



14 August 2014



Hon Gail Gago, MLC
Minister for Employment, Higher Education and Skills
GPO Box 1838
ADELAIDE SA 5001

Dear Minister

Submission

Further to your letter of 30 July and subsequent conversations with your office, I enclose a submission addressing the criteria as detailed in DPC correspondence on this matter.

Key points:

- CITB is set up as an independent industry-led body operating under a legislative umbrella that enables the imposition collection and administration of a compulsory training levy.
- The Governance model is sound and has evolved and matured over time.
- It is low risk, low cost mechanism that works well in achieving its objectives which are complimentary to those of government.

Please direct any questions to myself at the contact address shown below.

Yours sincerely



Steve Larkins
Chief Executive Officer

Attachment 1 Board and Committees Review Matrix

Construction Industry Training Board

Template Response for Boards and Committees Review

Section of Report	Guidance / Response
Board / Committee Name	Construction Industry Training Board
Minister	Hon Gail Gago MLC
Portfolio	Vocational Education Employment and Training
Coordination of Advice to the Minister	DSD formerly DFEEST Board via the Chair advises the Minister direct
Board Constitution	Legislation – CITF Act 1993 (as amended) and Regulations The CITB is not a GBE, nor listed as a Public non / Financial Corporation.
Function	Decision making – industry training support policy and resourcing Commercial – Collects revenue / Funds industry training Regulatory – administers the CITF Act
Funding	The Act imposes a mandatory construction training levy and confers the power to collect and disburse the proceeds of the Fund on the CITB. State Government has no exposure or liability obligation. The proceeds of the Fund are not controlled by Treasury. Board Members are remunerated from the proceeds of the Fund, consistent with DPC guidelines on Board remuneration.
Minister's Interim Recommendation	EXEMPT
Exemption Justification	Criterion 1. CITB has a full delegation of powers CITB is not a standard public financial corporation. Its form of incorporation is unique in order to enable the imposition, collection and administration of a mandatory levy by the CITB. Criterion 2. CITB has a prescribed engagement model embedded within its legislation to inform policy formation via a 'bottom-up" model. CITB is well recognised in the construction industry as the optimum form for a tripartite, inclusive, representational Board to shape training policy. Its interstate counterpart organisations exist for the same reason. Its engagement model is evolved, mature and successful.

	<p>CITB has an active electronic and social media program and a team of field officers who meet with our customer base on-site.</p> <p>Criterion 3. Construction industry confidence would be severely adversely impacted by its abolition and would put at risk a number of Group Training organisations and employment of apprentices in many industry SME. Perceptions of transparency, impartiality and accountability of decision making would be damaged.</p> <p>Criterion 4 – Legal / Financial Advantage. CITB has self-administered its operations since inception, for an average cost of less than 10% p.a. of its total expenditure in a given year.</p> <p>CITB is subject to audit by the Auditor General and has an unblemished 20 year record of unqualified audit results.</p> <p>There are no indirect overheads for Government. CITB staff are not Public servants.</p> <p>CITB operates as an autonomous industry-run entity and thus the Government has no exposure or liability arising from its operations.</p> <p>Criterion 5. Risk inherent in abolition. Abolition of the Board would leave a void in industry’s capacity to address its training needs, for no apparent gain to government.</p> <p>Industry lobbied long and hard to have the fund established in the work place and its results over time speak for themselves. (see attached</p>
<p>Implementation Status</p>	<p><i>If CITB is not exempted it would need to be wound up; a process which could take up to a year.</i></p>
<p>Future / Alternatives</p>	<p>The CITB function is industry led. Its enabling legislation is required in order to empower it to collect a mandatory levy.</p> <p>A voluntary levy existed in parts of the industry prior to the CITF Act but was not successful.</p> <p>Its configuration is low cost and low risk for government.</p> <p>There is cost complexity and risk associated with any transition to government operation.</p> <p>Abolition would result in alienation of the industry, one of the largest employers in the State.</p> <p>It is difficult to envisage a more efficient means of executing its brief under any alternative arrangement.</p>