect of any "*building or construction work*" as defined in Schedule 1 of the Act. While this definition is broad, it is subject to some important exclusions, including certain building or construction work associated with operations under the *Petroleum and Geothermal Energy Act 2000*, the *Petroleum (Submerged Lands) Act 1982*, the *Mining Act 1971* and the *Opal Mining Act 1995*.

The logic of excluding work that would otherwise meet the definition of "*building and construction work*" merely because it is associated with mining and exploration work is unclear. Consideration might be given to an amendment to allow the collection of levies from large corporate entities engaged in these activities in order to increase the revenue available to the Board.

Training plans

Under section 32 of the Act, the Board must prepare an Annual Training Plan (the Plan) to set the framework for training spending from the Fund for the purpose of improving the quality of training, and increasing the level of skills in the building and construction industry. This plan is then submitted to the Minister for Education, Training and Skills for approval.

While this provision has the benefit of requiring the Board to reassess priorities at least every 12 months, the 2022-23 Annual Training Plan does not evidence the Board's plan to address long term workforce planning or long-term skills and workforce requirements.

Given the persistence of the skills and workforce shortages in the building and construction industry, I support the proposition that the annual planning cycle should be replaced by four-year rolling reviews of the overall strategic direction developed through the CITB's investment decisions, with capacity for annual adjustments and reallocation of funds.



I look forward to discussing the Investigation and Review of the Act and my submission in further detail with Ms Haythorpe and Dr Donaghy on 15 February 2023.

Yours sincerely



Nerissa Kilvert
SMALL BUSINESS COMMISSIONER

13 February 2023

