



Civil Contractors Federation Victoria Branch

1% Industry Training Allowance Workshop Report



Wednesday 6 October 2010, Manningham Function Centre

Table of Contents

Section 1: Executive Summary 6

Summary of recommendations.....	6
Background and issues.....	7
Key findings	8
Workshop presentations.....	9
Workshop panel	10
Summary of working group sessions.....	10

Section 2: Working Group Sessions..... 11

Session 1, theme - Strategy and Policy

Morning Group 1	Subject - legislation versus public policy	12
Morning Group 2	Subject - designing training plans.....	13
Morning Group 3	Subject - evaluating training plans	14
Morning Group 4	Subject - management of funds.....	15
Morning Group 5	Subject - claiming payment for training.....	16

Session 2, theme - Process and Review

Afternoon Group 1	Subject - authorizing payment.....	17
Afternoon Group 2	Subject - unspent training funds	18
Afternoon Group 3	Subject - contractor noncompliance	19
Afternoon Group 4	Subject - audit process	20
Afternoon Group 5	Subject - process improvement.....	21



Attachments

- Appendix 1 Victorian Civil Contractors Federation 1% Industry Training Allowance Proposal
- Appendix 2 Invitation to the CCF 1% Industry Training Allowance Workshop and Agenda
- Appendix 3 10 Step Draft Implementation Framework and Delegate List
- Appendix 4 Mr Claude Cullino, Chief Executive Officer CCF, welcome presentation
- Appendix 5 Mr Michael Long, Research Fellow, Monash University, ACER, Centre for the Economics of Education and Training, Returns to Training presentation
- Appendix 6 Chris Walton, Chief Executive Officer, APESMA, WA Model presentation
- Appendix 7 Mr Fred Baltetsch, National RTO Manager ABIGroup, QLD Model presentation
- Appendix 8 Mr Steve Larkin, Chief Executive Officer, South Australian Construction Industry Training Board, SA Model presentation



SECTION ONE

EXECUTIVE SUMMARY

Executive Summary

The 1% Industry Training Allowance is a policy proposal developed by the Victorian Civil Contractors Federation (CCF) to address the increasing skills shortage in the Civil Construction Sector (see Appendix 1). The Industry Training Allowance is also an effective tool to ensure continual professional development across the Civil Construction Industry.

In essence, all State and Local Government infrastructure tenders in excess of \$100,000 would dedicate 1% of the total project cost to training and skills development. Companies tendering for the contract would need to include a detailed plan of how the 1% is to be spent as a mandatory component of the tender process.

The CCF has invested considerable time, energy and monies over the last eighteen months campaigning across State and Local Government for the introduction of an Industry Training Allowance. As part of this ongoing campaign, on Wednesday 6 October 2010, the CCF conducted an industry wide workshop at the Manningham Function Centre. The purpose of this workshop was twofold, firstly it was to inform key stakeholders from across industry, State Government, Local Government, Unions and Registered Training Operators (RTO's) of the current training models successfully operating in Queensland, South Australia and Western Australia (refer to Appendix 2 for details.) The other objective was to further develop the CCF concept of the 1% Industry Training Allowance by collaboratively building a draft implementation plan.

The draft implementation plan is based on 10 key steps (see Appendix 3) identified by the CCF as pivotal to the establishment of this new legislation. To summarize, these include determining the scope of the training plans to be submitted with the tender bid, through to resolving how the monies can be collected and managed and finally how the Industry Training Allowance will be measured and audited.

Summary of Recommendations

As a result of the workshop, there are a number of key recommendations and these comprise:

- That a number of stakeholder experts from across the civil construction sector form working parties to map the relevant processes and build a robust implementation plan.
- That several pilot projects across a range of government agencies and local government be identified and implemented.
- That the CCF will continue its program of advocacy with the State and Local Government and agencies with the support of stakeholders from the civil construction industry.

- That the State Government be encouraged to introduce the 1% Industry Training Allowance as a line item across all infrastructure projects above \$100,000.

Background and Issues

Victorian industry is facing a pervasive shortage of skills vital to ongoing productivity. The skills shortage exists across the spectrum of workers from professional engineers to semi skilled workers. Two Civil Construction Industry Skills Summits sponsored by the Victorian Civil Construction Industry Alliance held in February 2006 and February 2009 determined that the skills crisis continues to be the overriding issue confronting the industry and in turn the Australian economy and that immediate action continues to be required to address this crisis.

The Summit Findings included:

- There is a critical and growing shortage of engineers and major earthmoving plant operators in Victoria.
- The skills shortage is a serious threat to Victoria's infrastructure building capability. It is not being fully addressed and hence threatens Victoria's future economic development.
- Not only is the capacity to undertake the annual \$5.3 billion civil construction works program in Victoria under threat, but the workload is expected to increase as Victoria seeks to provide for its growing population and in response to the government stimulus spending.
- The availability of new entrants to the workforce is declining due to the ageing Australian workforce.

Recent research undertaken by Skills DMC and the Civil Contractors Federation, showed that even during a period of subdued labour demand in the wake of the Global Financial Crisis, civil construction employers are still facing difficulty in recruiting suitable workers. It also showed that many employers adopt a 'take what is available' approach to engaging workers rather than pursuing appropriate skills, resulting in a greater turnover of the industry workforce.

This is symptomatic of a pervasive problem in respect to skills in the industry. There is a vital need for a strong industry government partnership to address this and introduce the skills culture that will lead to greater efficiency and a more attractive industry through initiatives such as the Industry Training Allowance.

The Summits concluded that Victoria will pay more for its infrastructure developments due to delays and inefficiencies incurred through the skills drought. It can however do something to address this. A more systemic measure such as the Industry Training Allowance is required as a

matter of priority to change the culture in the industry whereby government purchasers and industry providers would work together in a more mature environment whereby training would be viewed as an industry enabler rather than as a project cost.

Key Findings

- The Industry Training Allowance needs to be introduced through legislation to ensure industry consistency and compliance across the civil construction sector.
- 1% is a good starting point; however the Queensland model which has a higher compulsory training allowance and it has delivered positive outcomes and a major attitudinal change towards training.
- The Industry Training Allowance should propose to cover both public and private works.
- The Civil Construction Industry needs to have a clear responsibility for defining skill sets and clarifying roles for each occupation. For example skill sets need to be scoped from a plant operator right through to a project manager.
- The delivery of training must adapt to fit with project needs. RTO's need to create flexible delivery models which can accommodate fast tracking training and delivery onsite and electronically. Additionally, training plans should be linked to a 12 months organizational development plan.
- A criterion needs to be developed to assist Purchasers and Project Managers in evaluating the submitted contractor training plans. Furthermore, due consideration needs to be given to managing the sensitivity of contractors openly disclosing their skills gap and ensuring this does not disadvantage their bid and future opportunities.
- The Industry Training Allowance needs to be audited and managed independently by a central body as this is the best method of tracking training delivery, distribution of payments to RTO's and collection of data.
- A phasing-in-period needs to be defined to mark the transition to the introduction of the Industry Training Allowance and these needs to be accompanied by a program of education and change management.
- Any unspent training monies would need to be centrally managed by an independent advisory board who would recommend expenditure towards initiatives which would be responsible for further skill development across the sector.

- An emphasis on process improvement should accompany the introduction of the Industry Training Allowance and this could be achieved by developing a number of key performance indicators. These KPI's could consist of: training hours completed by staff, employee retention, timely completion of project milestones and reduction in rework.

Workshop Presentations

Mr Claude Cullino, Chief Executive Officer, CCF, officially welcomed the delegates to the workshop and opened with a presentation (see appendix 5) which outlined the objectives of the day and highlighted the impact of the skills shortage across capital works programs in Local Government.

Mr Michael Long, Research Fellow, Monash University, ACER, Centre for the Economics of Education and Training, presented on the *Returns to Training* (see Appendix 6.) This presentation detailed the return on investment training provides to industry which was supported by industry statistics. Michael's presentation provided some high level academic context to the justification for the introduction of an Industry Training Allowance.

As one of the aims of the workshop was to inform the delegates regarding the current training models successfully operating in South Australia, Western Australia and Queensland, three speakers were engaged to present the each state's framework and processes.

Mr Chris Walton, Chief Executive Officer, APESMA, presented the Western Australian model (see appendix 7). The Construction Training Fund (formerly the BCITF) which was established in 1990. Since its inception, the fund has supported the training and employment of more than 30,000 apprentices and trainees and assisted over 200,000 industry workers upgrade their skills.

In essence, 2% of the total contract price (inclusive of GST) is applied to all residential, commercial and civil engineering projects undertaken in Western Australia where the total value of construction is over \$20,000.

Mr Fred Baltetsch, National RTO Manager ABIGroup, presented the Queensland model (see appendix 8) which is called The Queensland Government Building and Construction Contracts Structured Training Policy. This training policy requires 10% of the total labour hours on any Queensland Government building project valued over \$250,000 and any civil construction project valued at over \$500,000, to be dedicated to training of apprentices, trainees, Indigenous and existing workers. Additionally, 25% of the training hours must be committed to upskilling of the existing workforce.

Mr Steve Larkin, Chief Executive Officer, South Australian Construction Industry Training Board, presented the South Australian model (see Appendix 9). The South Australian training levy is 0.25% of all construction work over \$15,000 and the cost is borne by the consumer of the construction service. Between 2009 to 2010, the training levy has provided 32,155 training places

and as a result of this, 2,663 apprentices have been directly funded through these training contributions.

Workshop Panel

At the conclusion of the presentations, Mr Chris Walton, Mr Fred Baltetsch and Mr Steve Larkin formed a Training Levy Panel and responded to a range of questions from the workshop delegates regarding the different processes and frameworks of each state's model.

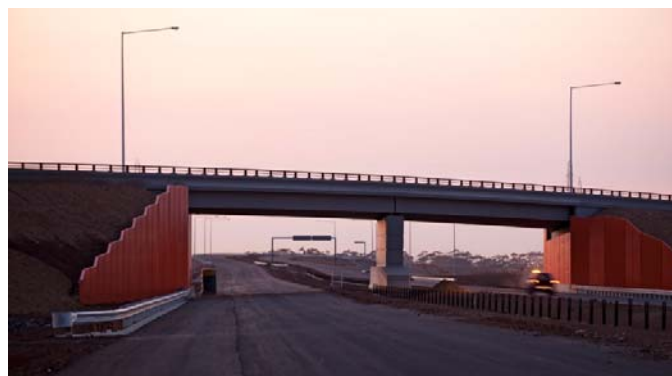
Summary of Working Group Sessions

The purpose of the working groups was to engage a broad range of stakeholders from across the civil construction industry to debate the feasibility of an Industry Training Allowance and to map the process steps needed for implementation.

The delegates included representatives from the Victorian Skills Commission, the Victorian Water Authorities, Local Government, VicRoads, Contractors, Unions, Land Developers, Road Markers, BICCIAB, Doyles Construction Lawyers, CBus and QBE, through to Registered Training Operators.

The value of such a rich perspective was immeasurable as it enabled the impact of each process step to be debated from the viewpoint of a road builder, or a pipe layer or alternatively a land developer. Furthermore, it allowed the purchaser of services to conceptualize the impact of the Industry Training Allowance against their administrative processes. This created an atmosphere of robust debate and facilitated some innovative thinking. The morning presentations which tabled the models currently operating across Australia established solid reference points for each group to benchmark their ideas and opinions.

Essentially, the workshops were dedicated to key themes with the morning session focused on developing a strategy and policy around 1% Industry Training Allowance framework; and the afternoon session was centered upon creating process and designing auditing and review procedures.



SECTION TWO

WORKING GROUP SESSIONS

SESSION ONE

Step 1- Group 1: **Chair Marjorie Miller** **Solicitor Doyles Construction** **Construction Lawyers**

All Local Government contracts and State Government contracts over \$100,000 to include a line item referring to bidding company's training plan.

Questions to resolve:

- (1) Does the introduction of a 1% Industry Training Allowance require the introduction of new legislation?
- (2) Could the 1% Industry Training Allowance be introduced through the amendment of a current act such as the Local Government Act and/or State Government procurement policy?
- (3) Is 1% an appropriate amount for an Industry Training Allowance?

Summary

The 1% Industry Training Allowance would only work if it is mandated through legislation and ideally it should encompass private sector civil construction projects too. A training allowance of 1% is a good starting point as it is easy to enforce and explain. The Queensland model is equivalent to 2% of project costs, and it is training outcomes focused which is a more effective strategy.



**Step 2 - Group 2: Chair, Fred Baltetsch
National RTO Manager
ABIGroup**

All bidders must submit a training plan to be resourced from the 1% industry Training Allowance.

Questions to resolve:

- (1) What is the scope of the skills gap analysis? (For example, trades, semi skilled and professional.)
- (2) What are the time frames for the training delivery?
- (3) How will the cost of the training be verified and audited?

Summary

Skill gaps analysis needs to show current competencies that meet project outcomes and training requirements which link to appropriate pathways to state or national qualifications. Industry and RTO's should work in partnerships to scope skill sets for each civil construction occupation and to develop new assessment tools and methodologies as current tools are inadequate.

Timeframes for training delivery needs to be relevant to long term training matrix and not restricted to specific project deadline. RTO's should meet individual contractor and workforce needs and adapt training delivery accordingly.



**Step 3 - Group 3: Chair, Maurice Stabb
Director of Infrastructure
Wyndham Council**

Client Agency to identify skills required to complete project and include these in tender criteria.

Questions to resolve:

- (1) How does the purchaser evaluate and score the training plan?
- (2) Do the skill sets listed in the training plan need to be relevant to the purchaser's project or long term schedule of work?
- (3) Do we need to audit if contractor personnel assigned to the project have sufficient competencies to complete the project requirements?

Summary

The training plans need to have some relevance to the project and the links between skill development, qualification undertaken and its fit to job task should be highlighted.

A fair criterion needs to be developed which will take into account training hours completed, delivery mode and these aspects will also form part of the auditing process. Furthermore, consideration needs to be given to managing the vulnerability of contractors openly declaring their workforce skill gaps during the competitive tender process.

There would be merit in the Purchaser's staff having access to training opportunities via the 1% Industry Training Allowance monies.



**Step 4 - Group 4: Chair, Chris Walton
Chief Executive Officer
APESMA**

1% of the total contract price is to be deposited into a central fund

Questions to resolve:

- (1) Should the 1% Industry Training Fund monies be held by the contractor or the individual principals?
- (2) Should there be a new entity established to manage this money such as a Civil Construction Commission?
- (3) Are any of the current institutional entities such as Incolink capable of managing these funds?

Summary

These questions raised much discussion but unfortunately little consensus regarding a strategy for managing the 1% Industry Training Allowance funds. Some of the key points of discussion revolved around the merits of contractor self managing compulsory workforce training and whether any monies actually needed to change hands.

Additionally other issues raised included the need to debate if there are any differences between small and large civil project skill needs and whether there needs to be an investment in raising the competence of the procurer who assesses the tender bids.



**Step 5 - Group 5: Chair, Steve Larkin
Chief Executive Officer
SA Construction Industry Training Board**

Successful bidder claims payment from the contract manager once training is undertaken?

Questions to resolve:

- (1) What information needs to be provided by the contractor to verify training costs and that training is being undertaken?
- (2) How to you ensure that the claim correlates to the training plan submitted?
- (3) What is the process for payment by either (a) Central fund or (b) Individual principals?

Summary

Contractors will need to submit statements of attainment provided by RTO's to verify that the training plans submitted during the tender cycle have been completed or, in case of short projects, training is undertaken. Additionally, an audit process will need to be developed to complement this process.

Mirroring the South Australian model, establishing a central model to manage all training allowance monies is the best option; the central fund would track all training and pay RTO's after they have raised an invoice to bulk bill for training completed.



**Step 6 - Group 4 Chair, Chris Walton
Chief Executive Officer
APESMA**

Contract Manager authorizes payment according to the Industry Training Allowance amount allocated?

Questions to resolve:

- (1) What steps or processes need to be developed to enable the Individual Principal or Central Fund to authorize payment?
- (2) How would you ensure the contractor is paid in a timely manner?

Summary

Establishing a central fund would enable more flexibility in payment options, for example, when training is longer term and therefore will be completed outside of the project cycle, milestone payments could be made. In usual circumstances, payment should be made once a level of competence has been attained. Furthermore, it would be an easier option for the contractor as he/she would not have to manage the funds and manage the administration of paying the RTO's. The central fund should also provide a website which records the training being undertaken.

The procurement team will need to develop an understanding of the processes and it may be appropriate for some of the training allowance to be invested in upskilling the procurement staff.



Step 7 - Group I **Chair, Marjorie Miller**
Solicitor
Doyles Construction Lawyers

Who has ownership of any forfeited training funds?

Questions to resolve:

- (1) Do the forfeited funds belong to the contractor or the Individual Principal?
- (2) Is it appropriate for the unspent forfeited funds to be invested in industry wide skilling initiatives?
- (3) Who should be consulted in making these decisions?

Summary

Funds generated from the industry training allowance should be held on a 12 - 18 months cycle by a central fund to ensure the training cycle is completed. In case of any unspent monies, an independent advisory board should be established to recommend application of these funds towards the benefit of the industry. It would be worthwhile to research what the other states do with their forfeited funds.



Step 8 - Group 3 Chaired collaboratively as Maurice Stabb had to make an early exit.

Contractors not complying with the requirement to submit and implement training plans will not be eligible for future contacts.

Questions to resolve:

- (1) Should there be exemptions and/or circumstances when the industry training plan is not required?
- (2) What would be the process to evaluate if there is just cause for an exemption?
- (3) Should there be a phasing in period for contractors and Individual Principals to adjust to this process?

Summary

The only exception to compliance to the Industry Training Allowance should be when the staff of a project has already been deemed competent in the areas relevant to the job tasks. This process of exemption would need to be established by evidence of training logs.

There will need to be a clearly defined phasing in period for the introduction of the 1% Industry Training Allowance and this will also need to be complemented by education and change management processes.



Step 9 - Group 5 **Chair, Steve Larkin**
Chief Executive Officer
SA Construction Industry
Training Board

I% Industry Training Allowance Audit Process

Questions to resolve:

- (1) If the funds are managed by the Individual Principal what is the appropriate auditing process?
- (2) If the funds are centrally managed what is the appropriate auditing process?
- (3) How would the audit fit into the annual review process?

Summary

It is preferable for the funds to be centrally managed and audited by the Auditor General's department on three year rotations or on a random or issue basis. The RTO's would also require auditing.

If the funds were managed by the Individual Principal, there would be a greater degree of complexity in establishing an audit system and the audit would need to be externally managed. Regardless of whether the funds are managed centrally or by individual principals, all audits would need to verify the contractors' history of continuous improvement and training completion.



**Step 10 - Group 2 Chair, Fred Baltetsch
National RTO Manager
ABIGroup**

**Annual review of the effectiveness of the process
and identification of process improvements.**

Questions to resolve:

- (1) What would the 1% Industry Training Allowance Key performance Indicators be?
- (2) How would you measure the KPI's?
- (3) Who would be responsible for the annual review and reporting process?

Summary

The industry key performance indicators should consist: of training hours completed, funds spent, timely project delivery, and employee retention. To achieve a high level of governance, it would be best to establish a 1% Industry Training Allowance Implementation Committee and an independent body to manage the annual review and reporting process.



APPENDIX

APPENDIX I - SUBMISSION PROPOSAL

Submission to: Policy Committee

Submission Title: Industry Training Assistance - Civil Construction Industry

SUBMISSION PROPOSAL

Policy Outline and Recommendation:

Introduce an *Industry Training Allowance* into all State Government and Local Government Civil Construction contracts in excess of \$100,000.

- Making an *Industry Training Allowance* of 1% of the contract amount in all State and Local Government works contracts available for skills training. This will remove the current disincentive of training costs in minimum price contracts.
- Requiring a mandatory response in tenders setting out a training plan that details how the *Industry Training Allowance* will be applied to deliver quality on the job training and development of the civil construction workforce.
- Incorporate the *Industry Training Allowance* and training plan a part of the project contract to be administered by the contract manager
- Training provided will be subject to audit with the provisional sum only payable for verified training.
- Companies that do not deliver training as provided for in the contract will be excluded from future tendering.

Objectives:

Develop a partnership between government and industry in taking steps to address the skills crisis in the civil construction industry and enable it to meet the State's future infrastructure needs.

Remove the current barriers to training created by the lowest cost tender approach of government agencies and councils.

Remove training as a competitive issue in tender responses and require all companies undertaking public works projects to accept their responsibilities to train its workers.

Provide an environment whereby all employees in the industry will have the opportunity to undertake up to 30 hours skills training per year.

Key Issues:

Victoria's capacity to build its infrastructure program will be diminished unless urgent action is taken to address the worsening skills crisis in the Civil Construction industry.

Victoria's performance in industry training lags behind States such as Queensland and South Australia where there are industry training funds

Unless urgent action is taken Victoria will begin to suffer delays and cost blow outs on

infrastructure projects. It is in the State's interest to share the responsibility of skilling the civil construction workforce and ensure it has skilled workers.

The Industry Training Allowance incorporating a provisional sum of 1% of contract amount is an investment in Victoria's construction capacity and will provide positive benefits to the State in subsequent years as the efficiencies are gained.

The Industry Training Allowance is a practical approach that can be implemented contractually through Ministerial direction to Government Agencies and by negotiation with Local Government.

The current government tendering approach actually serves to stifle training in the civil construction industry.

Government tenders currently require a safety plan they should also require the submission of a training and development plan for the workers involved in the project.

Companies would only receive the provisional sum for actual bona fide skills training and failure to deliver training would cause them to be excluded from tendering opportunities.

Risks: That the training and development is not undertaken as contracted. Contract administration would address this risk and companies failing to deliver would be aware of risks to future tendering opportunities.

The risk of inaction is a non viable civil construction workforce.

Support/Criticism: An industry Skills Summit comprising academics, government and industry representatives in February 2006 and 2009 advised that there is a critical shortage of engineers and major earthmoving plant operators in Victoria and called for urgent action. They also concluded that unless measures are taken the skills shortage will grow in future years.

Civil Contractors Federation of Victoria

Date

FUNDING

FINANCIAL IMPLICATION TABLES

APPROPRIATION IMPACT 1% of major project cost i.e. \$10,000 per \$1 million spent on

Note: After the first year the investment in training will begin to generate a net return in project efficiencies.

IMPACT ASSESSMENTS

Social Impacts: A more skilled workforce and greater job satisfaction. A greater ability for the civil construction industry to build the State's future infrastructure.

Economic Impacts: 1% of major project cost that will return net benefits in the second year of operation. Beyond year one the benefits of this investment will outweigh the cost. The project is intended to facilitate major infrastructure works by ensuring a more skilled workforce.

Environmental Impacts: No adverse environmental impact of this policy as it applies only to the funding of works already approved.

[APPENDIX 1B]

SUPPORTING BACKGROUND INFORMATION

The Australian civil construction industry is facing a significant shortage of skilled workers. The shortage exists across all categories of worker from professional engineers to semi skilled workers. The civil construction industry highlighted this issue to government following an industry wide Skills Summit in 2006 and again in 2009 it advised that immediate action is required to address this crisis.

The current government least cost tendering practices actually create a disincentive for companies to invest in the training and development of their workers. Contracts are awarded primarily to the lowest cost rather than the best value tenders. The introduction of the *Industry Training Allowance* will represent best practice in contract management.

Whilst the large civil construction companies have the economies of scale to train their staff, the bulk of the industry is comprised of companies employing less than 25 staff. To win tenders these companies will slash costs wherever possible and regrettably training is a relatively easy target.

Whilst competition for contracts is vital to ensure equity and innovation it can also lead the smaller companies to seek savings in areas such as safety and training. Whilst the reforms in OH&S have tended to head off the opportunity to cut corners in safety there have been no such reform in training and development. Such a reform in respect to skills training is overdue.

A simple systemic initiative is required that is not a significant addition to the cost of contract administration. Just as government tenders currently require a safety plan they should also require the submission of a training and development plan for the workers involved in the project. Companies would only receive the provisional sum for actual bona fide skills training.

Current industry best practice in the civil construction industry provides a minimum of 20 hours training per employee per year whereas professional institutes require some 30 hours professional development per year. The gross cost to contracts would be approximately 1% of project cost. The returns in increased skills availability would be a significant multiple of the 1% cost if it removed the loss of productivity and cost pressures the current shortage is driving.

APPENDIX 2 – INVITATION TO THE WORKSHOP AND AGENDA



**The Victorian
Civil Contractors Federation
1% Industry Training
Allowance Workshop**

The Civil Construction Industry has a crucial role in constructing and maintaining the State's infrastructure. If skills continue to diminish at the present rate whilst demand for infrastructure renewal is increasing, the State's capacity to build and maintain its infrastructure assets will be jeopardised.

Civil Contractors Federation recognize that it is in the interest of State, Local Governments and the industry to work together and share the responsibility for the skilling of the civil construction sector. A relatively simple first step would be the introduction of a 1% Industry Training Allowance in all state and local government contracts above \$100,000.

As part of this campaign, you are invited to join your colleagues from across industry and government for a one day workshop to build a draft implementation plan.

The Day Program will run from: 8.30am – 5pm and includes morning tea, lunch, afternoon tea and drinks upon conclusion of closing remarks.

To register email your details, as per the form below, to aobryan@civilcontractors.com by Monday 27 September. For more information contact Andrea O'Bryan, Manager Workforce Sustainability on phone (03) 9819 5170.

The 1% Industry Training Allowance Workshop

Wednesday 6th of October
from 8.30 am to 5.00 pm

Where: Manningham Function Centre on Doncaster Hill
699 Doncaster Road, Doncaster



Registration Form

Company	
Postal Address	Postcode
Booking Contact - First name	Last name
Mobile / Day phone	Email
Attendee 1	Attendee 2

To register: EMAIL civiltrainvic@civilcontractors.com PHONE (03) 9819 5170 FAX (03) 9819 6098
POST CCF, 1% Industry Training Allowance Workshop, PO Box 6165, Hawthorn VIC 3122

CCFVIC35



The Victorian Civil Contractors Federation 1% Industry Training Allowance Workshop Program

Time	Topic	Presenter
8.30 am	Registration and Coffee	
9.00 am	Opening Remarks	Bruce Douglas - Director, Sholto Consulting Workshop Facilitator
9.15 am	Opening Address	Claude Cullino - CEO Victorian Civil Contractors Federation
9.30 am	Training - The Return on Investment	Michael Long - Senior Research Fellow Monash University
9.50 am	The Western Australian Model	Chris Walton - CEO APESMA
10.10 am	The Queensland Model	Fred Baltetsch - National RTO Manager Abigroup
10.30 am	The South Australian Model	Steve Larkin - CEO Construction Industry Training Board
10.50 am	Panel - Training Industry Models	Chris Walton, Fred Baltetsch and Steve Larkin
11.00 am	Morning Tea	
11.15 am	Workshop Context	Bruce Douglas
11.20 am	Working Groups Session One	
12.20 pm	Working Group Feedback	Bruce Douglas
1.00 pm	Lunch	
1.30 pm	Working Groups Session Two	
2.30 pm	Working Group Feedback	Bruce Douglas
3.15 pm	Afternoon Tea	
3.30 pm	Summation of Key Workshop	Bruce Douglas
4.00 pm	Closing remarks	Ian Sowerby - CCF Victoria President
4.15 pm	Drinks	
5.00 pm	Close	

REGISTER NOW FOR THIS FREE EVENT

To register: EMAIL aobryan@civilcontractors.com PHONE (03) 9819 5170 FAX (03) 9819 6098
POST CCF, 1% Industry Training Allowance Workshop, PO Box 6165, Hawthorn VIC 3122

CCF/IC37

APPENDIX 3 – 10 STEP DRAFT IMPLEMENTATION & DELEGATE LIST

Table One

Step One: All Local Government contracts and State Government contracts over \$100,000 to include a line item referring to bidding company’s training plan

Questions to resolve:

- 1) Does the introduction of a 1% Industry Training Allowance require the introduction of new legislation?
- 2) Could the 1% Industry Training Allowance be introduced through the amendment of a current act such as the Local Government Act and/or State Government procurement policy?
- 3) Is 1% an appropriate amount for an Industry Training Allowance?

Table One		
Chair	Marjorie Miller	Doyles Construction Lawyers
Local Government	Mark Judge	City of Glen Eira
Roads	Steve Brown	Vic Roads
RTO	Fred Vanderslik	East Gippsland TAFE
Contractor	Ken Edgley	KRE Civil
RTO	Dennis Saunders	Victoria University

Table Two

Step Two: All bidders must submit a training plan to be resourced from the 1% industry Training Allowance.

Questions to resolve:

- 1) What is the scope of the skills gap analysis? (For example, trades, semi skilled and professional).
- 2) What are the time frames for the training delivery?
- 3) How will the cost of the training be verified and audited?

Table Two		
Chair	Fred Baltetsch	ABI Group
Water	Tanya Struzina	Melbourne Water
Higher Education/ VET and Research	Michael Long	Monash University
Local Government	Brad Hurren	Cardinia Council
Industry	Cath Stephensen	CCF
Contractor	Lewis Derrico	Domas Construction
Contractor	Matt Borghesi	Fulton Hogan
Roads	Neville Schmidt	Vic Roads
Contractor	Tara Dagleish	ABI Group

Table Three

Step Three: Client Agency to identify skills required to complete project and include these in tender criteria Questions to resolve:

Questions to resolve:

- 1) How does the purchaser evaluate and score the training plan?
- 2) Do the skill sets listed in the training plan need to be relevant to the purchaser’s project or long term schedule of work?
- 3) Do we need to audit if contractor personnel assigned to the project have sufficient the competencies to complete the project requirements?

Table Three		
Chair	Maurice Stabb	Wyndham Council
RTO	Peter Doley	Victoria University
Roads	Peter Thurston	Road Markers
Union	Sam Wood	AWU
Water	Rachelle Anderson	Barwon Water
Waste	Neville Hungerford	Citywide
Contractor	Andrew Mahar	Pipecon
Contractor	Jesse Edwards	J & C Reid
RTO	Paul Lange	Gordon
Local Government	Sebastian Pitruzzello	Hume

Table Four

Step Four: 1% of the total contract price is to be deposited into a central fund

Questions to resolve:

- 1) Should the 1% Industry Training Fund monies be held by the contractor or the individual Principals?
- 2) Should there be a new entity established to manage this money such as a Civil Construction Commission?
- 3) Are any of the current institutional entities such as Incolink capable of managing these funds?

For the afternoon session, Table four responses to step six.

Table Four		
Chair	Chris Walton	APESMA
Superannuation/Finance	Phillip Horne	Cbus
State Government	Roger Leeming	VSC- DIIRD
Contractor	David Sowerby	Sure Constructions
Industry	John McNally	BICCIAB
RTO	Sanjeev Singh	Swinburne
Local Government	Neil Hocking	City of Whittlesea

Table Five

Step Five: Successful bidder claims payment from the contract manager once training is undertaken?

Questions to resolve:

- 1) What information needs to be provided by the contractor to verify training costs and that training is being undertaken?
- 2) How to you ensure that the claim correlates to the training plan submitted in the bid?
- 3) What is the process for payment by either (a) Central fund or (b) Individual Principals?

Table Five		
Chair	Steve Larkin	CITB
Local Government	John Trevorah	City of Monash
RTO	Lynne Stockdale	Holmesglen
Industry - Land Developers	Darren Powell	ALDE
Contractor	Ian Sowerby	Sure Constructions
Contractor	Simon Fuller	Contex
RTO	Cameron Quinten	Gordon
RTO	Kerry Howard	Swinburne
Contractor	Gordon Shaw	MAV
Water	Chris Saliba	Yarra Valley Water
Industry	Santha Kumaran	MWOA

Afternoon Session
Table Four Responds to Step Six

Step Six: Contract Manager authorizes payment according to the Industry Training Allowance amount allocated?

Questions to resolve:

- 1) What steps or processes need to be developed to enable the Individual Principal or Central Fund to authorize payment?
- 2) How would you ensure the contractor is paid in a timely manner?

Table Six		
Chair	Chris Walton	APESMA
Superannuation/Finance	Phillip Horne	Cbus
State Government	Roger Leeming	VSC- DIIRD
Contractor	David Sowerby	Sure Constructions
Industry	John McNally	BICCIAB
RTO	Sanjeev Singh	Swinburne
Local Government	Neil Hocking	City of Whittlesea

Afternoon Session

Table One Responds to Step Seven

Step Seven: Who has ownership of any forfeited training funds?

Questions to resolve:

- 1) Do the forfeited funds belong to the contractor or the Individual Principal?
- 2) Is it appropriate for the unspent forfeited funds to be invested in industry wide skilling initiatives?
- 3) Who should be consulted in making these decisions?

Table Seven		
Chair	Marjorie Miller	Doyle's Construction Lawyers
Local Government	Mark Judge	City of Glen Eira
Roads	Steve Brown	Vic Roads
RTO	Fred Vanderslik	East Gippsland TAFE
Contractor	Ken Edgley	KRE Civil
RTO	Dennis Saunders	Victoria University

Afternoon Session

Table Three Responds to Step Eight

Step Eight: Contractors not complying with the requirement to submit and implement training plans will not be eligible for future contacts.

Questions to resolve:

- 1) Should there be exemptions and/or circumstances when the industry training plan is not required?
- 2) What would be the process to evaluate if there is just cause for an exemption?
- 3) Should there be a phasing in period for contractors and Individual Principals to adjust to this process?

Table Eight		
Chair	Maurice Stabb	Wyndham Council
RTO	Peter Doley	Victoria University
Roads	Peter Thurston	Road Markers
Union	Sam Wood	AWU
Water	Rachelle Anderson	Barwon Water
Waste	Neville Hungerford	Citywide
Contractor	Andrew Mahar	Pipecon
Contractor	Jesse Edwards	J & C Reid
RTO	Paul Lange	Gordon
Local Government	Sebastian Pitruzzello	Hume

Afternoon Session
Table Five Responds to Step Nine

Step Nine: 1% Industry Training Allowance Audit Process

Questions to resolve:

- 1) If the funds are managed by the Individual Principal what is the appropriate auditing process?
- 2) If the funds are centrally managed what is the appropriate auditing process?
- 3) How would the audit fit into the annual review process?

Table Nine		
Chair	Steve Larkin	CITB
Local Government	John Trevorah	City of Monash
RTO	Lynne Stockdale	Holmesglen
Industry- Land Developers	Darren Powell	ALDE
Contractor	Ian Sowerby	Sure Constructions
Industry- Land Developers	Darren Powell	ALDE
Contractor	Ian Sowerby	Sure Constructions
Contractor	Simon Fuller	Contex
RTO	Cameron Quinten	Gordon
RTO	Kerry Howard	Swinburne
Contractor	Gordon Shaw	MAV
Water	Chris Saliba	Yarra Valley Water
Industry	Santha Kumaran	MWOA

Afternoon Session

Table Two Responds to Step Ten

Step Ten: Annual review of the effectiveness of the process and identification of process improvements.

Questions to resolve:

- 1) What would the 1% Industry Training Allowance Key performance Indicators be?
- 2) How would you measure the KPI's?
- 3) Who would be responsible for the annual review and reporting process?

Table Ten		
Chair	Fred Baltetsch	ABI Group
Water	Tanya Struzina	Melbourne Water
Higher Education/VET and Research	Michael Long	Monash University
Local Government	Brad Hurren	Cardinia Council
Industry	Cath Stephensen	CCF
Contractor	Lewis Derrico	Domas Constructions
Contractor	Matt Borghesi	Fulton Hogan
Roads	Neville Schmidt	Vic Roads
Contractor	Tara Dagleish	Abi Group




Training Allowance Workshop

Welcome

Claudio Cullino
CEO
Civil Contractors Federation

6th October 2010

1




Training Allowance Workshop

Key issues for moving forward:

10 Steps → 30 Questions
Primarily targeted to SME's

- How do we guarantee delivery of the program of Infrastructure projects?
- How to "grow" the pool of "skilled" resources?
- How to improve productivity?
- How do you reduce costs?
- How to support time poor contractors to release field staff for training?

2




CCF – WHO ARE WE?

- The CCF is a National Body formed in 1943
- Victorian Branch Membership **665** [371M /294 R]
 - Contractor Members 541
 - Associates 124
- Dimension of the Membership is:
 - Approx. **\$2.5B turnover**
 - \$1.5b plant and equipment
 - 10,400 Employees** (about 45% of the Sector)

There are 7 levels of membership, these can be grouped as:

- Small Enterprises (<\$1.5M) 355 1100 employees
- Medium Enterprises (>\$1.5M-<\$15M) 156 3700 employees
- Large Enterprises (> \$25M) 30 5600 employees
- The Civil construction Sector (Vic) employs approx. 25,000 persons

3



From a CCF perspective


The Issues are

- Shortage of Skills in the sector [both client & contractor]
- Limited influx of Resources to Civil Construction
- Poor workforce demographics
- Large Infrastructure commitment [due to population growth & lack of past commitment to invest in civil Infrastructure]

A Training Allowance as an option will:

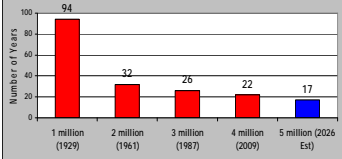
- Increase the pool of Trained Talent
- Improve competitiveness
- Improve Productivity
- Achieve an equitable playing field for Contractors
- Improve Ethics & Behaviour

4



Population Growth - Melbourne

Melbourne's Population Growth
Number of Years to Reach additional 1 Million People
Source: GMA analysis of WF 2008 and from The Age article (Sep 2009)



Population Milestone	Year	Years to Reach
1 million	1929	94
2 million	1961	32
3 million	1987	26
4 million	2009	22
5 million	2026 Est	17

During my career I've seen Melbourne grow some 1.6mill from 2.4 in the early 1970's to just over 4mill today. The point being that the baby boomers were there to support that growth.

5



Challenges – Project Completion (on time & on budget)

Workloads


Nationally identified Infrastructure projects - \$277Billion
Victoria \$90Bill – Civil Construction \$25Bill

- Civil Construction
 - State Government \$2,500 Mill. annually
 - Local Government \$1,000 Mill. annually (Total \$1,670M)
 - Private Sector & other **Est. \$1,800Mill. annually**

■ Total **\$ 5.3Billion Est**


6

Skills Gap – National DMC




Civil Construction Report – Across all occupations filled was 72%

- Road Constructor - 71%
- Asphalter - 67%
- Plant Operator - 70%
- Leading Hand - 67%
- Foreman (General) - 67%
- Bridge Constructor - 25%
- Foreman (Bridge work) - 50%
- Estimator - 50%
- Supervisor - 60%
- Engineer - 62%



7


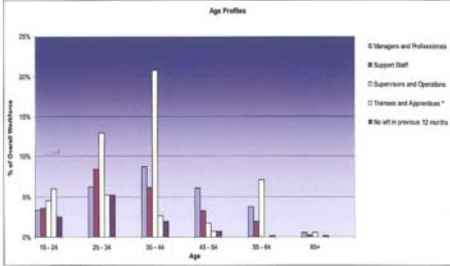
Skills Gap Roads Australia Forecast



- The analysis by Austroads looked at professional skill requirements (project management, engineering, planning, surveying, estimating, etc.) across the whole road sector – public and private, construction and maintenance.
- Drawing on a range of data including BIS Shrapnel forecasts, the analysis found that the capability deficit was likely to peak at close to 3,900 by 2016/17, with the most severe period of deficit being the five years to 2018/19 – coinciding with another strong cycle of roads activity.
- Based on the current forecast value of roads activity in that year - \$19 billion – the workforce gap could wipe or delay \$3.5 billion worth of work, the analysis concluded.


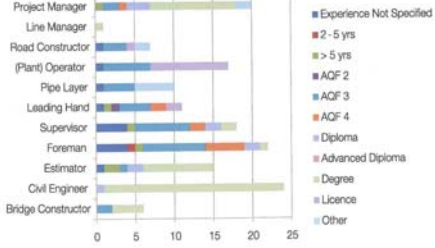
8

CCF Workforce Demographics

9


Qualification Requirement for Vocational employment in Civil Construction

Based on feedback from Contractors - DMC Skills Survey

10

CCF Addressing the skills Challenges by introducing a Training Allowance




- A Training Allowance in all Contracts > \$100K
- A Training Plan as a contract Requirement

CCF will:

- Assist the Contractor to define Skills & Needs
- Define Competencies for Contractors
- Improve the Skills & Knowledge Framework
- Establish Recruitment & Retention support & forums
- Build the pool of resources by attracting Youth & Women to Construction as well assisting with Retention Strategies

11

The 1% Training Allowance




- Applied to all State and LG Contracts >\$100K
- Cost Neutral
 - Training is generally budgeted within contracts
 - Training Cost contained in EBA
- Specification Requirement & a Criteria in the assessment
- Line item that is Audited by the Contract Manager
- Training Plan to address skill needs
- Payment on compliance with the Training Plan
- Progress Payment made within 14days

> Skills Gap Analysis enables efficient & targeted Training

> Assists skilling & the Competitiveness in the Regional Areas

12

Challenges - People




Training & Skills

- "Increasing the number of people undertaking training in the areas and at the levels where skills are needed
- Developing a training system that engages more effectively with individuals and businesses and is easier to navigate
- Ensuring our skills system is responsive to the changing needs of Victoria's industry and workforce
- Creating a culture of lifelong skills development
- Securing Skills for cost effective delivery Civil Infrastructure Projects

13

Skills & Savings



Chris Doucouliagos & Pasquale Sgro – Vic Office of Training & Further Education.


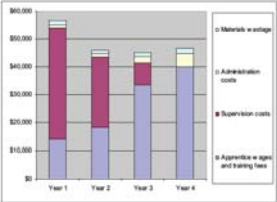
State Returns on Training can be very high and that some firms experienced returns of up to 5,000% (x50) on their expenditure over time.

Savings are not just in productivity but the returns are in:

1. Lower employment turnover
2. Reduced recruitment costs
3. Lower WorkCover premiums
4. Decrease in Work related Accidents

14

Costs Associated with Direct Hiring over a 4 year period – Productivity Improvement


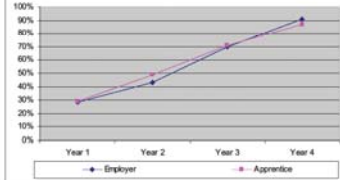



This chart shows the relative costs with improved capability and return to the employer and cost reduction associated with training and skill enhancement. Allied to this is the productivity improvement where output is increased x3. The resultant project savings from skills improvement are estimated at 10 to 20% (CT Management Report)

National Centre for Vocational Educational Research

15

Productivity Improvements





This chart identifies the increase in productivity output with the acquisition of skills. Improvement x3 over 3year period.

National Centre for Vocational Educational Research

16


Non completion of capital Projects a Symptom of the Skills Gap



Example		
Survey of Local Government	–	14 Replies (18%)
Overall Performance	–	82 % Works Completed
	Completed	Works Not completed
Metro East	88%(\$156M)	\$ 23M
Metro West	76%(\$83M)	\$ 26M
Regional (West)	75%(\$41M)	\$ 14M
Total Capital Expenditure for LG		\$1,673M
Total Value of uncompleted Capital Works		\$ 297M

17

Today's Exercise



Key issues for moving forward:

10 Steps -- 30 Questions

1. All Projects > \$100 K inserting a Training Plan as a tender Criteria
2. All Tenderers including a detailed Training Plan
3. Form and content of a Training Plan
4. Management of the Training Allowance
5. Claim against the Training Allowance item
6. Authorisation & Payment for Training
7. Who owns the "Training Allowance"
8. Exemption Issues
9. Audit of Training and the payment probity
10. Review process and Frequency

18

Tomorrow's Exercise



Finding five volunteer projects to undertake a trial and to road test the concept and the issues from today's workshop.

I have a commitment from Melb Water regarding looking at some WSUD projects to undertake the trial.

Looking for other volunteers from State & LG.


19

Thanks & ?



20

Monash University – ACER
CENTRE FOR THE ECONOMICS OF EDUCATION AND TRAINING




Returns to Training

Michael Long

The CCF 1% for Industry Training Allowance Workshop


6 October 2010
Manningham Function Centre
699 Doncaster Road, Doncaster



Some topics

➤ Returns

- ◆ Human capital—education and training as an investment
- ◆ The boundaries
- ◆ How important is education and training?
- ◆ What about firm-based training?
- ◆ What are the types of training?
- ◆ Why is firm-based training?
- ◆ Market failure
- ◆ The benefits



Human capital


- Investment in the 'improvement' of a person or people, where an 'investment' means the expenditure of resources today in the hope of creating benefits tomorrow.
- Explicitly compares investment in people with investment in plant and equipment.

➤ Types of human capital

- Education
- Health

➤ Increases (labour) productivity

- Economic growth



The boundaries

➤ Social capital

- Peace: external and internal
- Stable legal system
- Trust, shared values & social networks (diversity?)

➤ Organisational capital

- Relations/reputation with customers, suppliers, financiers
- Ways of doing things—organisation and experience

➤ Intellectual capital

- Patents & brands



How important is education & training?

➤ Standard view of economic growth

External technological change, increase in investment, growth of physical capital and diminishing returns.


➤ Estimates

Contribution to long-run economic growth in Australia of one additional year of schooling :

- 0.3 percentage points (Benhabib and Spiegel, 1994)
- 0.8 percentage points (Frantzen, 2000)
- 0.2 to 0.5 percentage points (Dowrick & Rogers, 2002)

➤ GDP growth per capita

1970-79	1980-89	1990-99	2000-09
1.7%	1.9%	2.0%	1.7%




How important is education and training?

➤ Possibly central because it creates a feedback loop of economic growth

- Distinguish embodied and disembodied human capital
- Disembodied human capital is:
 - a) non-rival(ist)
 - b) cumulative and
 - c) has dynamic feedback
- Disembodied human capital requires embodied human capital and technological change becomes endogenous and potentially sustainable

➤ Shift to the 'knowledge economy'



What about firm-based training?

- There may be a lot of it
 - Net direct expenditure on structured training during the 2001-02 financial year was \$3,652.8 million, which is 1.3% of wages and salaries or 0.38% of GDP.
 - Government subsidies increase the total expenditure to \$4,018.3 million or 1.4% of wages and salaries and 0.42% of GDP.
 - An annual average of 14.7 hours of work-related training is the equivalent of nearly an extra year of schooling across a worker's lifetime—and much more for some.



What about firm-based training?

- Or not much . . .
 - \$458 per employee per year (2001-02 dollars)
 - An average of only 14.7 hours of structured training per worker per year (2006)



Why is firm-based training important?

- There is a lot of it
- It is more closely related to work and therefore increased labour productivity
- There is a strong suspicion that there is not enough of it
 - Apparently high returns
 - Unequal distribution
 - Economic theory



Market failure

- Cannot easily be divided into general and specific training.
 - Many beneficiaries--the worker, other workers, the firm, other firms, consumers, governments.
 - Poaching.
 - Credit constraints on workers.
- BUT some insulation:
- Poor signaling of training
 - Specific complementarities and mixes of skills
 - Costs of job change
 - Credit constraints on workers.
 - Trust, shared values & social networks (diversity?)



Market failure

- Organisational capital
 - Relations/reputation with customers, suppliers, financiers
 - Ways of doing things—organisation and experience
- Intellectual capital
 - Patents & brands



The benefits

- Workers
 - Significant wage effects (Australia 5%, higher elsewhere)
 - Given plausible assumptions, translates into high rates of return.
- Firms
 - Suggestions of equal sharing of benefits with firms, implying high returns to firms.
 - Benefits to other workers.
 - Benefits of compliance, necessity, complementarity with technology.



The benefits

➤ Firms (case studies from Doucouliagos & Sgro)

- ANZ Direct Line, Transport, Goal setting, 323%
- Franklins, Retail, Costs of induction, 1,000%
- Huntsman Chemicals, Manufacturing, Costs of OH&S, 1277%
- Kodak Australasia, Manufacturing, Productivity, 256%
- Mission Australia, Charity, Staff Turnover, 7125%
- QR, Transport, Fuel Usage, 30%
- Target Australia, Retail, Sales & staff turnover, 980%



Thank you

See Smith A, (ed), 2001. Return on Investment in Training: Research Readings. NCVET, Adelaide.

www.ncver.edu.au/industry/publications/673.html

▪ and also

www.education.monash.edu.au/centres/ceet




THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS AND MANAGERS, AUSTRALIA

The Construction Training Fund, WA

Presenter: Chris Walton, 6 October 2010

Professionals together



www.apesma.asn.au

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS AND MANAGERS, AUSTRALIA

- The Construction Training Fund (formerly the BCITF) was established in 1990 (the Building and Construction Industry Training Levy and Collection Act 1990)
- Construction Training Fund collects a small [training levy](#) from all construction projects in Western Australia.

www.apesma.asn.au

Presentation title: The Construction Training Fund, WA

Slide 2

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS AND MANAGERS, AUSTRALIA

- The goals of the Construction Training Fund are to improve the quality of training and to increase the number of skilled workers in the building and construction industry.
- The funds received from the collection of the training levy go back to the industry to support training and skills development.

www.apesma.asn.au

Presentation title: The Construction Training Fund, WA

Slide 3

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS AND MANAGERS, AUSTRALIA

- Since its inception, the Fund has supported the training and employment of more than 30 000 apprentices and trainees and has helped over 200 000 industry workers to upgrade their skills.

www.apesma.asn.au

Presentation title: The Construction Training Fund, WA

Slide 4

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS AND MANAGERS, AUSTRALIA

- The training levy is applied to all residential, commercial and civil engineering projects undertaken in Western Australia where the total value of construction is over \$20 000.

www.apesma.asn.au

Presentation title: The Construction Training Fund, WA

Slide 5

THE ASSOCIATION OF PROFESSIONAL ENGINEERS, SCIENTISTS AND MANAGERS, AUSTRALIA

- The rate of the levy is 0.2% of the total contract price (inclusive of GST) or \$200 in every \$100 000 worth of project value.

www.apesma.asn.au

Presentation title: The Construction Training Fund, WA

Slide 6

www.apesma.asn.au

- The Fund is helping to reduce the cost of employment and training by offering substantial grants of up to \$13 800 to employers of registered apprentices and trainees in WA's building and construction industry.
- The following standard grants are available to eligible employers of apprentices and trainees in relevant construction qualifications:

Presentation title: The Construction Training Fund, WA Slide 7

www.apesma.asn.au

- **Apprenticeships**
 - 24 month Certificate III \$7 000
 - 36 month Certificate III \$9 000
 - 42 month Certificate III \$9 000
 - 48 month Certificate IV \$9 000
- **Traineeships**
 - 12 month Certificate II \$3 500
 - 24 month Certificate III \$7 000
 - 24 month Certificate IV \$7 000
 - 36 month Certificate IV \$9 000

Presentation title: The Construction Training Fund, WA Slide 8

www.apesma.asn.au

- **Mature-age supplement**
- If an apprentice or trainee is 21 years of age upon registration of a training contract with the Department of Training and Workforce Development, an employer may be eligible to claim a mature-age supplement of up to \$3 000, depending on the qualification.
- **Regional weighting**
- In recognition of additional costs faced by employers in regional areas, the Fund is providing additional grants to employers commencing regional apprentices and trainees.

Presentation title: The Construction Training Fund, WA Slide 9

www.apesma.asn.au

- The Construction Training Fund can subsidise up to 80% of the median course cost of training through its [Supplementary Skills Program](#), providing support for approved [Construction Skills](#) or [Industry Skills](#) courses. Please see [Subsidy Guidelines](#) for further information on subsidies.
- **Recognition of Prior Learning**
Recognition of prior learning/skills recognition (RPL) is the only way to have existing skills and experience assessed against an Australian nationally recognised qualification. The Construction Training Fund can provide a subsidy of up to \$440 to eligible industry workers who successfully complete an RPL assessment through a registered training organisation (RTO).
- **Support for Apprentices**
The Construction Training Fund can provide eligible apprentices with a subsidy of \$35.00 per training day (to a maximum of \$350.00 per calendar year) if they need to pay for commercial accommodation to attend off-the-job training with a registered training organisation (RTO).

Presentation title: The Construction Training Fund, WA Slide 10

www.apesma.asn.au

Thank you for attending

The Construction Training Fund, WA

Presenter: Chris Walton, 6th October 2010

Professionals together

APESMA

APPENDIX 7 - 1% Industry Allowance Workshop Report

The Victorian Civil Contractors Federation
1% Industry Training Allowance Workshop
Wednesday 6th October 2010

**NORTHERN REGION (QLD)
TRAINING COORDINATOR'S ROLE**
in delivering the
10% TRAINING POLICY

Fred Baltetsch
Abigroup Contractors
National RTO Manager



Queensland 10% Training Policy | Name: Fred Baltetsch | Page 2 | Date: 02/10/10

Background


- The 10% policy is designed to make use of State Government building projects (includes civil) to help provide jobs, improve skill levels and create opportunities for apprentices, trainees, cadets and Indigenous workers in the Queensland building and construction industry.
- It is administered by Construction Skills Queensland



Queensland 10% Training Policy | Name: Fred Baltetsch | Page 3 | Date: 02/10/10

What is the 10 % Training Policy?

- The Queensland Government Building and Construction Contracts Structured Training Policy (the "10 % Training Policy") requires that a minimum of 10 % of the total labour hours on any Queensland Government building or civil construction project (over \$250,000 for building or \$500,000 for civil construction) be undertaken by apprentices, trainees, cadets or Indigenous workers, and through the up-skilling of existing workers to a maximum of 25 % of the deemed hours. Existing workers must be engaged in **training that is delivered by registered training organisations and universities** which lead to nationally recognised building, civil and construction qualifications.
- Contractors will be required to provide evidence of compliance with the policy




Queensland 10% Training Policy | Name: Fred Baltetsch | Page 4 | Date: 02/10/10

Recent Changes to the 10 % Training Policy

To meet the demands of a competitive labour market and increase contractor's capacity to comply with the 10 % Training Policy, the following enhancements to the policy have been introduced:

- the inclusion of the employment of Indigenous Workers
- *up-skilling of existing workers* to include the professional Workforce engaged in tertiary or technical qualifications
- Construction Skills Queensland.



Queensland 10% Training Policy | Name: Fred Baltetsch | Page 5 | Date: 02/10/10

Who is required to comply with this policy?

The following parties are required to comply with the policy:

- Queensland Government agencies
- Contractors that tender for these projects.

And that means **most** of our Qld Projects!



Queensland 10% Training Policy | Name: Fred Baltetsch | Page 6 | Date: 02/10/10

What are the Main Policy requirements

- For Government agencies
- Us the Contractor
 - Tender stage
 - Initial construction stage
 - Construction stage
 - Ongoing
 - Practical completion stage



Queensland 10% Training Policy | Name: Fred Baltetsch | Page 7 | Date: 02/10/10

APPENDIX 7 - 1% Industry Allowance Workshop Report

Main Policy requirements

Contractors Continued:

- In addition to these requirements, and as part of the *Civil Construction Skilling Strategy* on major civil construction infrastructure projects over \$100 Million. The principal contractor is required to develop and implement a *Skills Development Plan*
- Training Coordinator is to be employed to implement the *Plan*.



Queensland 10% Training Policy | Name: Fred Salmeth | Page 8 | Date: 02/10/20



Policy requirements

Department of Education, Training and the Arts

- Compliance with the 10 % Training Policy is closely monitored by the Department of Education Training and the Arts and Construction Skills Queensland and, based on compliance levels,
- information on individual contractors may be passed to government agencies for consideration of
 - future pre-qualification status and access to further government work.
 - as part of this process, Construction Skills Queensland analyses compliance data in relation to **non compliance and Penalties:**

Queensland 10% Training Policy | Name: Fred Salmeth | Page 8 | Date: 02/10/20



Northern Region Training Coordinator

- Will drive and support the implementation of the *Skills Development Plan*.
- Provide the focal point for training collaboration to effectively address the barriers and impediments to successful training
- Primary Responsibilities include:
 - Liaison with Government Training Departments and Construction Skills Queensland
 - Coordinating Trainees/Apprentices/Cadets on Site
 - Ensure Training Needs Analysis are undertaken
 - Ensure Plan is current and relevant
 - Sourcing Funding

Queensland 10% Training Policy | Name: Fred Salmeth | Page 8 | Date: 02/10/20



Skills Development Plan

- In identifying the training required to support the skill requirements of a major project
- The *Skills Development Plan* should commence with a skills needs analysis which could include:
 - determination of career paths within the industry
 - gap analysis —determine skilling gaps
 - mapping of the skilling requirements against nationally accredited training packages.

Queensland 10% Training Policy | Name: Fred Salmeth | Page 10 | Date: 02/10/20



Deemed training hours

- Deemed hours for on-the-job training — 0.08 per cent multiplied by contract price = Training hours (Building) – example \$100m x 0.08% = **80,000 training hours**



- 0.04 per cent multiplied by contract price = Training hours (Civil) – example \$6m x 0.04% = **2,400 training hours**

Queensland 10% Training Policy | Name: Fred Salmeth | Page 12 | Date: 02/10/20



C2C TRAINEESHIPS/APPRENTICESHIPS

- Apprentices----Sign up Fee = \$750 to \$1500
Completion = \$2500
- Trainees – Same as Apprentices
- 16 Road Construction & Maintenance Trainees
- 57 Plant Apprentices
- 3 Office Trainees
- Amount payable to Abigroup if all completed would be \$250,000.00 (**No qualification – No Money**)
- Upskilling –110 Plant tickets
- 4 Cert IV Civil Supervision
- 1 Cert IV HR
- 21 First Aid and ART
- 6 Traffic Controllers
- Hours to date = **210% of 10% Training Requirement**

Queensland 10% Training Policy | Name: Fred Salmeth | Page 12 | Date: 02/10/20



APPENDIX 7 - 1% Industry Allowance Workshop Report

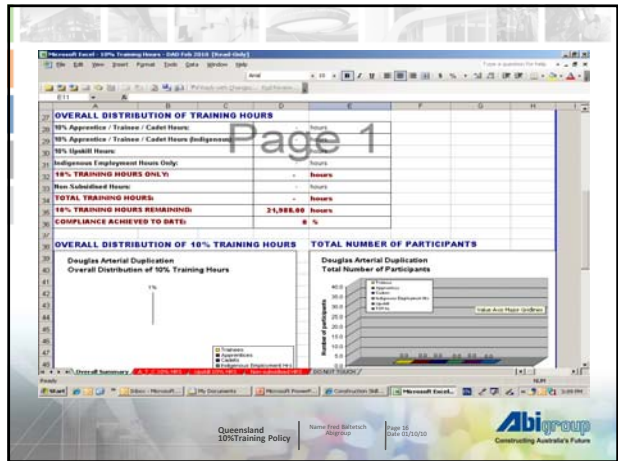
FUNDING SOURCES

- State & Federal Government Agencies
- CSQ - (Construction Skills Queensland)
- Bert Fund - (Building Employees Redundancy Trust)
- TAFE Queensland
- DEEDI - (Department of Employment, Economic Development and Innovation)
- RTOs – (Registered Training Organisations)
- Productivity Places Program – (Skills Councils)

Construction Skills Queensland - Weblink



CONTRACTOR			
Legal Name:	Abigroup Contractors Pty Ltd	Phone Number:	07 4763 4800
Trading Name:	Abigroup Contractors Pty Ltd	Fax:	
Address:	33-44 Jersey Street, Clontarf	Contact Person:	Stephane Duranemann
PRINCIPAL			
Name:	Department of Transport & Main Roads	Phone Number:	07 47207263
Address:	146 Wills Street, Townsville QLD 4810	Fax:	07 47207211
Contact Person:	Larry Mudge		
CONTRACT DESCRIPTION			
Contract Name:	Douglas Arterial Duplication	Project Number:	280103M2
Description of Project:			
DETAILS OF PROJECT			
Contract Price:	\$ 54,970,000 million	Type:	price include
Original Target:	21,980 hours	Based on:	price include
		Chd:	6.8%
		0.06%	



Overview of the CITB

Melbourne 6 Oct 2010

22 July 2010

Australian Forum of Construction Industry Training Funds (AFCITF)

CITB Vision

The South Australian Building and Construction industry is characterised by

- *A training culture across all sectors of the industry*
- *A highly skilled workforce*
- *High standards of health and safety*

CITB Mission

“To support the South Australian building and construction industry by providing leadership in training and skills development for its workforce”

Construction Industry Training Board

Created 1993 to...(11 points per the CITF Act) including.

- Administer Training Levy
- Act as a principal adviser to Government*
- Prepare training plans for construction industry
- Coordinate and support/purchase training
- Promote increased productivity safety and career opportunities
- Research training needs

The CITF Levy in SA

- All Construction work >\$15,000
- Levy imposed @ 0.25%
- Cost borne by the consumer of construction services
- A pre-condition of building approval
- Paid to CITB - direct, on-line or through collection agents (Local Government councils)

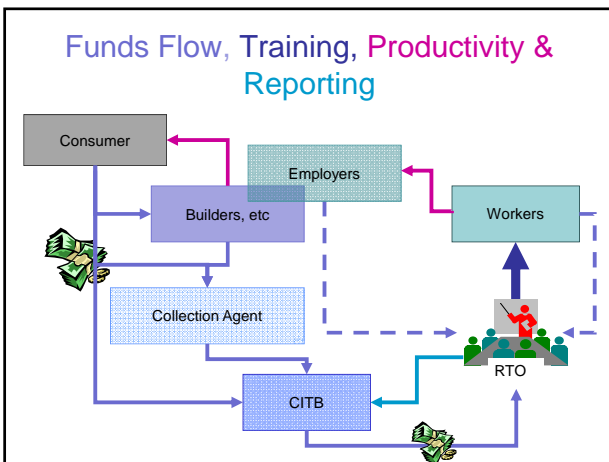
Points to note

- Levy collection is project based
- Training expenditure is not
- The Project Owner pays the levy.
- Definition - *“where a contractor is appointed to cause the work to be carried out, that entity otherwise the person or entity for whose benefit the work exists on completion.”*
- Training expenditure is funded to benefit the industry as a whole

Sectors of the Construction Industry

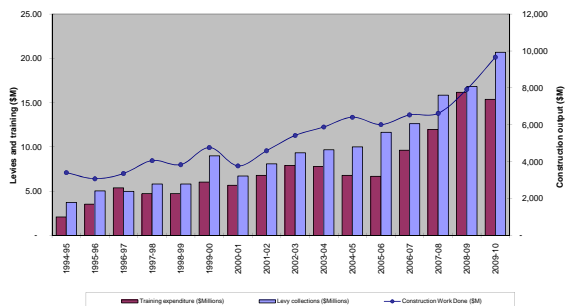
- Housing - domestic accommodation
- Commercial - all other roofed construction
- Civil - unroofed construction activity eg roads, bridges pipelines

Funds Flow, Training, Productivity & Reporting

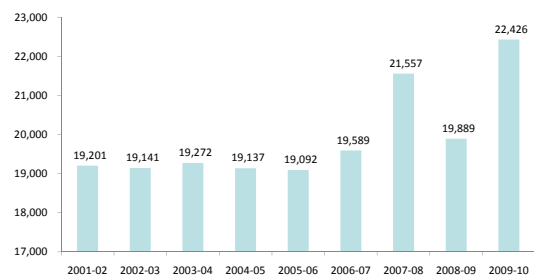


www.citb.org.au

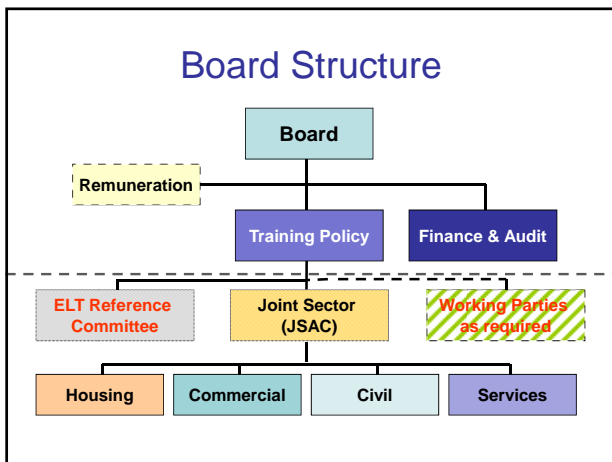
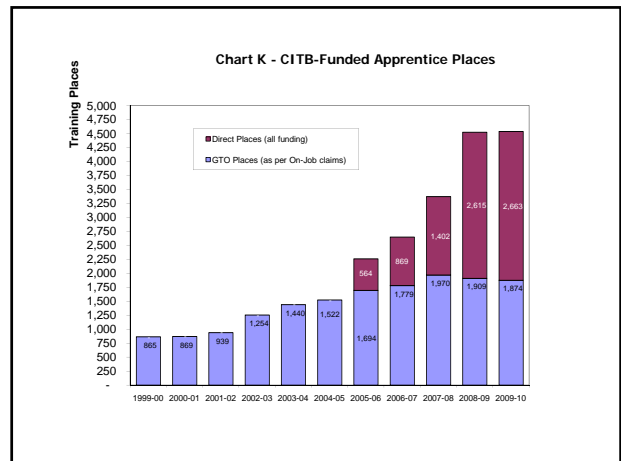
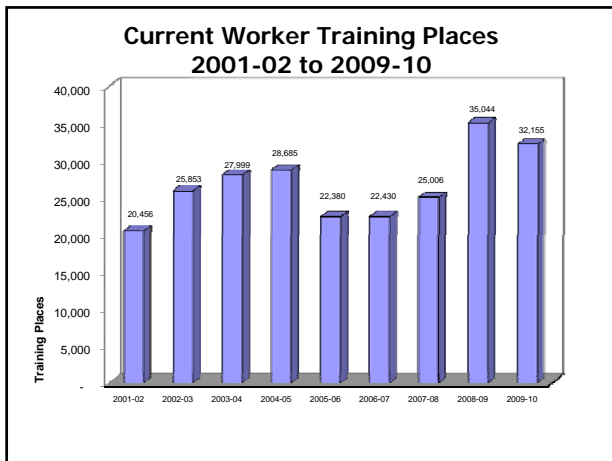
SA Construction Industry Output, Levies Collected
Training Activity 1994 - 2010



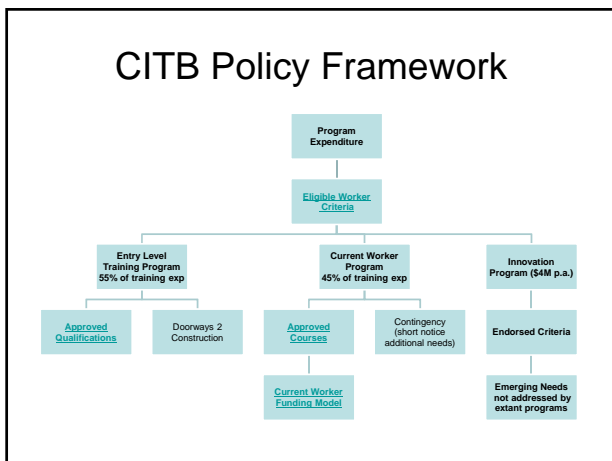
CITB Project Volumes



APPENDIX 8 - 1% Industry Allowance Workshop Report



- ### Board / Committee Relationships
- Board is tripartite - based on industry nomination
 - CITB is independent of the Government
 - Is not underwritten by the Government
 - Has executive authority and responsibility
 - Committees are advisory
 - Legal parameters
 - Per the CITF Act
 - Corporations Law
 - Common Law



Eligible Workers

CITB Policy Framework

Current Worker Program

- Who - "Eligible Workers"
- What - Approved Schedule of Courses
- How – CITB-endorsed Registered Training Organisations
- How much? – Funding Model calculates funding subsidy. 90% to be passed on the Eligible Worker

CITB Policy Framework

Entry Level Training

- Who – Contract of Training apprentices and their employers
- What - Approved qualifications
- How –
 - Employer incentives (completion and 'on-job' elements) and D2C hiring incentive
 - Tuition Support (apprentices)
- How much? – rates set by the Board



Doorways 2 Construction

- D2C & D2C Plus successfully delivering job ready students to the industry
- Approx 650+ students in training every year
- Well regarded and accepted by industry
- Industry rewarded for contracts of training

Current Issues

- Industry continues to grow & additional work generated by major projects (BER, DeSal, Road & Rail infrastructure)
- Training has ebbed and flowed as industry has become busier – shorter courses, lower cost, more of them
- Workforce Participation Policy
- Ageing of our skilled workforce
- Challenges in the VET training environment

References

- CITF Act and Regulations
 - <http://www.citb.org.au/Levies/Legislation/tabid/106/Default.aspx>
- CITB Policies
 - <http://www.citb.org.au/CITBInfo/CITBPolicies/tabid/111/Default.aspx>
- Annual Reports 1994-2009
 - <http://www.citb.org.au/CITBInfo/AnnualReports/tabid/194/Default.aspx>
- Annual Training Plans and other documents
 - <http://www.citb.org.au/CITBInfo/OtherDocuments/tabid/190/Default.aspx>

Contact:

- Steve Larkins CEO
 - Phone: 08 81729500
 - Email: steve@citb.org.au
 - PA: Nola Speer nola@citb.org.au
 - Web: www.citb.org.au