

# CITF Act Review Issues Paper – 31 January 2023

On behalf of CCF SA Board:

Board Members:	Role
Charles Hatcher (CH)	President & Secretary
Tim Bishop (TB)	Vice President & Hon. Treasurer
Paul Davison (PD)	Director
Gerard Beltrame (GB)	Director
John McMichael (JM)	Director
Simon Abrahams (SA)	Director
Sharon Van Kempen (SVK)	Director
Kerry Yeates (KY)	Director
Stephen Fines-Phillips (SFP)	Director
Natasha Hemmerling (NH)	Board observer
Peter Tan (PT)	Board observer

CITB composition, administration and operation

Concerning the amendments made to the Act by the Construction Industry Training Fund (Board) Amendment Act 2019:

How effective is the CITB, as currently comprised and administered, in attaining the objects of the CITF Act through the exercise of its functions and power (as outlined in Sections 11 and 12 of the CITF Act)?

1. The Act should include Objects so that the Board's purpose and priority for the administration of the Fund is clearer. This should include that the Fund should be applied to addressing skills shortages, upskilling and entry level training as supported by data and evidence available to the Board.

## **CCF SA Board Response:**

*The Board agree that the Act should include Objects as opposed to Functions.*

What opportunities exist to support the achievement of these objects in relation to:

- The composition of the CITB
  - The staffing of the organisation
  - Other governance or operational arrangements
2. The Act should require the appointment of Board members to have a greater balance of employer and employee perspectives than is presently the case.

**CCF SA Board Response:**

*The Board believes that the composition of board members should have a greater balance of employer, employee and levy payer (building \ construction client) representation; however, should include a reference to knowledge / industry experience of the representative.*

3. The expression of interest process for Board appointees should remain, but the Minister should not be compelled to utilise this if the Minister is satisfied that good reason exists not to.

**CCF SA Board Response:**

- *The Board believes that the Minister should advertise publicly for EOI.*
- *There should be a mechanism where the Board member can nominate a suitable and equally qualified proxy to attend meetings in the Board member's place.*

4. The Act should require the appointment of a Board member with extensive knowledge of training policy and the contemporary training landscape.

**CCF SA Board Response:**

- *The Board suggests:*
  - *Board Members should have extensive knowledge of training specific to a relevant industry sector*
  - *that the Act should require the appointment of Board members who are experienced to fulfil Board positions including training, legal, financial, risk as determined by an industry informed skills matrix.*
- *Board members should include people from the industry to add value as well as training and other relevant expertise to bring different perspectives.*
- *A skills matrix should be completed to support Board recruitment, value and risk management.*

5. The Act should require that the Minister ensure that through appointments to the Board, members collectively bring sufficient expertise in the building and construction industry, legal and financial skills. Consideration should also be given to promoting diversity in making appointments to the Board.

**CCF SA Board Response:**

- *As per Question 4, above.*

6. The appointment of Deputy Members should be reserved only for members appointed due to a specific skill set

**CCF SA Board Response:**

*There should be a mechanism where the Board member can nominate a suitable and equally qualified proxy to attend meetings in the Board member's place.*

7. The ability for the Presiding Member to exercise a casting vote should remain.

**CCF SA Board Response:**

*The Presiding Member should exercise a casting vote.*

8. The provision for a majority Board decision should remain.

**CCF SA Board Response:**

*The provision for a majority Board decision is still supported by the Board*

9. The Act should confirm the principle that Board members' overriding fiduciary duty is to the Board and its objects under the Act.

**CCF SA Board Response:**

*Agreed.*

10. The Act should formalise a requirement to consult with Sector Committees during the preparation of the Training Plan.

**CCF SA Board Response:**

*Agreed.*

11. The appointment of an independent Chair of the Finance and Audit Committee should be facilitated by permitting the Minister to approve remuneration of the Chair of committees.

**CCF SA Board Response:**

*The Board disagrees, the appointment of an independent Chair of the Finance and Audit Committee should be facilitated by permitting the CITB Board approval to appoint and remunerate the Chair of committees as it sees fit.*

12. The Act's position in relation to the use of public service employees should reflect that in the South Australian Skills Act 2008 to enable more integrated and complementary connections between the Board and Government.

**CCF SA Board Response:**

*Agreed.*

Levy

Are the exemptions to paying the levy as described in Section 23 of the CITF Act and in the Regulations appropriate?

13. If an item's cost would ordinarily be captured by the Act, the fact that it is associated with generation, supply or transmission of electricity should not exclude that item from calculation of the levy. (For example, construction work associated with the installation of wind turbines or solar panels would be leviable activity.) [See regulation 13(3) of the Regulations]

**CCF SA Board Response:**

*The Board suggests that exemptions under Regulation 13 (3) should be reviewed and revised in consultation with industry and levy payers.*

14. If an activity would ordinarily be captured by Schedule 1 of the Act and the activity is maintenance or repair work carried out by a self-employed person or an employee for the benefit of his or her employer, where the principal business activity of the self-employed person or employer is not in the building and construction industry, this activity should not be excluded from building or construction work for the purposes of the Act. (For example, maintenance or repair work performed by employees of a council would be leviable activity – as is the case presently if such work is contracted out.) [See Schedule 1(2)(a) of the Act]

**CCF SA Board Response:**

*The Board suggests that Schedule 1(2)(a) of the Act is too broad, open to ambiguity, and should be reviewed in consultation with industry and levy payers.*

15. If an activity would ordinarily be captured by Schedule 1 of the Act, the fact that it is associated with mining and petroleum activity should no longer automatically be grounds for exemption. Exemption should apply when associated with core resources operations or other specified activities. (For example, earthworks and building activity associated with the construction or maintenance of roads, tracks, or airstrips would be leviable activity. However, if WA's exemptions were mirrored, then work associated with resource exploration, unsealed haul road tracks etc. would continue to be excluded) [See Schedule 1(15) of the Act]

**CCF SA Board Response:**

*The Board suggests that Schedule 1 should be reviewed in consultation with industry and levy payers.*

Is the current levy collection method effective?

16. The levy should be calculated by reference to employee data not by project value to enable a similar quantum of funds to be collected via a more streamlined process.

**CCF SA Board Response:**

*Not supported, there is a huge administrative burden and compliance risk associated with this suggestion.*

17. If the levy is still to be calculated by project value, the definition of project owner should be changed so that the levy is payable by the landowner or head lessee rather than the current definition of project owner.

**CCF SA Board Response:**

- *The Board believes that the collection of the levy should be paid as a condition of development approval.*
- *The Board do not support the definition of project owner being changed.*

18. The Civil sector should remain as part of the CITF Act scheme.

**CCF SA Board Response:**

*The Board supports the Civil Sector remaining part of the CITF Act.*

19. Planning for allocation of the Fund should be revised to better utilise available funds for the Civil sector, including in relation to attraction and retention initiatives; and short courses which equip Civil sector workers to work in other sectors when there is a downturn in civil construction activity.

**CCF SA Board Response:**

*The Board believes the civil levy should be 'protected' from re-allocation to 'traditional' trades who have access to expend the levy much more readily than the civil industry currently.*

*Civil is a sector implementing new training approaches to professionalise and skill its workforce, these are new initiatives and should be fully supported.*

*The civil sector requires far greater support as a trade in its own right, and as a sub trade to both residential and commercial sectors. Particularly as levy collection for commercial and residential sectors are not appropriately broken down to recognise civil works.*

*Civil levy needs to be fully recognised when applied for under a commercial or residential project.*

*Federal and state funding initiatives support civil training is not in parity with other sectors primarily due to several occupations that support Civil Qualifications not being listed or categorised appropriately on the Australian and New Zealand Standard Classification of Occupations*

*The Board believes that sectors should be supported based on individual sector contributions.*

Is the current levy rate of 0.25 per cent of the estimated value of building or construction work (or such other percentage not exceeding 0.5 per cent of that value as may be prescribed in regulations) appropriate to meet the workforce needs of the sector?

20. In the absence of an alternative method of calculation than project value, the 0.25% levy remains as an appropriate rate for the Board to fulfil its role and functions under the Act.

**CCF SA Board Response:**

- *Subject to response to Question 21, the Board agrees the current rate remains sufficient to fulfil its role under the Act.*
- *The Board suggests that levy rate and value should be included within the Regulations to allow CITB .*

21. If the levy is based on project value, it should apply to a project's value excluding GST.

**CCF SA Board Response:**

*The Board agrees that the levy should exclude GST.*

22. If the levy remains calculated based on project value and exemptions are reduced resulting in an increase in revenue, the threshold of \$40,000 should be increased to reduce the administrative burden of payment and collection on low value projects.

**CCF SA Board Response:**

*Agreed*

23. The levy threshold should be contained in the Regulations and reviewed periodically against CPI increases and other relevant data (such as expenditure from the Fund).

**CCF SA Board Response:**

*The Board believes that the levy threshold and the levy rate should be contained in the Regulations and reviewed periodically against CPI increases and other relevant data (such as expenditure from the Fund).*

Are there alternative collection methods that would improve levy collection?

24. The CITB should increase the resources devoted to education and compliance.

**CCF SA Board Response:**

*The Board suggests greater activation of industry stakeholders \ associations \ GTO's to increase industry education and compliance. The CITB Board should be able to appoint internal resources as it feels appropriate to meet the needs of industry and the relevant training plan.*

25. If the levy remains calculated according to project value, the South Australian Government should work with the CITB to identify reconciliation options for construction industry projects that are not captured by the usual planning approvals process.

**CCF SA Board Response:**

*Agreed.*

Allocation of funds obtained through the levy

Does section 32(3) of the CITF Act, which requires money for the provision of training to a given sector in "approximately the same proportion" as the amount contributed by that sector:

- create barriers to holistic workforce and skills development across the building and construction industry?
- result in challenges addressing any particular areas of need such as upskilling, higher-level training, or cross-sector skilling?

26. A minimum of 60% of the CITB fund allocations to training activity should be allocated between each sector of the building and construction industry in approximately the same proportions as has been contributed to the Fund by that sector. The remainder of training funds may be allocated for holistic or cross-sector programs such as sector attraction and cross-sector development.

**CCF SA Board Response:**

*The Board do not agree that there should be percentage on spending application. This would be to the detriment of the civil industry who is just now making inroads into formal training opportunities and workforce skilling*

*CITB Board needs to work harder at identifying 'new' sectors such as civil to ensure adequate support and funding.*

*The Board believes that the CITB fund allocations to training activity should be allocated:*

1. to each sector in approx the same proportion as has been contributed to the Fund by that sector, and
2. to achieve objects of the Act.

27. The CITB should allocate funding to administration activities such as research, data analysis, education and compliance.

**CCF SA Board Response:**

*Further discussion required here. The Board suggests industry stakeholders \ associations could be better engaged here.*

Training plans

What impact does the requirement under Section 32(1) for the CITB to produce a training plan on an annual basis have on:

- longer term workforce planning
- addressing longer term skills and workforce requirements
- investment in multi-year projects or programs?

28. Government and the CITB should develop processes that facilitate information and market intelligence sharing in the formative stage of the development of a Training Plan.

**CCF SA Board Response:**

*Agreed. The Board suggests significant improvement is required in this area. The industry should be informed with workforce planning data regularly in order to ensure training moves well ahead of need.*

29. 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.

**CCF SA Board Response:**

*Agreed.*

*Special projects should form part of the Strategic Direction to allow for dynamics shift in funding to support industry training needs.*

**Consideration of other models to support industry outcomes**

Are there any other models for supporting industry training and workforce development outcomes that the reviewer recommends to assist the Construction Industry Training Board achieve its objectives?

**CCF SA Board Response:**

*The Board suggests significant improvement is required in this area. The industry should be informed with workforce planning data regularly in order to ensure training moves well ahead of need.*

## Additional Information

This is an opportunity to provide additional feedback on the CITF Act that has not been addressed in the Issues Paper and Terms of Reference.

### **General civil industry employer feedback shared with the CCF SA Board:**

*“With CITB levy, the other issue that may or may not be expressed heavily in the above is that the civil apprenticeships are not listed under the national skills shortage lists – If this was fixed there would be an immediate and massive uptake in civil trainees and levy use, which would clearly be an obvious use for putting the ‘fair share’ of CITB funding back into civil.”*

*“This is a massive issue but one that is not unique to SA. I think there is a balance needed with number of new Trainees/apprentices on site at any one time but Supervisor Ratios requirements in place, should ensure that a safe balance is maintained.”*

*“General feedback about how CITB funds are claimed by employers– it is very onerous (on Managers) to complete what is very much a tick and flick exercise. It is an annual process but other industry bodies provide the same level of funding but do it far more efficiently.”*

*“I’d love to see an opportunity for Employers to be able to submit ‘yearly Training Plans’ to CITB for overall funding approval. In my mind, you could have 3 training plans developed:*

- 1. New entrant (varied dependant on civil pathway) or Apprenticeship*
- 2. Operator Level*
- 3. Supervisor”*

*“The plans would include all possible training items required for workers in those categories, not limited to Civil Units of Competencies/First aid/AFpa courses but open to whatever is deemed necessary to perform their role. The employer presents the plan at the commencement of the year, with CITB reviewing, then endorsing/approving the courses, percentage funded and number of places they would fund annually.”*