



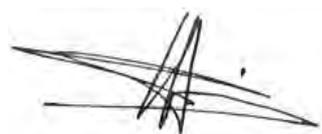
**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

**ANNUAL REPORT
2018-19**

STATEMENT OF COMPLIANCE

To the Hon Sue Ellery MLC, Minister for Education and Training.

In accordance with Section 63 of the *Financial Management Act 2006*, I have pleasure in submitting for your information and presentation to Parliament the Annual Report of the Building and Construction Industry Training Board for the financial year ended 30 June 2019.



Ian C Hill
Chairman
BCIT Board

OVERVIEW

This report describes the function and operations of the Building and Construction Industry Training Board and the Construction Training Fund (CTF), outlining outputs, financial results and performance indicators for the year ended 30 June 2019. This and earlier annual reports are available on CTFs website at ctf.wa.gov.au.

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OVERVIEW OF THE CONSTRUCTION TRAINING FUND

Who we are

The Construction Training Fund (CTF) is a statutory authority that assists Western Australia's building and construction industry to meet its demands for skilled workers.

CTF is managed by a Board of industry representatives and an independent chairperson. Members of the Building and Construction Industry Training Board are appointed by the Minister for Education and Training.

As at 30 June 2019, a small team of 18.8 staff service CTF, which is based in Belmont. CTF works closely with stakeholders in the building and construction industry, Department of Training and Workforce Development, State Training Board, registered training providers, local government agencies and secondary schools.

What we do

CTF administers a training levy on building and construction work in Western Australia, under the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (the Act). In September 2018, amendments to Regulations supporting the Act were published in the Government Gazette. The amendments removed an exclusion from the training levy on engineering construction in Western Australia's resources sector.

The revenue generated from the levy is then returned to the industry's employers and workers in a range of grants and subsidies. These subsidies reduce costs associated with skills training required by a modern and progressive building and construction industry.

The Board also carries out the role of a Construction Training Council, which works closely with industry stakeholders and provides advice to the Government and State Training Board to ensure that training meets the needs of one of Western Australia's biggest and most diverse industries.

Values

The Building and Construction Industry Training Board and CTF are committed to providing reliable, efficient and effective services to our internal and external customers.

The standards of conduct and integrity expected of the Board members and CTF employees are expressed in the following principles.

- *Personal integrity*

We act with care and diligence and make decisions that are honest, fair, impartial and timely and consider all relevant information.

- *Relationships with others*

We treat people with respect, courtesy, sensitivity and recognise their interests, rights, safety and welfare.

- *Accountability*

We use the resources of CTF in a responsible and accountable manner which ensures the efficient, effective and appropriate use of property, information, human, natural and financial resources.

CTF ensures these values are demonstrated in a commitment that our customers will be treated professionally, courteously and with appropriate sensitivity. Consideration will be given to their concerns and interests and stakeholders will be consulted regarding significant changes in our processes and systems.

PERFORMANCE HIGHLIGHTS 2018-19

Despite a further decline in building activity across all sectors of the building and construction industry, some reasonable results were achieved during 2018-19. As at June 2019¹ there were 5,963 (including electrical) apprentices in training which was slightly less than at the same time in 2018. Apprentice commencement numbers have declined significantly so in-training rates may drop further over the next two years. To address this decline, the Board approved a further incentive of \$4,000 on top of the existing \$10,000 subsidy for any new apprentice employed in Construction, Plumbing and Services trades and a \$1,000 bonus for all non-Construction trades as well as electrical mechanics. This initiative commenced on 1 July 2018 and concludes on 30 June 2020.

As at June 2019, the building and construction industry employed 38.4% of all Western Australia's apprentices and this industry employs 9.2% (annualised) of the overall Western Australian workforce. CTF continues to support the industry through its financial subsidies which help keep skill shortages to minimal levels.

Training support outcomes

Program	Number supported	Funding expenditure
Apprentice subsidies	4,354	\$11.24 million
Skills training subsidies	6,308	\$2.73 million
OH&S training subsidies	8,608	\$1.638 million
Vocational Education and Training in schools (VET), Career Promotion and Apprentice Articulation & Support <i>*July – December 2018</i>	1,553 Apprentice Articulation & Support	\$1.42 million
	192 VET*	
	401 Presentations	

Construction Futures Centre

The Construction Futures Centre (CFC) continued to attract strong support from industry and the education community during the school year. A total of 2,495 people, including students from fifty-nine schools and workers in the construction industry visited the venue to engage with virtual reality; augmented reality; gaming technology; computer simulation; and audio-visual material as well as static displays to highlight the breadth and depth of careers available for both men and women in this industry. The visitor numbers to date in 2019 are slightly above those at the same time in 2018.

¹ Source DTWD WAAMS – figures only available to 30 April 2019.

Ongoing initiatives

During the year CTF has provided ongoing funding support for:

- Awareness training for depression and suicide prevention (Mates-in-Construction).
- Employment of women and Aboriginal and Torres Strait Islanders in apprenticeships and traineeships.
- Employment of mature-age entrants into apprenticeships and traineeships.
- Providing an additional incentive of up to \$4,000 to employers of apprentices and trainees to increase the numbers in key trade shortage areas.

Career information and school support

The following are some of the key initiatives undertaken to support building and construction in schools:

- 65,690 visits to ctf.wa.gov.au information website.
- 1,553 school students in Apprentice Articulation and Support work transition programs.
- 192 students funded to undertake VET programs as part of their Western Australian Certificate of Education (WACE).
- 401 career presentations and expos undertaken.

Research / Construction Training Council

Part of the services provided by CTF is to undertake research on issues or trends that may impact on the building and construction industry. The following is a list of research projects undertaken during the year:

- Has trade training changed in other countries to accommodate modern methods of construction?
- Training options for the ageing workforce in the construction industry.
- Outcomes from pre-employment vocational training in the building and construction industry.

Total CTF administration costs

Administration costs for 2018-19 were maintained at a level similar to previous years. Administration costs were \$2.03 million out of a total expenditure \$23.04 million. Consequently, all current programs were able to be maintained and supported during the financial year because these costs were kept to a minimum.

CHAIRMAN'S OVERVIEW

Construction industry activity 2018-19

The transition from construction phase to production in the resource sector had a flow on effect across all three sectors of the building and construction industry. As at June 2019², the following seasonally adjusted figures show total building approvals (dwelling units) fell 28.97%, down from 18,477 to 15,721. Building approvals for houses decreased by 8.29%, down from 13,660 to 12,310 and overall dwelling commencements as at March 2019³ fell from 18,888 to 15,376, down 18.6%. The commercial and civil construction sectors also remained subdued. This downturn in activity was reflected in both CTFs revenue and expenditure patterns.

Despite this, by closely monitoring industry activity and predicting trends, the Board has been able to set budgets accordingly. The revenue achieved for the year of \$28.0 million was \$0.3 million or 0.1% below the budget of \$27.7 million, due to the ongoing decline in new housing in the residential sector. Expenditure of \$23.0 million was \$5.6 million or 19.6% under the budget of \$28.6 million. This was due to a larger than expected decline in apprentice commencements.

Training support programs

CTF expended \$11.7 million in financial support for the employment of apprentices and \$4.5 million in supplementary skills training. In 2018-19, participation in additional industry skills and occupational health and safety training both decreased compared to 2017-18. This is consistent with the continued slow down across the industry. Understandably during hard economic conditions, qualified tradespersons who are in the main subcontractors, concentrate on securing ongoing work as opposed to spending time undertaking training.

It is estimated there are approximately 12,500 construction industry employees currently working on resource infrastructure construction projects and with the recent announcements in the media about new mines or the expansions of existing mining operations, this is expected to increase significantly over the next few years.

There has been ongoing support for the number of VET students undertaking the construction industry pathways programs. CTF provided support for 192 students and supported a further 1,553 students within CTFs Apprentice Articulation and Support programs.

Resources sector levy and training support

The Government amended Regulations to remove an exclusion from the BCITF Levy on engineering construction undertaken in the Western Australian resources sector in October 2018. CTF worked closely with peak bodies, individual companies and contractors in the resources sector during the year to raise awareness of the amendments and to manage an efficient levy collection process. CTF continued to consult with the peak bodies, companies, contractors, unions and training providers to identify the skills required of the construction workforce engaged in projects within the sector. A small number of additional trade qualifications and short courses were identified to support the construction of infrastructure in the resources sector and will be supported from the 2019-20 year.

Construction Futures Centre

The Construction Futures Centre (CFC) continues to receive a high level of positive feedback from all industry stakeholders, VET coordinators, teachers and school students. The CFC showcases the building and construction industry and highlights the broad career opportunities this sector can provide. Open days were arranged during school holiday periods

² ABS 8,731 building approvals June 2019

³ ABS 8,752 commencements March 2019

and parents were able to accompany their child on a visit. During these visits, parents sought advice about careers in the industry, apprenticeships and school-based training opportunities funded by CTF.

During the year, CTF commenced work on a technology package to deliver the CFC experience to regional and remote schools. The package features virtual reality, augmented reality and gaming technologies loaded onto laptop and tablet computers. The deployment of the package to regional Western Australia will commence in early 2020.

Board structure

The Building and Construction Industry Training Board is a body corporate which is responsible for the administration of the training levy and operations of CTF. The Board has seven members including the Chairman appointed by the Minister for Education and Training.

Board member profiles

Mr Ian Hill, Chairman

Mr Hill has a career spanning over 30 years in the State Public Sector. During this time Mr Hill has been employed as Chief Executive Officer of the Department of Corrective Services and Director General of the Western Australian Department of Training and Employment. Mr Hill also chairs the Training Accreditation Council.

Mr Leslie Wellington

Mr Wellington was employed as Chief Executive Officer of the Construction Skills Training Centre in Welshpool since 1998. Prior to this, Mr Wellington was employed for several years as a union official with the Construction, Forestry, Mining and Energy Union of WA.

Mr David von Kelaita

Mr von Kelaita is employed by the Electrical Trades Union and has occupied his position as an Organiser and Trainer since 2014.

Ms Cheng Rolfe

Ms Rolfe is employed by DM Civil since 1999 and has occupied her position as Human Resources Manager since 2004.

Mr Michael McLean

Mr McLean is retired and was previously the former director of the Master Builders Association of WA for 22 years.

Mr Dean O'Rourke

Mr O'Rourke is Executive General Manager – Building Operations WA for the ABN Group. He has held several positions in the company since his commencement in 1989 and was also a recent President of HIA (WA) for four years.

Ms Sandra McInnes

Ms McInnes is employed by Woodside Energy Ltd since 2001 in various positions and presently as Vice President, Corporate Affairs, Woodside Energy Ltd.

Board appointment and reappointments

Due to the resignation of Ms Kathleen Soumanis on 2 November 2018, the Minister requested nominations from resources sector organisations/companies to fill the vacant position. Ms Sandra McInnes, is the Vice President, Corporate Affairs, Woodside Energy Ltd and she was appointed on 1 December 2018.

As Board members' terms of appointment were due to expire on 20 June 2019, the Minister extended the Board members' terms of appointment as follows:

- Mr Dean O'Rouke To expire 20 December 2020
- Mr Michael McLean To expire 20 December 2020
- Mr Les Wellington To expire 20 December 2020
- Ms Sandra McInnes To expire 20 December 2021
- Ms Cheng Rolfe To expire 20 December 2021
- Mr David von Kelaita To expire 20 December 2021
- Mr Ian Hill (Chairman) To expire 20 June 2021

Board activities

During the past year the Board met on eight occasions. In March 2019, Board members also participated in an annual strategic planning workshop with approximately 40 industry stakeholders attending. This workshop assisted the Board to set priorities and strategic program objectives for the future.

The Board also undertakes the role of Industry Training Council, providing advice to the Minister for Education and Training on the training and skills requirements for the construction industry. The Board relies on three advisory committees to provide advice and information about key training and workforce development issues. These include the Construction Industry Strategic Group, Construction Industry Working Group and the Construction Training Delivery Group. The Career Promotions Committee assists the Board in determining strategies to promote training and career development opportunities within the industry to the community.

Each committee or group meet to provide input into training and workforce development in the industry and the CTF programs. The participation of voluntary representatives on these committees is greatly appreciated.

Reviews

The five-yearly Statutory Review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (the Act) commenced in January 2019. Sadly Mr John Kobelke who had been appointed to undertake the review passed away in June 2019. The Minister appointed Mr Jim Walker to complete the review. Mr Walker's report is expected to be presented to the Minister later in 2019. The Review will assess the effectiveness of the Board in meeting the objectives of the Act and will also consider any legislative implications as a result of the application of the BCITF Levy to engineering construction in the Western Australian resources sector.

Acknowledgements

Board members and members of the Review steering group were saddened by the news of Mr Kobelke's passing in June 2019 and acknowledge his stewardship in commencing the review.

My appreciation is extended to all the Board members for their expertise and commitment which continues to be reflected in the very positive achievements of the Construction Training

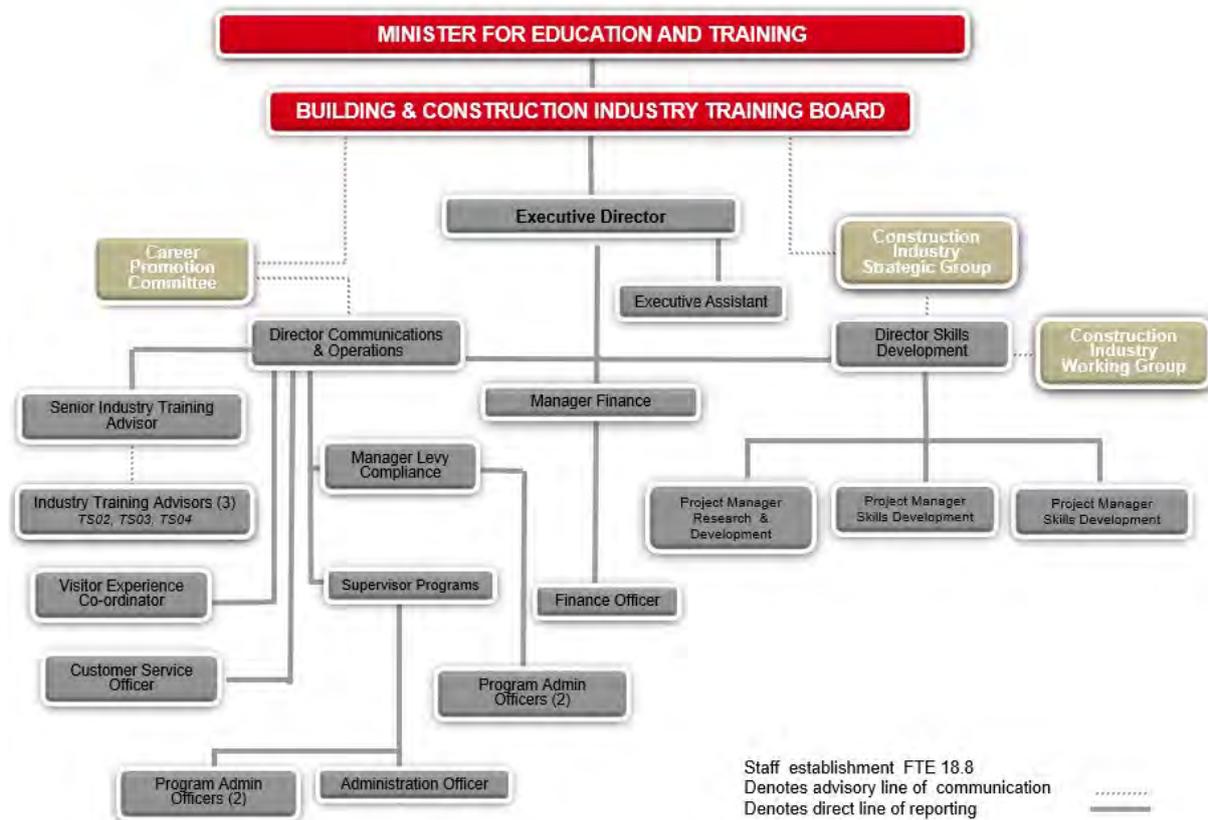
Fund. During the year, the Board worked productively with the Hon Sue Ellery MLC, Minister for Education and Training and the staff in her office.

The Board also acknowledges the close working relationship CTF has with the Department of Training and Workforce Development and the State Training Board. Collectively these people make a vital contribution to the work and success of CTF and they are sincerely thanked for their support.

A handwritten signature in black ink, appearing to read 'Ian C Hill', with a stylized flourish at the end.

Ian C Hill
Chairman
Building and Construction Industry Training Board

ORGANISATIONAL STRUCTURE



SENIOR OFFICERS

Mr Alan Jackson – Executive Director

Mr Alan Jackson has been employed by the Construction Training Fund since February 2016. He has been an Executive Director in the public sector for the past 19 years in the Department of Treasury and Finance and the Department of Commerce. Prior to this, he held senior management roles for 22 years in the private, training and education sectors.

Mr Alan Davis – Director Skills Development

Mr Davis has been employed by the Construction Training Fund since 2009. He has over 31 years' experience in the delivery and management of VET programs.

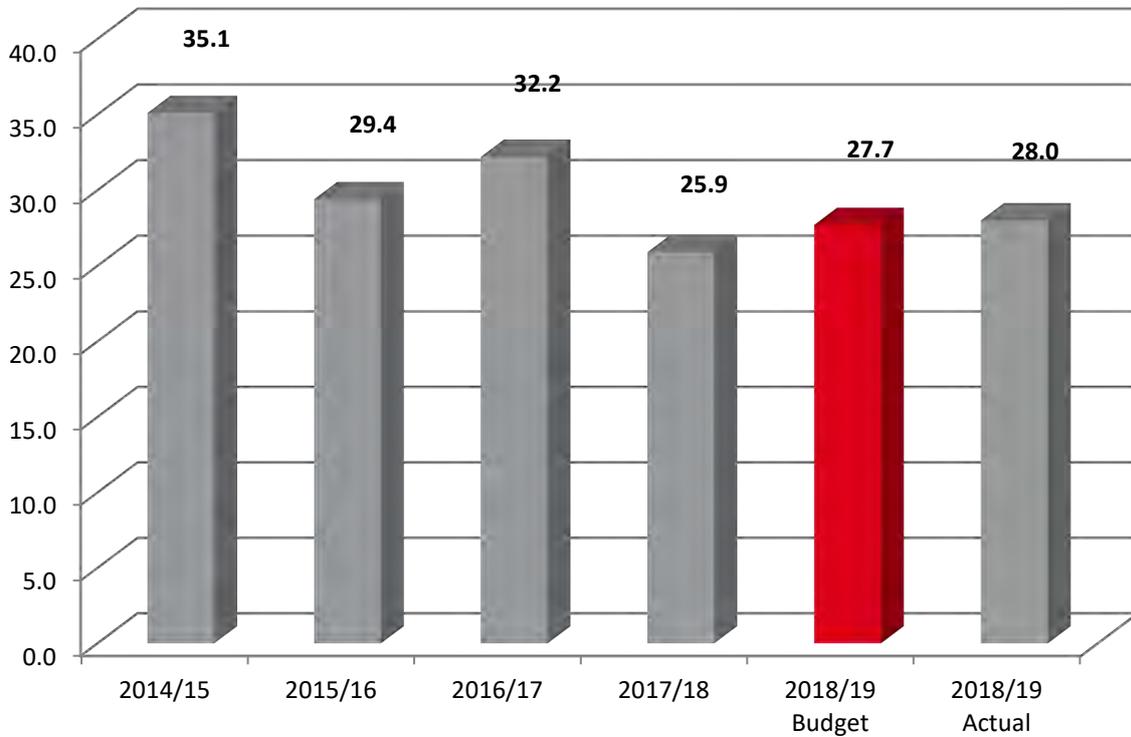
Mr Eamon Moore - Director Communications and Operations

Mr Moore has been employed within the Construction Training Fund since 2004 and his previous experience includes over 22 years in the education and private sectors.

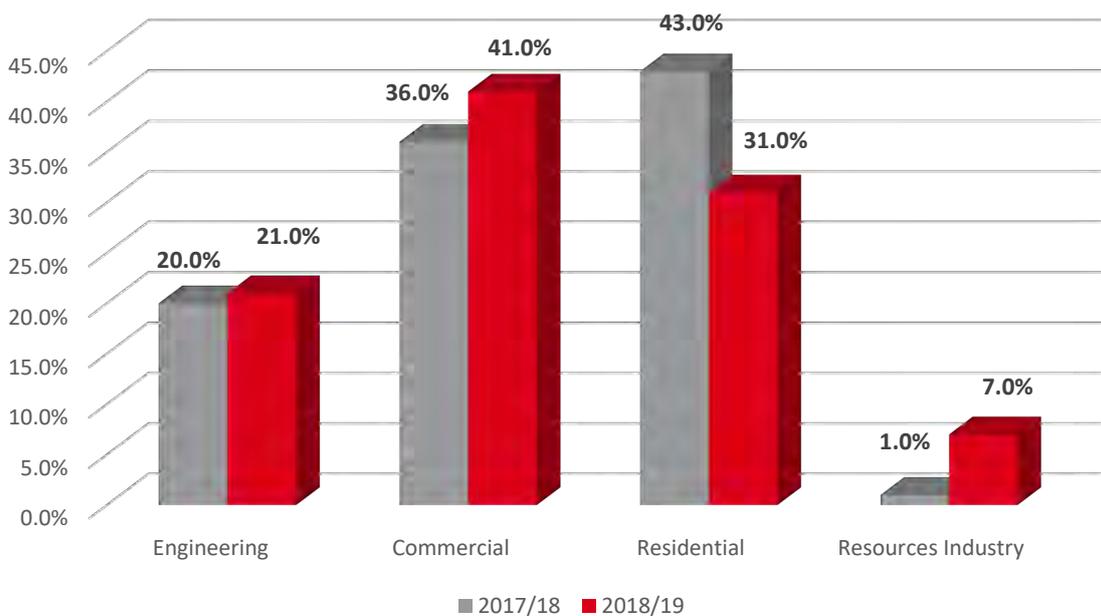
AGENCY PERFORMANCE

Income of \$28.0 million was \$0.3 million below the 2018-19 Operational Plan budget of \$27.7 million.

Training fund revenue - \$millions (including levy and other income)



Industry sector revenue



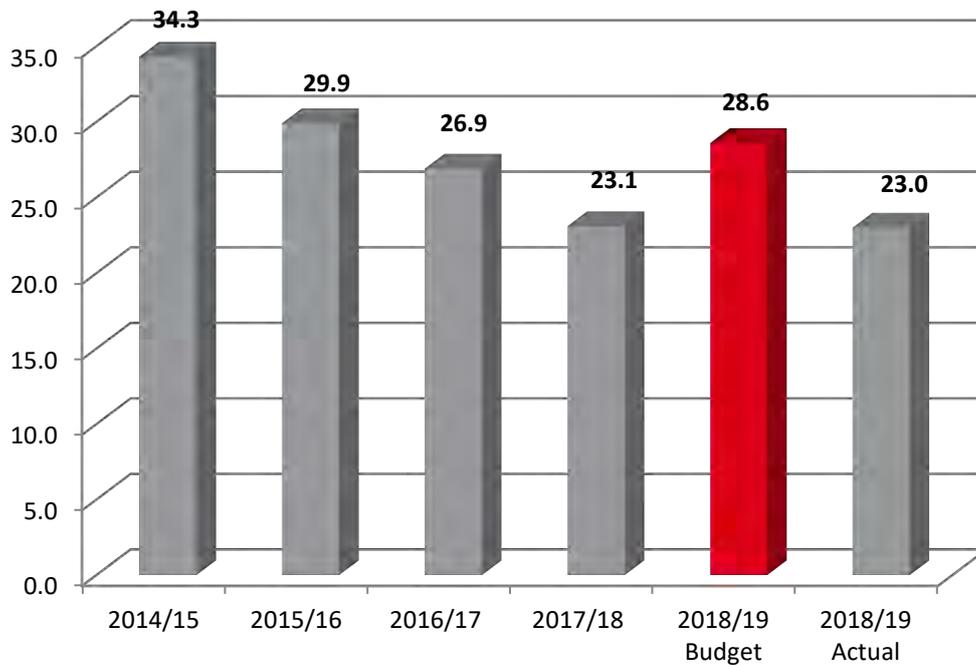
Residential construction continued to decline by a further 9% due to the ongoing slowdown in new housing commencements

AGENCY PERFORMANCE

Expenditure results

Expenditure of \$23.0 million was \$5.6 million below the 2018-19 Operational Plan budget of \$28.6 million.

Annual expenditure

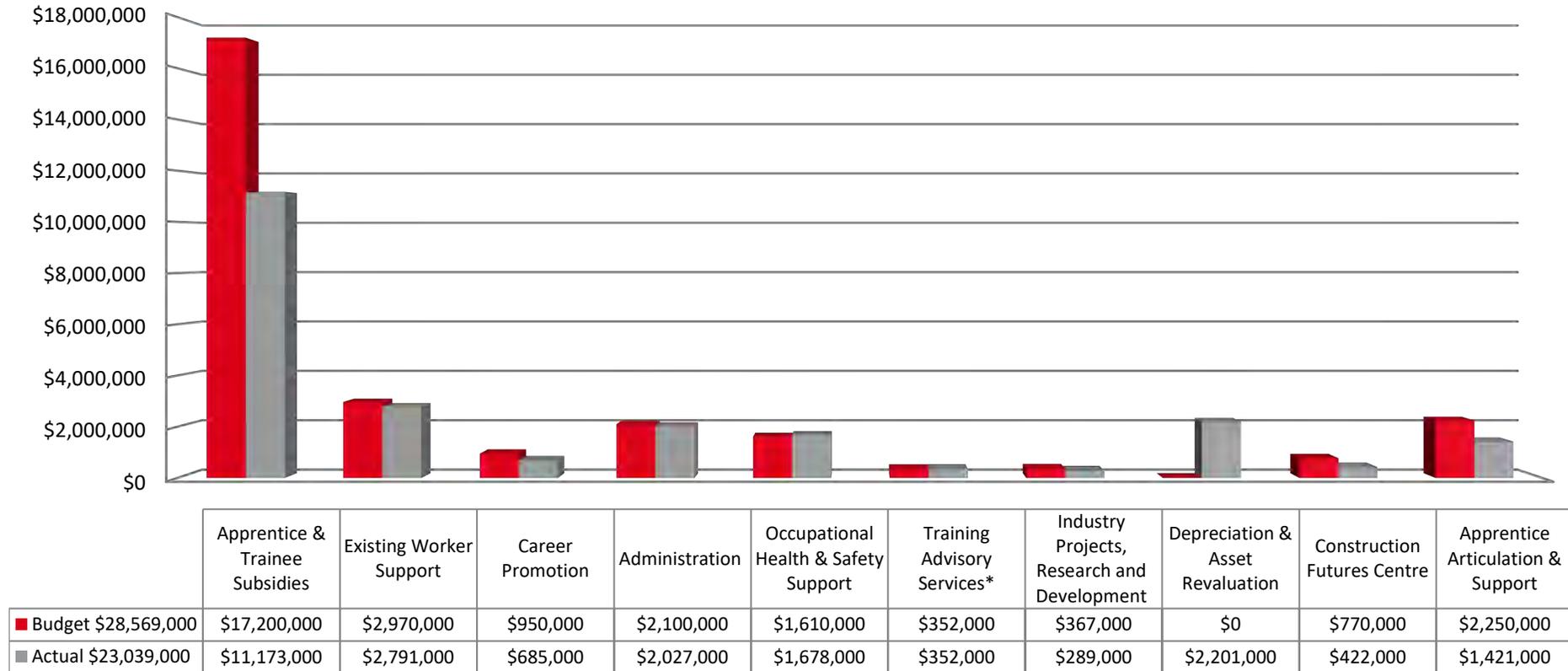


**2017-18 – Expenditure for 2017-18 includes \$0.923 million for land revaluation which was not included in the 2018-19 Operational Plan.*

**2018-19 Actual – Expenditure for 2018-19 includes \$1.515 million for building revaluation which was not included in the 2018-19 Operational Plan.*

AGENCY PERFORMANCE

2019 Program expenditure against budget



**Training Advisory Services: Fully funded by the Department of Training and Workforce Development*

AGENCY PERFORMANCE

Legislative changes

Amendments to Regulations supporting the Act to remove an exclusion from the BCITF Levy on engineering construction works in the Western Australian resources sector were published in the Government Gazette in September 2018. The removal of the exclusion became effective for all engineering construction work commenced in the sector on or after 1 October 2018.

CTF continued to work closely with the Departments of Training and Workforce Development (DTWD); Premier and Cabinet; Mines, Industry Regulation and Safety (DMIRS); Jobs, Tourism, Science and Innovation (JTSI); and Treasury as part of an inter-agency group to review issues pertaining to the application of the BCITF levy on construction works in the resources sector. Together with information available from DMIRS and JTSI, CTF monitors a range of public databases to collate information relating to relevant construction works and has maintained close contact with companies and contractors in the sector to manage an efficient levy collection process.

The five yearly Statutory Review of the Act commenced in January 2019. Stakeholders from industry associations, unions and the Western Australian resources sector were appointed to a Steering Group by the Minister to guide the consultation process and assist in identifying any key issues that may arise as a direct result of the amendments to Regulations affecting construction work in the resources sector.

ACIL Allen was appointed to manage the consultation process under guidance from the Steering Group. The final report is expected to be presented to the Minister later in 2019.

Changes to administration processes

CTF commenced implementation of a new information management system in July 2018, enabling BCITF Levy and disbursement transactions to be performed online. The initial release focused on levy payment transactions and has been well received by stakeholders. The second release involved a transition to electronic payments for claimants and creditors, eliminating cheques and postal procedures. Further development on CTF program transactions (apprenticeship grants, supplementary skills) continued during the year for release in 2019.

Changes to support programs

- An additional supplement of up to \$2,000 to support the employment of mature-age apprentices and trainees was implemented as part of the apprenticeship grants program for 2018-19.

Apprenticeship / traineeship subsidies program

Support for employers

Employers are paid a grant depending on the term of indenture to subsidise the employment of apprentices. The base grant ranges from \$3,000 to \$10,000, depending on qualification and nominal term of indenture. Additional supplements of up to 20% of the base grant are paid to employers who hire female, regionally based and mature-age apprentices and 30% of the base grant is paid to employers who engage Indigenous apprentices. The trade bonus of up to \$4,000 approved by the Board in 2017-18 continued through this year. The base employer subsidy for a building trade apprentice is \$14,000 for any new apprentice engaged in 2018-19 and 2019-20.

Outcomes

During the twelve months to April 2019 there was a 2.95% decrease in electrical apprentice commencements and a 13.65% decrease in building and construction apprentices. From April 2018 to April 2019, there has been a combined decline (building and construction and electrical) of 8.49% in apprentice commencements in line with a reduction in new construction activity, particularly in the residential sector. There are still currently 6,153 apprentices in training (including electrical) which was a slight increase on 2018 which supports the smaller percentage reductions in apprentice commencements compared to 2018.

The following data details the number of payments and/or subsidies provided together with the total expenditure incurred.

Apprentice training subsidies	Expenditure
Direct indenture	\$7,584,000
Group training*	\$2,997,000
SUB TOTALS	\$10,581,000

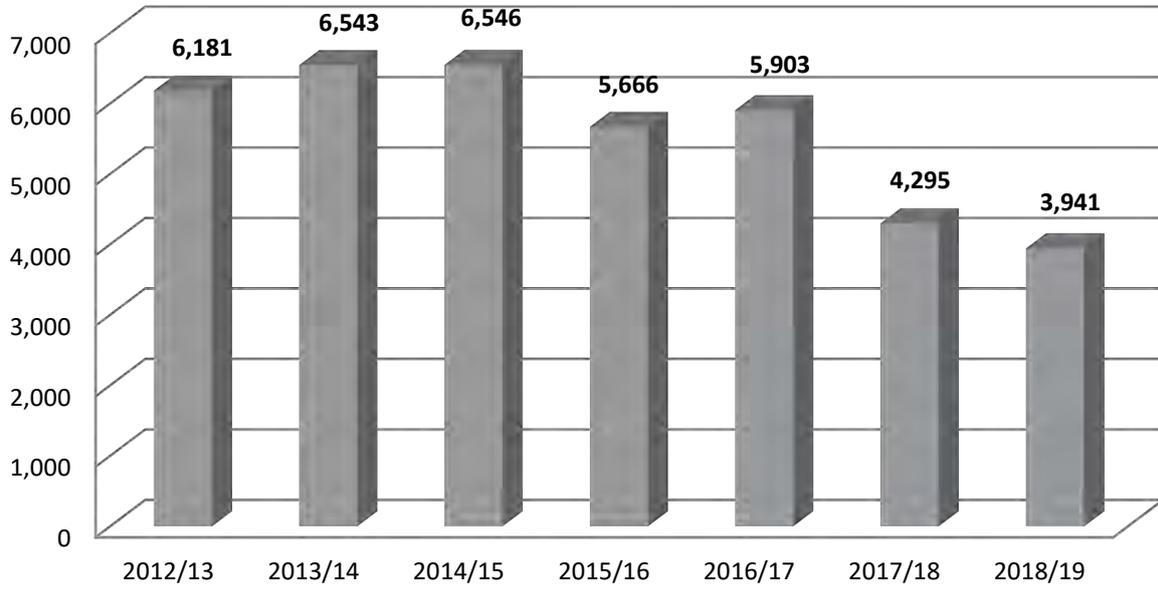
Support programs	
Bonus trade and other subsidies	\$528,000
Employment of female apprentice/trainee bonus	\$13,000
Pre-apprenticeship scholarships	\$65,000
Indigenous bonus	\$39,000
Mature-age	\$11,000
TOTALS	\$11,656,000

**Average per month, 2018-19 FY*

Apprenticeship / traineeship subsidies program

CTF expended \$10.6 million on apprenticeship subsidies during the year which was \$1.5 million less than in 2017-18.

Number of apprentice subsidies provided



Supplementary skills and occupational health and safety program

To maintain the skill levels required in Western Australia's construction industry, CTF provides subsidies to industry workers who complete short training courses enabling them to perform their tasks effectively and safely.

CTF recognises a wide range of short training courses delivered by private registered training providers (RTPs), including occupational and trade licences and occupational health and safety.

The subsidy available to eligible workers attending training in metropolitan areas is calculated on a rate of \$31 per hour of training or 70% of the course cost, whichever is the lower amount. The maximum subsidy available per person per course is \$1,300.

For training delivered in regional Western Australia, the subsidy is calculated at \$34 per hour of training or 80% of the course cost, whichever is lower. The maximum subsidy available per person per course is \$1,700.

Higher qualifications

CTF supports industry workers who complete Certificate IV qualifications in Workplace Health and Safety, Builder's Registration and Project Management. The maximum subsidy available per person completing one of these higher qualifications is \$1,700.

Recognition of prior learning (RPL)

CTF provides eligible workers with up to \$400 towards costs incurred for obtaining a trade qualification through the process of recognition of prior learning (RPL). CTF recognises RPL against the Certificate III trade qualifications included in its apprenticeship grants program.

Outcomes

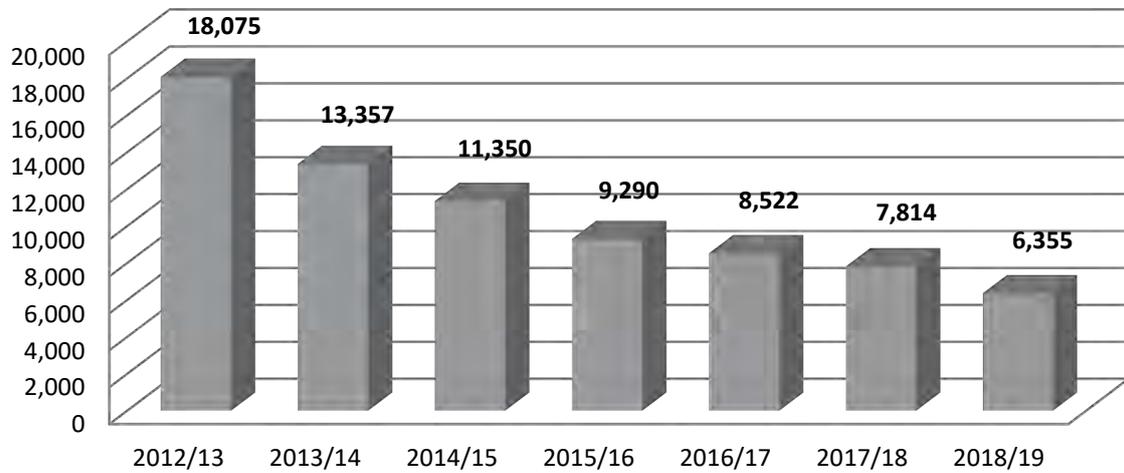
Existing worker support	Number	Expenditure
Supplementary skills	5,858	\$2,471,000
Occupational and trade licences	441	\$149,000
Higher qualifications	56	\$105,000
Recognition of prior learning	9	\$4,000
Total	6,364	\$2,729,000

Occupational health and safety	8,608	\$1,678,000
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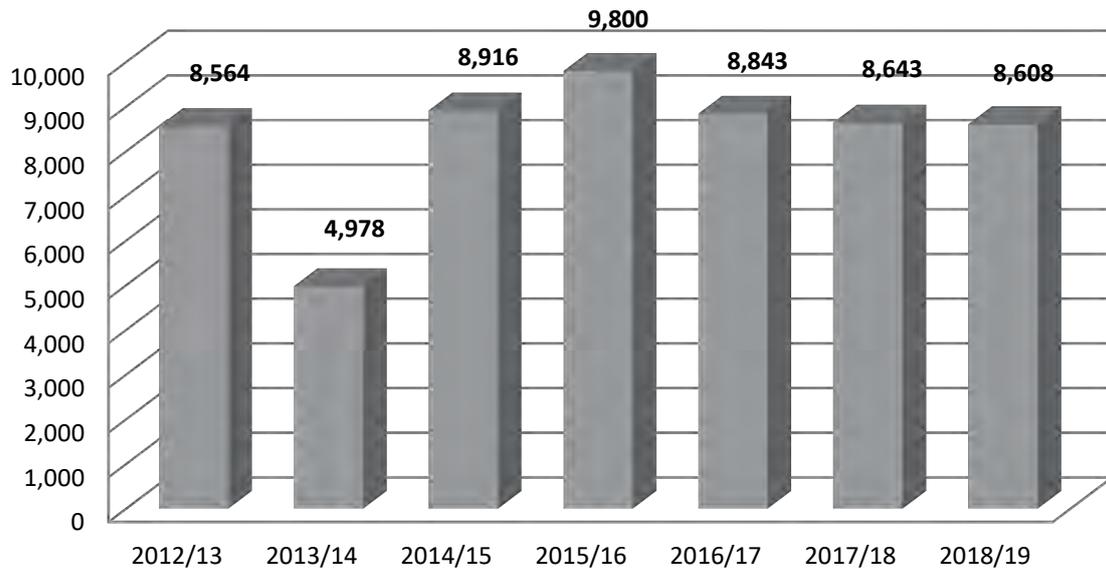
The 14,972 supplementary skills and occupational health and safety subsidies provided in 2018-19 was 9.1% lower than last year. Skills training decreased, and it is assumed this is due to the tighter market conditions.

Supplementary skills and occupational health and safety program

Number of supplementary skills training subsidies



Number of occupational health and safety training subsidies



Career promotion and apprentice articulation and support program

The key objective of the Career Promotion Program is to raise awareness within the community of the career opportunities which are available in the construction industry, particularly for school students who are considering their career options.

What we do

CTF promotions and field services achieve this objective through:

- Providing information on careers and career pathways via the ctf.wa.gov.au website.
- Conducting specific campaign advertising in television, radio, press and digital media, promoting careers in the industry.
- Advertising in magazines developed by industry stakeholders and associations and unions (e.g. MBA, HIA, MPDA, MPGA, CCF, CFMEU etc.) promoting CTFs support programs.
- Providing information brochures regarding support programs and careers.
- Attending public, industry and school-based careers expos and industry forums.
- Funding industry-based awards which promote excellence in training.
- Conducting visits to employers of new apprentices on construction sites to provide information and guidance.

In addition, CTFs Apprentice Articulation and Support program promotes career opportunities in the industry across the education sector by:

- Liaising with metropolitan and regional Department of Education, Catholic Education and Independent Schools to promote VET courses and training.
- Conducting in-school presentations to students and educators about career opportunities.
- Promoting VET qualifications to secondary students, parents and educators.
- Funding Try-a-Trade programs for students in Years 9 and 10.
- Providing a \$250 award payment to students who complete construction pre-apprenticeship qualifications either full-time or as part of their Western Australian Certificate of Education (WACE).

A new scholarship program was launched in January 2018 with 192 students enrolled in industry endorsed construction VET qualifications, which are fully funded by CTF and designed to produce 'industry ready' graduates.

An additional cohort of 119 students commenced in this program in 2019.

Career promotion and apprentice articulation and support programs

Outcomes

- Funded 1,179 Year 9 and 10 students to complete Try-a-Trade courses.
- Funded delivery of training for 192 students in VET qualifications.
- Funded 376 pre-apprenticeship scholarships.
- Delivered 290 school-based presentations to students.
- Attendance at 111 career expos.
- 1,414 visits to employers of new apprentices and trainees.
- 65,690 visits to CTF websites.
- The Construction Futures Centre has been visited by 2,495 people, including groups from:
 - 59 schools
 - 27 industry associations
 - 7 education professional groups

The number of students enrolling in full time pre-apprenticeship courses after leaving school has decreased because of:

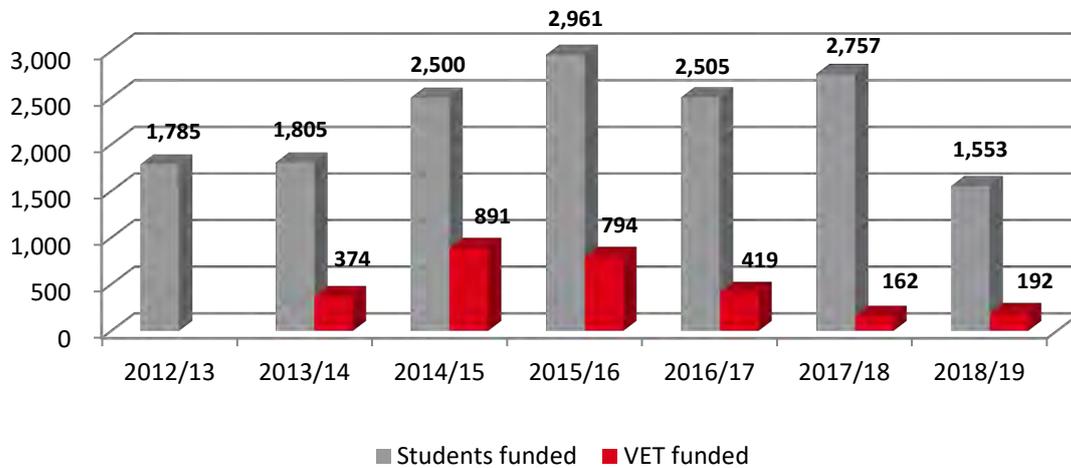
- i) the high retention rates of secondary students in Years 11 and 12; and
- ii) the growth in these students doing construction related VET qualifications at school.

CTF expended \$2,106,000 on the Career Promotion and Apprentice Articulation and Support program in 2018-19 which represents 9.14% of total expenditure.

Career promotion and apprentice articulation and support program

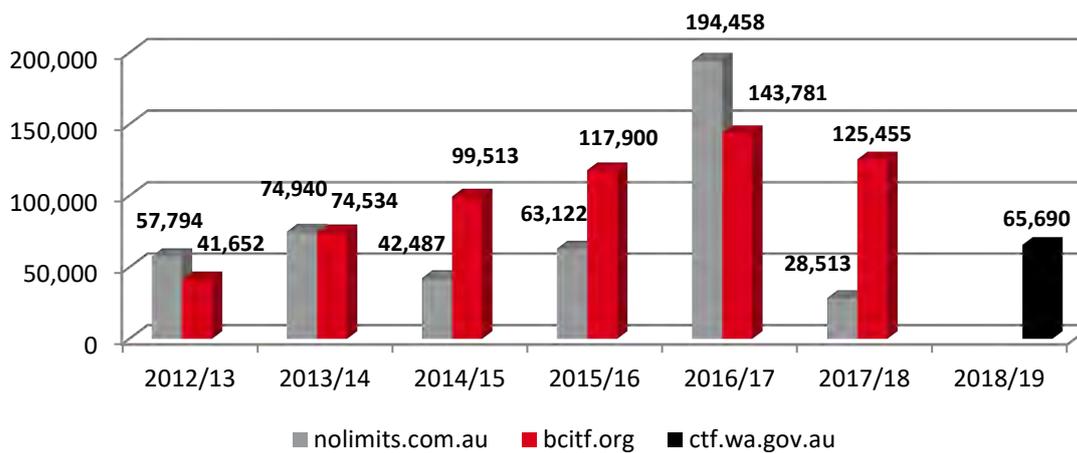
Students supported

CTF supported a total of 1,745 students in 2018-19.



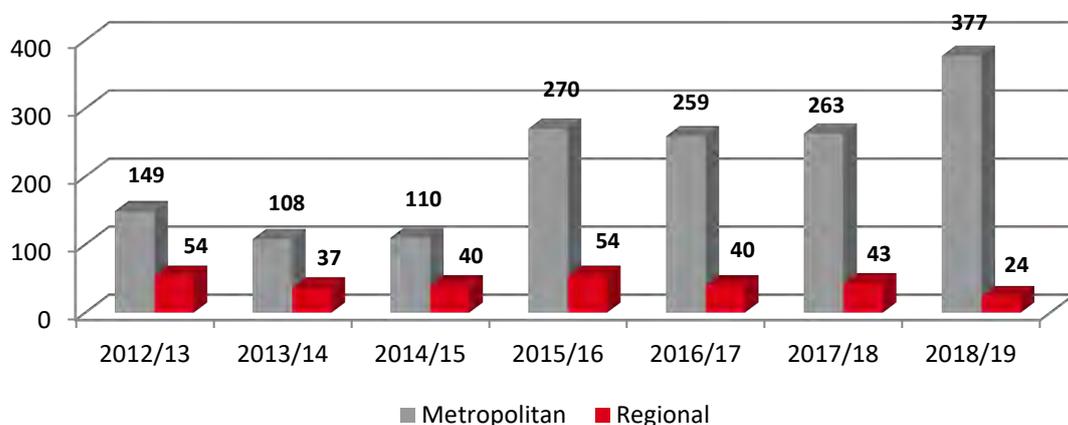
Website visits

CTF received 65,690 visits to its information website in 2018-19.



School presentations and careers expos

CTF conducted a total of 401 school presentations and career expos in 2018-19.



Research and development program

During the past year, the CTF research and development team has:

- Published bi-annual Construction Industry Snapshots.
- Contributed to CTFs annual key performance indicators.
- Contributed to the Operational Plan.

Other key projects included the following

- Establishment of a database that identified major civil construction projects being undertaken throughout Western Australia over the next few years.
- Provided the content for the 'new look' construction Snapshot.

There have been several desktop research projects that have been undertaken over the last year.

Has trade training changed in other countries to accommodate modern methods of construction?

The desktop research project was initiated by the BCIT Board to determine if there was evidence to show training in other countries was being adapted to accommodate modern methods of construction.

The research focused on numerous reports and papers from the United Kingdom (UK) and Australia which are the main countries providing research.

In Australia, the national research projects underway in Business Information Modelling (BIM) and offsite construction have the potential to disrupt and challenge a major part of the construction industry's current processes, tasks and occupations and could in turn influence apprenticeship training.

In summary, the consensus across the research papers established that although the construction industry in both the UK and Australia may be slow in adopting modern methods of construction, they are beginning to embrace them.

Training options for the ageing workforce in the construction industry

The desktop research project was initiated by the BCIT Board to establish training options that can assist in retaining skills and experience in the ageing workforce within the construction industry.

The research examined papers from Australia, UK, Canada, New Zealand and the United States of America.

In conclusion, the research ascertained that older workers are valued in the industry, but there were limitations to the type of training options available to them. Principal options being:

- Train the trainer programs.
- New training programs – computer and technology.
- Moving to less demanding roles in retail and wholesale but continue to use their construction skills and experience.

Evidence suggests that training opportunities in new technologies and automation would be beneficial along with mentoring programs.

Outcomes from pre-employment vocational training in the building and construction industry.

The desktop research project was initiated by the BCIT Board and is a joint venture between the Department of Training and Workforce Development (DTWD) and the Construction Training Fund (CTF). The project is being finalised and due for completion by September 2019.

The research will identify the number of students between 2014 and 2017 who, undertook a Certificate II Construction Pathway – Trades or Para-Professional course, through either a school or pre-apprenticeship program and subsequently transitioned into an apprenticeship or traineeship in building and construction.

The research will also identify the number of students who undertook the Certificate II Building and Construction Pathways – Trades or Para-Professional program.

- Entered an apprenticeship or traineeship in an industry sector other than building and construction, or;
- Have left training with no further record of further study in the building and construction sector.

The conclusion of the research will provide the BCIT Board with a report outlining how successful the programs have been in transitioning students into an apprenticeship or traineeship in the building and construction industry.

To access the complete 2019 research papers as well as research papers from previous years visit the CTFs website www.ctf.wa.gov.au.

Industry Training Council

Over the past twelve months, the Building and Construction Industry Training (BCIT) Board in its capacity as the Construction Training Council has provided advice to Government, the State Training Board (STB) and the DTWD on strategic training issues that are of importance to the industry.

Industry stakeholders who are members of the Construction Industry Strategic and Industry Working Groups have provided valuable key intelligence that has assisted in:

- Providing feedback to the DTWD on key occupations to be included in the State Priority Occupation List.
- Consultation and advise on key changes to qualifications in training packages at both a State and National level.
- Establishment and variation of apprenticeships and traineeships.
- The implementation process between the DTWD, Training Accreditation Council, registered training organisations and Energy Safety for new requirements for on the job work experience that outline the responsibilities of employers who employ plumbing and gas fitting apprentices.

Contributed to the State Training Plan for 2019–2022 in collaboration with the STB. The plan highlights the labour market conditions, industry development issues, new and emerging technologies.

The Training Council produces half-yearly Industry Snapshot reports that provide industry stakeholders, DTWD, STB, industry training councils, registered training providers and the Skills Service Organisation (Artibus Innovation), with a summary of the status of the industry using specific performance indicators. The indicators are based on information from the Australian Bureau of Statistics, Australian Construction Forecasting Council and other key providers of statistical information and trends.

The Director, Skills Development has continued as the National Industry Reference Committee (IRC) member and has chaired a number of Technical Advisor Groups (TAG). The Training Council has also hosted and chaired technical advisory group meetings under the auspice of the IRC.

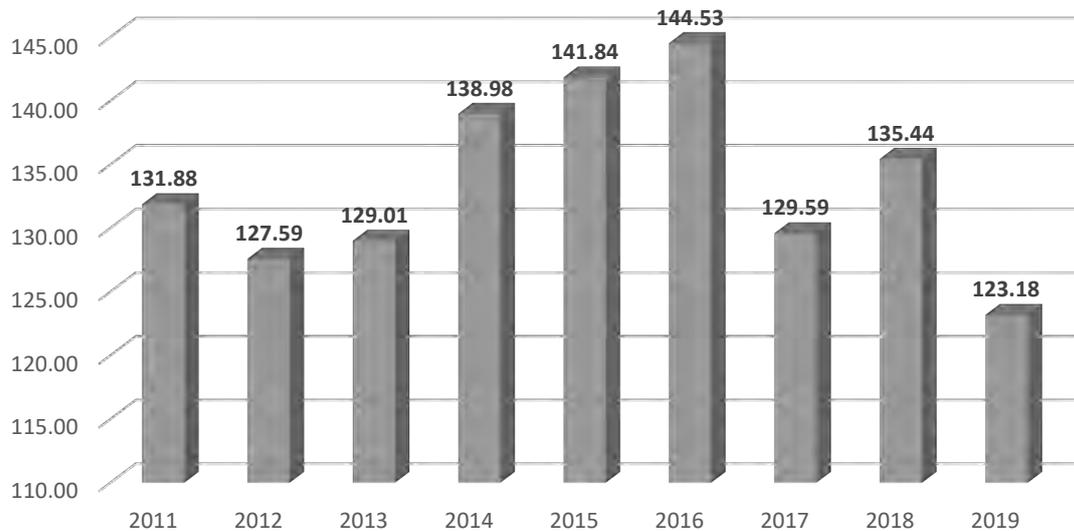
Number employed – construction industry Western Australia

The following graph shows the annualised average growth of employment in the construction industry over the last ten years to May 2019. The industry employs 9.16% of the Western Australian workforce.

However, in the last twelve months to May 2019, the industry experienced an overall decrease in full and part-time workers of 12,260 (9.05%).

Employed in Western Australian construction industry

(000's) – Annualised average

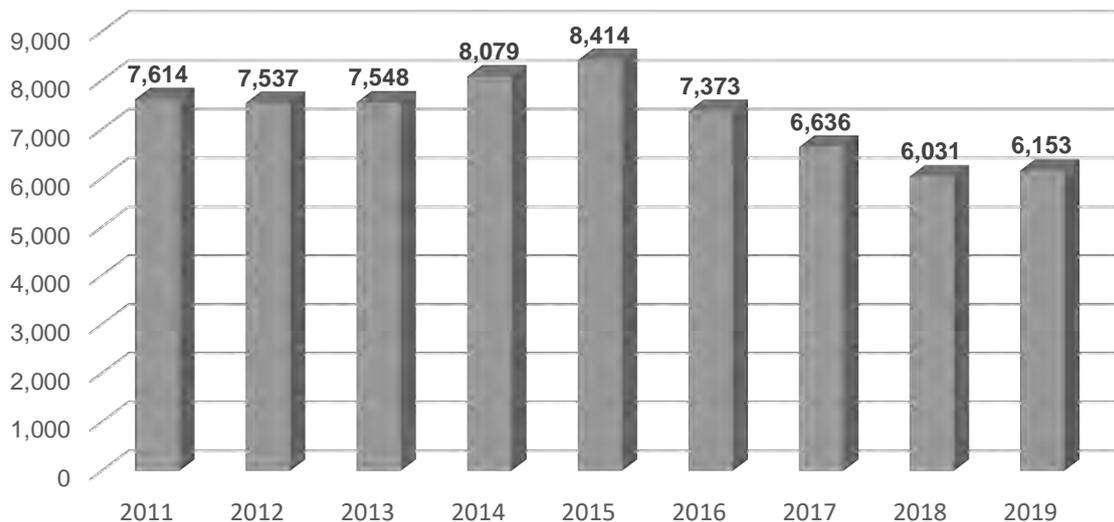


*Australian Bureau of Statistics – May 2019

The annualised growth in the industry is at a higher rate than all industries combined. In the past ten years, while the construction industry workforce has increased by 9.16%, the Western Australian workforce has decreased by 1.5%.

Apprentices 'in training' over past ten years

The construction industry has a reliance on apprenticeships to help meet skills demand and employs almost 38.8% (as at April 2019) of all apprentices, including electrical, in Western Australia. The following graph shows the fluctuation of construction apprenticeships over the past ten years.



As at April 2019* (including Electricians)

The 'training rate', which is the apprentice to tradesperson ratio, is currently 9.0% and when trainees are included is 10.5%.

*Due to data collection methodology change, the latest data available is for WAAMS (DTWD) April 2018 and for ABS May 2018.

SIGNIFICANT ISSUES IMPACTING THE AGENCY

Summary

CTF finished the year with an operating surplus of \$4.922million - Net assets increased from \$26.2 million to \$31.1 million. As at 1 April 2019, the construction industry has had a 13.7% decrease in construction apprentice commencements and a 3.0% decrease in electrical with a combined decrease of 8.5%.

The 2019-20 Operational Plan will maintain all the existing subsidy programs that were in operation in 2018-19, however, the Board recently approved the addition of further incentives for employers to encourage them to engage a new apprentice in 2018-19 and 2019-20.

The first releases of CTFs new online claim and payment portal launched in late August 2018. To date, the system has received positive feedback from stakeholders and further developments will assist employers, GTOs and RTOs to make claims online. This will significantly reduce red tape while making all dealings with CTF much more efficient and user friendly. All payments and claims can be made using any mobile device.

The Board will continue to closely monitor CTFs revenue projections due to the decline in building activity, particularly in residential construction, and the additionality of application of the BCITF Levy to engineering construction in the resources sector. The Board will also closely monitor apprentice commencements and the numbers of apprentice completions. Direct indenture apprentices make up a significant proportion of the apprentices which are currently engaged by host employers and supported by CTF.

CTF will also work closely with industry associations, group training organisations and registered training providers to monitor any issues that may arise because of the decline in building and construction activity.

Construction Futures Centre

The Construction Futures Centre (CFC) has made an impressive start since its opening and it is expected that this will improve even more over time. The Board is ensuring everything is being done to promote this centre to industry and secondary schools. Feedback from all stakeholders has been excellent and positive. The Board has approved an ongoing maintenance budget which will enable the CFC exhibits to be regularly enhanced and new exciting exhibits developed so the CFC remains an attractive and informative excursion venue.

Planned operations for 2019-20

The Minister for Education and Training, the Hon Sue Ellery MLC, approved the Construction Training Fund's Operational Plan for 2019-20 in June 2019, summary below.

Operational Plan – 1 July 2019 to 30 June 2020

Income	Projected 2018-19 \$	Budget 2019-20 \$
Levy income net of refunds	26,974	36,980
Other income	352	0
Interest income	407	380
TOTAL INCOME	27,733	37,360
Expenditure		
Apprentice & Trainee Programs		
Group training schemes	2,972	4,300
Direct indenture	7,639	14,225
Other bonuses and support	576	2,400
Total Program	11,187	20,925
Supplementary Skills Program		
Construction skills	2,381	3,600
Industry skills/software/occupational licensing/higher qualifications	309	825
Total Program	2,690	4,425
Apprenticeship Articulation and Support Programs		
Vocational Education & Training (VET)	157	1,000
Apprentice Articulation & Support including Try-a Trade	601	600
Certificate II & pre-apprentice scholarships	65	75
Industry and onsite support, school/parent liaison	521	725
Total Program	1,344	2,400
Occupational Safety & Health Program	1,606	2,600
White Card (course within OS&H)	1	-
Career Promotion		
Advertising – media placement	510	500
Advertising – production, marketing & promotional costs	45	50
Career expos and excellence awards	82	100
Promotional materials and technologies	108	400
Total Career Promotion	745	1,050
Training Advisory Services	352	360
Recognition of Prior Learning	4	20
Research and Development	282	350
Industry Support Programs	0	20
Construction Futures Centre	332	800
Construction Training Fund Administration	2,136	2,450
Total Recurrent Expenditure	20,679	35,400
Capital Expenditure	0	0
TOTAL EXPENDITURE	20,679	35,400
INCREASE/(DECREASE) ON CASH HOLDINGS	7,054	1,960
*NET CURRENT ASSETS	23,063	25,023
**NET EQUITY	31,880	33,790

Note:

*Net current assets are cash and cash assets held by the Construction Training Fund.

**Net equity is the value of cash, land and buildings held by CTF less any liabilities.

***Net current assets and net equity includes depreciation of \$0.458 million and \$0.879 million for asset revaluation.

PERFORMANCE MANAGEMENT FRAMEWORK

Government goal(s)

- Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development.

Agency level government desired outcomes

- CTF programs support an increase in the number of persons in the building and construction industry with the skills required to meet the industry's workforce needs.
- CTF programs support an improvement in the quality of training for the construction industry.

As at March 2019, the Western Australian construction industry contributes approximately 6.38% of the gross state product and at May 2019 employs just 9.2% of the state's workforce, which includes almost 38.7% of the state's apprentices.

CTF provides financial support to both employers and workers in the industry to employ and train apprentices, undertake skills enhancement courses and occupational safety and health training. During 2018-19, CTF provided training support in one form or another for approximately 23,300 people. This indicates 19% of the construction industry's workforce participated in some form of training which was subsidised by the training levy.

This support contributes to the productivity of the industry and ultimately, the economic performance of the state.

Services

- Financial support to employers for employment of apprentices.
- Financial support to workers for skills and occupational health and safety training.
- Research into training and competency levels.
- Provision of career information and support for school to work transition programs.

STATUTORY AND OBLIGATORY REPORTING

Legislation impacting on the Building and Construction Industry Training Board's activities

In the performance of its functions, the Building and Construction Industry Training Board complies with the following relevant written laws:

▪ <i>Auditor General Act 2006</i>	▪ <i>Industrial Relations Act 1979</i>
▪ <i>Building Act 2011</i>	▪ <i>Minimum conditions of Employment Act 1993</i>
▪ <i>Building and Construction Industry Training Fund and Levy Collection Act 1990</i>	▪ <i>Occupational Safety and Health Act 1984</i>
▪ <i>Disability Services Act 1993</i>	▪ <i>Public Sector Management Act 1994</i>
▪ <i>Equal Opportunity Act 1984</i>	▪ <i>State Records Act 2000</i>
▪ <i>Financial Management Act 2006</i>	▪ <i>State Supply Commission Act 1991</i>
▪ <i>Freedom of Information Act 1992</i>	▪
▪ <i>Contaminated Sites Act 2003</i>	▪ <i>Salaries and Allowances Act 1975</i>

The Building and Construction Industry Training Board has complied with the requirements of the *Financial Management Act 2006* and every other relevant written law. It has exercised controls which provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, the Board is not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

Publications

The following publications are produced by the Building and Construction Industry Training Board:

▪ Annual report	▪ Formal research reports
▪ Career information brochures	▪ Training subsidy pamphlets
▪ Program and career information on website: ctf.wa.gov.au	▪ Bi-annual Construction Industry Snapshot and CTF Newsletter

These documents are all available on CTFs ctf.wa.gov.au website.

STATUTORY AND OBLIGATORY REPORTING

Contracts with senior officers

At the date of reporting, other than normal contracts of employment of service, no Board members or senior officers or firms of which members or senior officers are members, or entities in which members or senior officers have substantial interests, had any interests in existing or proposed contracts with the Building and Construction Industry Training Board.

Ministerial directives

The *Building and Construction Industry Training Fund and Levy Collection Act 1990* provides for the Minister to approve the Building and Construction Industry Training Board's Operational Plan for the forthcoming year.

The Minister approved the 2019-20 Operational Plan in June 2019. No further ministerial directives were issued.

Legislative review

Section 32(1) of the *Building and Construction Industry Training Fund and Levy Collection Act 1990* requires the Minister to conduct a review of the effectiveness of the Act and the Board every five years.

The review commenced early in 2019. The Minister appointed an independent chairperson and steering group of industry representatives to facilitate the review. A report is expected to be presented to the Minister by the end of September 2019.

Staff development

The Building and Construction Industry Training Board is committed to the personal development of its employees.

The sum of \$8,326.56 was spent on staff development in 2018-19. New staff members undertake appropriate induction training and existing staff undertake training in accordance with CTFs needs and their personal development requirements.

Major promotional, public relations or marketing activities

CTF administered a career promotion and marketing program during the year to raise awareness of career opportunities within the building and construction industry.

CTF also promoted the availability of financial subsidies to industry and used various media and marketing strategies including the following information website: www.ctf.wa.gov.au

The marketing activities are approved by the Government Communications Unit within the Department of Premier and Cabinet.

STATUTORY AND OBLIGATORY REPORTING

The following information complies with section 175ZE of the *Electoral Act 1907* and details expenditure in advertising, market research, polling, direct mail and media advertising:

Total expenditure for 2018-19 was \$602,485			
Agency	Expenditure	Agency	Expenditure
HIA	\$4,590	Branch Media	\$4,185
Construction Worker	\$5,000	Marketforce	\$44,195
MPA of WA	\$500	Ark Media	\$8,500
Business Promotions	\$4,952	Master Plumbers/Gas Fitters	\$2,400
Dowd Publications	\$1,800	Master Painters & Decorators	\$880
TOTAL \$70,250			
Polling Organisations		Nil	
Direct Mail Organisations		Nil	
Media Advertising Organisations			
Carat Australia Media Services		\$102,863	
Initiative Media		\$422,620	

Pricing policies on services

CTF does not charge any fees for services it renders, however, the Board entered into a contract with the Department of Training and Workforce Development (DTWD) to deliver training advisory services for the construction industry. The contract for delivery of services expired on 30 June 2019. At the time of preparing the 2018-19 Operational Plan, the cost was \$350,000.

Insurance premiums paid to indemnify members of the Board

A directors and officers liability insurance policy were taken out to indemnify members of the Building and Construction Industry Training Board against any liability incurred in undertaking their responsibilities. The amount of the insurance premium in 2018-19 was \$6,447.50.

Freedom of information

CTF has published and maintained information statements in the form of hard copy pamphlets and information on its ctf.wa.gov.au website enabling people to access information about programs, policies and procedures. Procedures are in place to respond to applications under the *Freedom of Information Act 1992*. No applications were received during the year and none are under review.

STATUTORY AND OBLIGATORY REPORTING

Occupational health, safety and injury management

CTF is committed to providing a safe and healthy work environment for all staff and visitors. CTFs goal is to have a workplace that is free from work-related injuries and diseases by developing and implementing safe systems of work and by continuing to identify hazards and to control risks as far as practicable.

CTF promotes a consultative environment in which management, staff and other stakeholders work together to continually improve occupational safety and health practices. Formal mechanisms for consultation with employees on occupational safety and health matters include:

- A standing agenda item on management and staff meetings.
- Identification of health and safety risks and monitoring by management and staff.
- Dissemination of information and discussion at staff meetings.
- Dissemination of information and monitoring at management meetings.
- CTF's Human Resource Manual includes a policy on injury management, which was developed in accordance with the *Workers' Compensation and Injury Management Act 1981*.

Occupational health and safety policies and processes are reviewed annually. The policies and procedures are maintained in the CTF central document management system for staff access and reference. They are included in CTFs Human Resources Manual which is provided to all staff and forms part of the induction for all new staff.

CTF has an employee assistance program in place. There were no compensation claims processed during the year.

CTFs occupational safety and health statistics for 2018-19 are shown below:

Occupational Safety and Health Statistics	2018-19 Target	2018-19 Actual
Number of fatalities	0	0
Lost time injury / diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within (i) 13 weeks; (ii) 26 weeks	Greater than or equal to 80% within 26 weeks	N/A
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	Greater than or equal to 60%	60%

Disability access and inclusion plan

CTF is a non-SES organisation which does not fall within the jurisdiction of the *Disability Services Act 1993*.

CTF has voluntarily adopted the Disability Access and Inclusion Plan (DAIP) objectives which are built into its human resources plan.

STATUTORY AND OBLIGATORY REPORTING

Recordkeeping plans

Records management framework

CTF is committed to maintaining record keeping practices consistent with the *State Records Act 2000*. The current record keeping plan was reviewed in December 2018 and approved by the State Records Commission for five years in March 2019 and has approval for continuation until December 2023.

Evaluation and review of efficiency and effectiveness of systems

During 2018 the CTFs record keeping processes were reviewed and approved by the State Records Office. CTF has also undertaken a major transition of all its business processes during 2018-19. CTF transitioned to Office365 to be able to utilise Software-as-a-Service and Infrastructure-as-a-Service to mitigate disaster recovery and business continuity. All business processes were reviewed, and new streamlined processes were designed to deliver these using Microsoft Dynamics365 and Financials-for-Office365 using an online portal. Microsoft SharePoint will also be used to manage the document and records management requirements of CTF. Phase One of the portal rollout has gone live and Phase Two will go-live in September 2018. This will reduce red tape and enable stakeholders to make payments and claims using any mobile device.

Offsite storage and disposal

CTF continues to maintain an offsite storage facility for the storage of all “significant” records for the duration of their retention. A regular disposal program is undertaken to ensure ongoing on-site storage capacity.

Electronic records management

CTF is in the process of implementing State Records compliant software which will achieve full electronic digital records management. This will be completed early in the new financial year.

Induction and training

New staff members are informed of their roles and responsibilities for records management as part of CTF’s induction program manual. The Human Resources Manual provides detailed information for staff relating to a wide range of human resource practices and obligations including Code of Conduct, Recruitment, Managing Performance, Occupational Health and Safety and Employee Relations. Sections of the manual have been reviewed and updated as required.

Sustainability code of practice

As a non-SES organisation, CTF is not required to maintain a Sustainability Action Plan, however, continues to apply the principles set out in the code as part of good governance of CTF. These include:

- Strategic planning is based on assessment of longer-term needs of the building and construction industry and involves objectives and strategies that ensure the maximum effectiveness and the long-term sustainability of CTF resources.
- Agency operations and use of resources support sustainability principles.
- Staff are encouraged to make the most effective use of recycled paper products and to minimise light and power usage.
- CTF has responded to new training programs in the building and construction industry relating to sustainable building practices by providing training subsidies.

STATUTORY AND OBLIGATORY REPORTING

Compliance with public sector standards and ethical codes

Action to monitor and ensure compliance with Western Australian Public Sector Standards

Managers and staff are required to comply with the Public Sector Standards in Human Resources Management. Monitoring provisions include:

- A review of each process for recruitment, selection and appointment, is undertaken prior to the final decision to ensure compliance with the employment standard.
- There is a monitoring process in place to ensure there are current performance management processes for all employees.

Compliance issues

Internal reviews have shown compliance with the standards is achieved before any final decision is made. No claims for breach of standards have been made during the year.

Action to monitor and ensure compliance with Western Australian Public Sector Code of Ethics

The code of ethics is available in CTFs Human Resources Manual which is available in the electronic records systems and is part of the induction for new staff. The code of ethics is reinforced as part of personal performance management processes. Regular information is provided to staff together with relevant training and references made in job descriptions. The code of ethics was reviewed during the year.

Compliance issues

There has been no evidence of non-compliance with the Public Sector Code of Ethics.

Action to monitor and ensure compliance with CTF code of conduct

CTFs code of conduct links the corporate values with expected standards of personal conduct. All staff, contractors and consultants who carry out work for, or on behalf of, CTF is required to comply with the spirit of the code of conduct which has the premise that all staff members accept personal responsibility for their behaviour. The code of conduct was reviewed during the year.

Compliance issues

There has been no evidence of non-compliance with CTFs code of conduct. The corporate executive has a Public Interest Disclosure Policy and supports disclosures being made by staff. The Executive Director will take all reasonable steps to provide protection to any member of staff who makes a disclosure. CTF provides guidelines to staff wishing to make a public interest disclosure. In 2018-19 there were no public interest disclosures about the activities of CTF or issues raised about breaches of the code of conduct.

Corporate governance framework

CTFs governance framework is based on the Public Sector Commissioner's Good Governance Guide.

STATUTORY AND OBLIGATORY REPORTING

Government and public sector relationships

The Building and Construction Industry Training Board is the corporate entity prescribed under the *Building and Construction Industry Training Fund and Levy Collection Act 1990* as responsible for administration of CTF.

Management and oversight

Delegations from the Board to the Executive Director are documented to give the Executive Director responsibility for the day to day operations of CTF.

Policies and guidelines are in place to support decision making and communications with external customers and stakeholders. These include governance, information technology, human resources, finance and procurement. The policies and guidelines are available to staff through the CTFs Human Resources Manual and through the internal records managements system.

The Building and Construction Industry Training Board produces an annual strategic plan and an operational plan which is required to be approved by the Minister for Education and Training. The plan establishes revenue and expenditure estimates, program expenditure and targeted outcomes for the forthcoming financial year.

The plan is consistent with CTFs legislative objectives and with priorities set by the Board following consultation with industry stakeholders.

Organisational structure

Decision making responsibilities in accordance with the approved operational plan rest with the Executive Director and the corporate executive team of CTF.

The organisational structure supports the delivery of CTF programs. Each year the structure and individual positions are reviewed, and changes implemented if necessary, to ensure good governance and maintenance of a skilled and motivated workforce.

Operations

The Board meets regularly and receives monthly reports detailing program and financial performance against the operational plan targets.

Reviews of the effectiveness of programs and financial results are undertaken regularly to support Board decision making when it is necessary to adjust.

People

CTF works to attract, develop and retain a skilled and valued workforce with a culture that supports high quality, responsive and efficient services; and to treat people professionally, courteously and with appropriate sensitivity.

CTF has a human resources policy framework covering flexible work arrangements, staff development, study assistance and occupational safety and health.

STATUTORY AND OBLIGATORY REPORTING

Other disclosures and legal compliance

Finance

CTF produces an annual budget, by program and division, which is approved by the corporate executive to ensure that it is line with the strategic direction of CTF. Financial integrity and accountability is secured through reporting to corporate executive and the Board every month.

CTF has documented financial management processes, designed to assist employees to perform their tasks efficiently and effectively. These manuals ensure disruptions to operations are minimised because of staff changes. The processes are consistent with relevant Treasurer's Instructions and State Supply Commission policies.

External auditors conduct an annual internal audit of financial management to ensure that financial processes, policies and controls are in place and consistent with the requirements of the *Financial Management Act 2006*.

Communication

To ensure services are accessible, open and responsive, CTF communicates with its key stakeholders using a range of communication methods. This includes planning workshops with stakeholders, industry information forums and written and electronic surveys to obtain feedback on specific issues.

Monthly staff meetings and corporate executive team meetings enable sharing of information internally and the opportunity for staff to contribute to decision making.

Policies covering record keeping, record management and communications are in place to ensure the confidentiality and integrity of information, preventing unauthorised or false disclosure.

Risk management

CTF identifies and manages its risk through a Risk Management Plan. During 2018-19 the risk base system provided by Risk Cover was decommissioned and replaced by a web-based system supported by Risk Wizard. Information from the risk base system was transferred to Risk Wizard prior to its decommissioning.

Under the Risk Management Plan, controls have been identified for significant risks and any action required is assigned to a relevant member of corporate executive. Progress on these actions is monitored through reporting to corporate executive.

STATUTORY AND OBLIGATORY REPORTING

Construction Training Fund staff profile

	Full Time Permanent	Full Time Contract	Part Time Permanent	TOTAL FTE
2017-18	17	2	1 @ 0.4 FTE 1 @ 0.8 FTE	20.2
2018-19	14	3	2 @ FTE 1 @ 0.6 FTE	18.8
As at 30 June 2019				



Our Ref: 5512-04

7th Floor, Albert Facey House
469 Wellington Street, Perth

Chairman
Building and Construction Industry Training Board
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CLOVERDALE WA 6985

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PO Box 8489
PERTH WA 6849

Tel: (08) 6557 7500
Fax: (08) 6557 7600
Email: info@audit.wa.gov.au

Dear Sir

**FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2019**

The Office has completed the annual audit of the financial statements, controls and key performance indicators for your agency. We enclose a copy of the opinion of the Auditor General, together with a set of the audited financial statements and key performance indicators. We have forwarded the audit opinion, financial statements and key performance indicators to the Minister for Education and Training for tabling in Parliament.

While the result of the audit was satisfactory, I would like to draw your attention to the attached deficiency in internal control that was identified during the course of the audit. This matter has been discussed with your Chief Finance Officer, Mr Mark Lukan, who has indicated that action will be taken to address them.

Please note that the purpose of our audit was to express an opinion on the financial statements, controls and key performance indicators. The audit included consideration of internal control relevant to the preparation of the financial statements and key performance indicators in order to design audit procedures that were appropriate in the circumstances. It also included consideration of internal control for the purpose of expressing an opinion on the effectiveness of internal control in ensuring compliance with requirements prescribed by the *Financial Management Act 2006* and Treasurer's Instructions.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit. Further, the matters being reported are limited to those deficiencies that have been identified during the audit.

The date that agencies provided their financial statements to Audit has been recorded for purposes of reporting to Parliament. I advise that the date recorded for the receipt of your financial statements was 29 July 2019.

This letter has been provided for the purposes of the Building and Construction Industry Training Board and the relevant Minister and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of your agency for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7683 if you would like to discuss these matters further.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Kien Neoh', written in a cursive style.

KIEN NEOH
DIRECTOR
FINANCIAL AUDIT
24 August 2019

Attach

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Completeness of estimates for the 2019 Financial Year		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Completeness of estimates for the 2019 Financial Year

Finding

The Building and Construction Industry Training Board (BCITB) has not prepared estimates for the Statement of Cash Flows and Statement of Financial Position for the 2019 financial year.

Statement of Comprehensive Income estimates for the FY 2019 financial year was prepared and approved by the Minister.

Rating: Moderate

Implication

BCITB is not fully compliant with the requirements of Treasurer's Instructions' *TI 945 – Explanatory Statement* and *TI 953 – Publication and Presentation of Estimates*.

Recommendation

BCITB should prepare forward estimates on its Statement of Cash Flows and Statement of Financial Position for approval by its Minister.

Management Comment

The Building and Construction Industry Training Board (BCITB) has prepared audited Financial Statements since its inception in 1990 and has not previously been required to prepare estimates for the Statement of Cash Flow and Statement of Financial Position.

The BCITB prepares annually for the approval of the Minister, an Operational Plan that forecasts revenue and expenditure for the coming year. The BCITB will in future incorporate the estimates for the Statement of Cash Flows and Statement of Financial Position in the Operational Plan.

Responsible Person: Mark Lukan
Completion Date: March/April 2020



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Report on the Financial Statements

Opinion

I have audited the financial statements of the Building and Construction Industry Training Board which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Building and Construction Industry Training Board for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Board in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Board.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Building and Construction Industry Training Board. The controls exercised by the Board are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Building and Construction Industry Training Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

The Board's Responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Building and Construction Industry Training Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2019 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia

29 August 2019

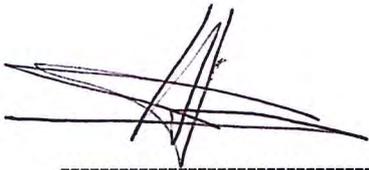
**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

Performance Indicators

For the year ended 30 June 2019

CERTIFICATION OF PERFORMANCE INDICATORS

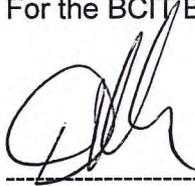
We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the performance of the Building and Construction Industry Training Board for the financial year ended 30 June 2019.



Ian Hill
Chairman
For the BCIT Board

27 August 2019

Date



Dean O'Rourke
Board Member
For the BCIT Board

27 August 2019.

Date



William Buck Audit (WA) Pty Ltd

KEY EFFECTIVENESS PERFORMANCE INDICATORS

Mission

- “The demands of the building and construction industry for skilled workers are supported”.

Government goal(s)

- Building strategic infrastructure that will create jobs and underpin Western Australia’s long term economic development.

Agency level Government desired outcome(s)

- The Construction Training Fund’s programs support an increase in the number of persons in the building and construction industry with the skills required to meet the Industry’s workforce needs.
- The Construction Training Fund’s programs support an improvement in the quality of training for the construction industry.

Outcome 1- Programs support an increase in skilled workers in the industry

KPI 1.1 “The number of apprentices and trainees employed in the building and construction industry as a percentage of the trade workforce in the industry.”

Number of apprentices and trainees	Target	2018-19	2017-18	2016-17
Apprentices and trainees in training <i>(includes electricians) as at April 2019</i> Source: Department of Training and Workforce Development ¹		6,668	7,358	7,902
Number of tradespeople		2018-19	2017-18	2016-17
Tradespeople in industry <i>(includes electricians)</i> Source: ABS ²		63,300	65,500	79,200
		2018-19	2017-18	2016-17
Training Rate ³ Source: Derived	15.0%	10.5%	11.2%	9.9%

The training rate has dropped to 10.5% from 11.2% in the previous year. There has been a decrease of 690 in apprentices and trainees in the year to April 2019 coupled with a decrease of 2,200 tradespeople in the year to May 2019.³ The decrease in tradespeople is mainly due to the economic downturn which has resulted in the decline of residential and non-residential buildings being constructed.

The training rate of 10.5% is below the target rate of 15%. The target is based on national research on age distribution in the workforce which has confirmed that industry needs to train at a training rate of 15% to replace tradespeople leaving the industry through normal circumstances such as retirement. The variance is a result of a reluctance by employers to take on apprentices in the current economic environment and out of the control of CTF.

¹ Due to data collection lag this is latest available Powerbi data as at April 2019

² Australian bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly May 2019

³ Training Rate in Outcome 1 is the ratio of apprentices to tradespeople

KEY EFFECTIVENESS PERFORMANCE INDICATORS

KPI 1.2 “The number of people supported to undertake supplementary skills and occupational safety and health training or skills assessment as a percentage of the total workforce in the building and construction industry.”

Number of People		2018-19	2017-18	2016-17
Workers in industry trained with CTF support (as at June 2019)	-	14,907	16,388	17,278
Source: CTF				
Number of workers		2018-19	2017-18	2016-17
Number of workers in the industry* (actual employed at end of May 2019)	-	106,540	103,284	122,125
Source: ABS ⁴				
Percentage	Target	2018-19	2017-18	2016-17
Training rate ⁵	20%	14.0%	15.9%	14.5%
Source: Derived				

Note: All percentages are rounded up or down to one decimal point

The above figures do not include apprentice subsidies which are paid directly to employers of the apprentices

The ‘training rate’ in KPI 1.2 of 14.0% falls short of the 20% target and is below the 2017-18 training rate of 15.9%.

*As at May 2019 there were 129,320 workers employed in the construction industry however, the number of workers in the industry includes the engineering construction workforce within the mining sector and is estimated to be 17.6% of the construction workforce.⁶ These workers were not entitled to access subsidies from the Construction Training Fund in 2018-19 but are included as workers in the industry. Therefore, the engineering construction workforce within the mining sector is excluded from the above tables to reflect the true workforce eligible for Construction Training Fund support.

The actual training rate and variance against budget were impacted by the number of people receiving training support in 2018-19 decreasing by 1,481 and the total number of workers increasing by 3,256. This situation may be attributed, in part, to construction workers returning to traditional sectors of the construction industry who may have already undertaken supplementary skills training and in addition existing workers may not see the value of upskilling when opportunities to utilise those new skills are limited in the current economic climate.

⁴ Australian Bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly May 2019

⁵ Training Rate in Outcome 2 is the ratio of people trained in Supplementary Skills compared to total eligible people in workforce

⁶ WA Prospect Magazine March to May 2019

KEY EFFECTIVENESS PERFORMANCE INDICATORS

Outcome 2 - Programs support an improvement in the quality of training

KPI 2.1 “The proportion of workers surveyed who are satisfied with the quality of training supported by the Construction Training Fund.”

Name: *Building worker satisfaction levels*

Source: *Satisfaction surveys of workers*

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2018-19	2017-18	2016-17	2015-16
6,430	6,430	6,296	80%	97.9%	97.5%	97.5%	95.1%

Note: All percentages are rounded up or down to one decimal point

Methodology of survey – building worker satisfaction levels

The indicator relating to ‘worker satisfaction’ is a measure of the level of satisfaction with supplementary skills training, and occupational safety and health training (OS&H) that was subsidised by CTF within the last twelve months.

Building worker satisfaction levels were determined by surveying students who had undertaken supplementary skills training courses at private registered training providers (RTPs) delivering courses subsidised by CTF and by individual claims. The survey was included on CTF claim form which had to be completed and returned to CTF in order to obtain a reimbursement for the course completed. Results from the survey were entered into CTFs CRM database and the level of satisfaction was derived from these responses.⁷

Satisfaction levels were calculated on a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied. Response levels 4-5 were included as positive satisfied responses in the result.

There were 119 responses (1.9%) in the mid-range where the respondent was neither satisfied nor dissatisfied. A further 15 respondents (0.2%) indicated some degree of dissatisfaction.

To ensure that the satisfaction level was consistent across training providers, a random sample across nine private RTPs with 2,654 responses was considered.⁸ The percentage of overall satisfaction was 97.9% with a confidence interval of 0.11% and a level of confidence of 99%.⁹ A second random survey was also undertaken, using nine different RTPs with 2,188 responses, to compare satisfaction levels; the result was a difference of 1.8% between the two sets of sample RTPs.

In addition to the responses received from the direct survey of employers and workers, CTF relies on other feedback mechanisms. These include industry stakeholder advisory groups, industry employer/employee associations and regular contact with RTPs where overall positive feedback is received regarding the performance of CTF.

Comparing results from previous years, this analysis uses a wider spread of RTPs. This has shown that the satisfaction rate is the highest recorded in the last five years and demonstrates a high level of satisfaction over a large number of RTPs in the survey.

It should be noted that the training referred to in this KPI is provided by third parties and beyond the control of CTF. CTF surveys participants to ensure the quality of the training. The target of 80% was set in 2007-08 based on historical results within the vocational education and training area.

Due to the excellent quality of the training supported by CTF the actual satisfaction result of 97.9% amongst workers within the industry exceeds the target satisfaction rate of 80%.

⁷ Survey Results - <http://dataserv/crm/eware.dll/go>

⁸ The responses in this survey were received up to 7 June 2019

⁹ <http://www.surveysystem.com/sscalc.htm> - to determine confidence interval

KEY EFFECTIVENESS PERFORMANCE INDICATORS

KPI 2.2 “The proportion of employers surveyed who are satisfied overall with the quality of training supported by the Construction Training Fund.”

Name: Employer satisfaction levels

Source: Satisfaction survey of employers

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2018-19	2017-18	2016-17	2015-16
1,821	1,821	1,780	80%	98%	96%	93%	94%

Note: All percentages are rounded up or down to the nearest whole number

Methodology of survey – employer satisfaction levels

The KPIs detailed in this report relate to the results from the collation of the satisfaction surveys completed on the supplementary skills program claim forms.

The responses to the claim form surveys were entered into the CTFs CRM database up to February 2019 and then the Dynamic system to June 2019. The satisfaction percentages were derived from these results.¹⁰

Compared to 2017-2018 there was a 20.5% increase in the number of employers surveyed and the satisfaction levels increased by 1.7%. Satisfaction levels were calculated on a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied and was derived from the question “How would you rate your level of satisfaction with the subsidised training undertaken by your employees?” Response levels 4 - 5 were included as positive responses in the result.

Based on the sample of 1,821 responses there were 1,780 satisfied responses and the percentage of overall satisfaction was 97.7% with a confidence interval of 0.14% at a level of confidence of 99%.¹¹

There were 29 responses (1.6%) in the mid-range where the respondent was neither satisfied nor dissatisfied. A further 12 respondents (0.7%) indicated some level of dissatisfaction.

It should be noted that the training referred to in this KPI is provided by third parties and beyond the control of CTF. CTF surveys participants to ensure the quality of the training. The target of 80% was set in 2007-08 based on historical results within the vocational education and training area.

Due to the excellent quality of the training supported by CTF the actual satisfaction result of 98% amongst employers within the industry exceeds the target satisfaction rate of 80%.

¹⁰ Survey Results- <http://dataserv/crm/eware.dll/go>

¹¹ Survey System <http://www.surveysystem.com/sscalc.htm> - used to determine confidence interval

KEY EFFICIENCY PERFORMANCE INDICATORS

KPI 1.1 “The total administration costs of the Building and Construction Industry Training Board as a percentage of the Construction Training Fund’s total expenditure.”

2018-19 Target	2018-19	2017-18	2016-17	2015-16
10.0%	12.30%	11.03%	9.04%	8.40%

Total administration costs as a percentage of total costs is 12.3% for the year ended 30 June 2019 which is an increase on the 11.03% result for 2017-18. This is above the target of 10% set by the Board when the KPIs were introduced. Although actual administration expenditure rose slightly for the year due in most to consultancy costs associated with the stakeholder survey, strategic review and the introduction of a new document storage system (M-files), it was a significant decrease in training expenditure that impacted on the overall percentage. Training expenditure fell from \$16.8 million in 2017-18 to \$15.6 million in 2018-19 with significant falls in direct indenture and group training. If training expenditure had remained constant, administration expenditure as a percentage of total expenditure would have been 11.64%.

Total administration cost as a percentage of total expenditure is 12.3% which is above the target of 10% set by the Board. This was due in part to a small increase in administration expenditure as a result of a number of consultancies undertaken during the year, but more significantly, due to a large fall in training/program expenditure. The associated fall in total expenditure negatively impacts on the administration expense as a percentage of the total.

KPI 1.2 “The specific administration costs of the Building and Construction Industry Training Board represented as a cost per apprentice or trainee subsidised by Construction Training Fund.”

Target	2018-2019	2017-18	2016-17	2015-16
\$43.70	\$85.10	\$73.66	\$47.91	\$49.53

Specific administration costs represented as a cost per apprentice or trainee subsidised increased in 2018-19 from \$73.66 to \$85.10. Two factors contributed to this increase. Firstly, the number of subsidies paid decreased from 4,295 in 2017-18 to 3,941 in 2018-19 and secondly, Landgate valued the Construction Training Fund building at \$1.515 million less than the actual cost. As a result of this revaluation, approximately \$91,000 was allocated to the total administration cost. If depreciation costs associated with the new building and equipment are added, the additional cost would come to \$132,000. If the revaluation and depreciation expenses were to be removed, the administration costs represented as a cost per apprentice or trainee subsidised would fall to \$51.59.

The actual administration cost per apprentice or trainee subsidised of \$85.10 and the revised cost of \$51.59 (as noted above) after removing the revaluation and depreciation are well over the target of \$43.70. This can be directly attributed to the number of subsidies paid falling well below expectations. If the target subsidies of 5,000 had been achieved, the figures would fall to \$67.08 and \$40.67 respectively.

KPI 1.3 “The specific administration costs of the Building and Construction Industry Training Board represented as a cost per person supported by the Construction Training Fund to undertake skills training or vocational education.”

Target	2018-19	2017-18	2016-17	2015-16
\$22.50	\$36.34	\$25.28	\$21.55	\$18.60

Specific administration costs represented as a cost per person supported to undertake skills training or vocational education increased in 2018-19 from \$25.28 to \$36.34. Two factors contributed to this increase. Firstly, the number of persons supported decreased from 16,388 in 2017-18 to 14,466 in

2018-19 and secondly, Landgate valued the Construction Training Fund building at \$1.515 million less than the actual cost. As a result of this revaluation, approximately \$121,000 was allocated to the total administration cost. If depreciation costs associated with the new building and equipment are added, the additional cost would come to \$176,000. If the revaluation and depreciation expenses were to be removed, the administration costs represented as a cost per apprentice or trainee subsidised would fall to \$24.17.

The actual administration cost per person supported to undertake skills or vocational training of \$36.34 is above the target of \$22.50 and can be attributed to the number of subsidies paid falling below expectations and additional expenditure associated with the revaluation and depreciation of land and buildings. If this additional expenditure were removed the administration cost would fall to \$24.17 (as noted above). If the target subsidies of 15,900 had been achieved, the revised rate would fall to \$22 and be in line with the target.

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

FINANCIAL STATEMENTS

For the year ended 30 June 2019

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Building and Construction Industry Training Board have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2019 and the financial position as at 30 June 2019.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Mark Lukan
Chief Finance Officer

27 August 2019

Date



Ian Hill
Chairman
For the BCIT Board

27 August 2019

Date



Dean O'Rourke
Board Member
For the BCIT Board

27 August 2019.

Date



William Buck Audit (WA) Pty Ltd

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Index of Notes to the Financial Statements
For the year ended 30 June 2019

Financial report for the year ended 30 June 2019

The Board has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2019 which provides users with the information about the Board's stewardship of resource entrusted to it. The financial information is presented in the following structure:

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BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD (BCITB)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2019

	Notes	2019 (\$'000)	2018 (\$'000)
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	2,500	2,461
Supplies and services	2.3	620	400
Depreciation expense	4.1.1	686	443
Accommodation expenses	2.3	198	266
Grants and subsidies - programs recurrent	2.2	1,571	1,468
Grants and subsidies - training expenditure recurrent	2.2	15,641	16,825
Other expenses	2.3	308	343
Asset revaluation decrement		1,515	923
Total cost of services		<u>23,039</u>	<u>23,129</u>
Income			
<i>Revenue</i>			
Levy receipts	3.2	27,194	25,197
Interest revenue	3.3	410	354
Other revenue	3.4	357	394
Total revenue		<u>27,961</u>	<u>25,945</u>
Total income other than income from State Government		<u>27,961</u>	<u>25,945</u>
NET COST OF SERVICES		<u>4,922</u>	<u>2,816</u>
Income from State Government			
Service appropriation	3.1	-	-
Services received free of charge	3.1	-	-
Total income from State Government		<u>-</u>	<u>-</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>4,922</u>	<u>2,816</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>4,922</u>	<u>2,816</u>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	2019 (\$'000)	2018 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	23,217	16,251
Receivables	5.1	71	96
Other current assets	5.2	1,225	999
Total Current Assets		<u>24,513</u>	<u>17,346</u>
Non-Current Assets			
Property, plant and equipment	4.1	7,835	9,919
Total Non-Current Assets		<u>7,835</u>	<u>9,919</u>
TOTAL ASSETS		<u><u>32,348</u></u>	<u><u>27,265</u></u>
LIABILITIES			
Current Liabilities			
Payables	5.3	37	36
Employee related provisions	2.1(b)	285	286
Other current liabilities	5.4	749	583
Total Current Liabilities		<u>1,071</u>	<u>905</u>
Non-Current Liabilities			
Employee related provisions	2.1(b)	192	197
Total Non-Current Liabilities		<u>192</u>	<u>197</u>
TOTAL LIABILITIES		<u><u>1,263</u></u>	<u><u>1,102</u></u>
NET ASSETS		<u><u>31,085</u></u>	<u><u>26,163</u></u>
EQUITY			
Accumulated surplus		31,085	26,163
TOTAL EQUITY		<u><u>31,085</u></u>	<u><u>26,163</u></u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

Notes	Contributed equity (\$'000)	Reserves (\$'000)	Accumulated surplus/(deficit) (\$'000)	Total Equity (\$'000)
Balance at 1 July 2017	-	-	23,347	23,347
Surplus/(deficit)	-	-	2,816	2,816
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	-	-	2,816	2,816
Balance at 30 June 2018	-	-	26,163	26,163
Balance at 1 July 2018	-	-	26,163	26,163
Surplus/(deficit)	-	-	4,922	4,922
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	-	-	4,922	4,922
Balance at 30 June 2019	-	-	31,085	31,085

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	Notes	2019 (\$'000)	2018 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		-	-
Capital appropriations		-	-
Net cash provided by State Government		<u>-</u>	<u>-</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(2,526)	(2,404)
Supplies and services		(820)	(604)
Accommodation		(195)	(214)
Grants and subsidies - programs recurrent		(1,581)	(1,399)
Grants and subsidies - training expenditure recurrent		(15,456)	(16,911)
GST payments on purchases		76	(220)
Receipts			
Levies from project owners		26,873	25,448
Interest received		434	345
Other receipts		357	394
GST receipts from taxation authority		(79)	291
Net cash provided by/(used in) operating activities		<u>7,083</u>	<u>4,726</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(117)	(2,720)
Net cash provided by/(used in) investing activities		<u>(117)</u>	<u>(2,720)</u>
Net increase/(decrease) in cash and cash equivalents		6,966	2,006
Cash and cash equivalent at the beginning of the period		16,251	14,245
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.1	<u>23,217</u>	<u>16,251</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

1. Basis of preparation

The Building and Construction Industry Training Board is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Board is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Board on 27 August 2019.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006 (FMA)*
- 2) The Treasurer's Instructions (TIs)
- 3) Australian Accounting Standards (AASs) – Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AASs. Several AASs are modified by the TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Board's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Board in achieving its objectives and the relevant notes are:

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

	Notes	2019 (\$000)	2018 (\$000)
Employee benefits expenses	2.1(a)	2,500	2,461
Employee related provisions	2.1(b)	477	483
Grants and subsidies	2.2	17,212	18,293
Other expenditure	2.3	1,126	1,010

2.1(a) Employee benefits expenses

	2019 (\$000)	2018 (\$000)
Wages and salaries	2,295	2,264
Superannuation – defined contribution plans ^(a)	205	197
Total employee benefits expenses	<u>2,500</u>	<u>2,461</u>

(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds.

Wages and salaries

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

Superannuation

The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for Board purposes because the concurrent contributions (defined contributions) made by the Board to GESB extinguishes the Board's obligations to the related superannuation liability.

The Board does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Board to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

2.1(b) Employee benefits provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

	2019 (\$000)	2018 (\$000)
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	158	159
Long service leave ^(b)	125	125
	<u>283</u>	<u>284</u>
<u>Other provisions</u>		
Employee on costs ^(c)	2	2
Total current employee benefits provisions	<u>285</u>	<u>286</u>
Non-current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	192	197
<u>Other provisions</u>		
Employee on costs ^(c)	-	-
Total non-current employee benefits provisions	<u>192</u>	<u>197</u>
Total employee benefits provisions	<u>477</u>	<u>483</u>

(a) Annual leave liabilities:

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) Long service leave liabilities:

Unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as **non-current** liabilities because the Board has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Board does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(c) Employment on-costs:

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 2.3 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Board's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2019 (\$000)	2018 (\$000)
<u>Employment on-costs provision</u>		
Carrying amount at start of period	2	2
Additional/(reversals of) provisions recognised	-	-
Carrying amount at end of period	<u>2</u>	<u>2</u>

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Board's long service leave provision. These include:

- Expected future salary rates;
- Discount rates;
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Grants and subsidies

	2019 (\$000)	2018 (\$000)
<u>Recurrent</u>		
Programs	1,571	1,468
Training	<u>15,641</u>	<u>16,825</u>
Total grants and subsidies	<u>17,212</u>	<u>18,293</u>

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and subsidies are recognised as an expense in the reporting period in which they are incurred.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

2.3 Other expenditure

	2019	2018
	(\$000)	(\$000)
Supplies and services		
Communications	68	74
Consultants	192	72
Consumables	35	67
Professional Services	109	70
Travel	18	15
Bank Fees	55	22
Equipment Purchases	47	12
Subscriptions	58	34
Computer Maintenance	33	31
Other	5	3
Total supplies and services expense	620	400
Accommodation expenses		
Lease rentals	-	131
Rates and taxes	42	45
Repairs and maintenance	69	14
Cleaning	49	38
Other	38	38
Total accommodation expenses	198	266
Other expenditures		
Board costs	175	169
Levy collection fee	96	139
Other	37	36
Total other expenses	308	344
Total other expenditure	1,126	1,010

Supplies and services

Accounting/audit fees, insurance and annual subscriptions are expensed over the course of the financial year. All other supplies and services are recognised as an expense in the reporting period in which they are incurred.

Accommodation expenses

Rates and taxes are expensed over the course of the financial year. All other accommodation related costs are recognised as an expense in the reporting period in which they are incurred.

Other expenditures

Cost associated with the Board and its activities and fees paid to local government authorities for the collection of levy are recognised as an expense in the reporting period in which they are incurred.

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) employee benefits and are not included in employment on-costs.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

3. Our funding sources

How we obtain our funding

This section provides additional information about how the Board obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Board and the relevant notes are:

	Notes	2019 (\$000)	2018 (\$000)
Income from State Government	3.1	-	-
Levy fees	3.2	27,194	25,197
Interest revenue	3.3	410	354
Other	3.4	357	394

3.1 Income from State Government

The Building and Construction Industry Training Board is fully self-funded and as such, receives no funding through Government appropriation.

3.2 Levy fees

The Building and Construction Industry Training Fund (**BCITF**) Levy Collection Act 1990 applies to all residential, commercial and civil engineering projects undertaken in Western Australia where the total value of construction is estimated to be more than \$20,000. The rate of the levy is 0.2% of the total construction value of the project. Levy revenue is recognised on receipt from project owners and in respect of collection agents, when the levy is received by an agent. An estimate of funds held by agents at the end of the reporting period is recognised as income for the period.

3.3 Interest revenue

The Building and Construction Industry Training Board receives interest from funds deposited on the short term money market.

3.4 Other

The Building and Construction Industry Training Board receives a payment from the Department of Training and Workforce Development for the provision of strategic information and advice on Vocational Education Training Industry needs in its role as a Training Council.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

4. Key assets

Assets the Board utilises for economic benefit or service potential

This section includes information regarding the key assets the Board utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2019 (\$000)	2018 (\$000)
Property, plant and equipment	4.1	7,835	9,919

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

4.1 Property, plant and equipment (Cont)

	Land (\$000)	Buildings (\$000)	Exhibits (\$000)	Furniture & Equipment (\$000)	Computer Hardware & Software (\$000)	Total (\$000)
Year ended 30 June 2019						
1 July 2018						
Gross carrying amount	2,750	4,753	2,148	386	584	10,621
Accumulated depreciation	-	(119)	(250)	(67)	(267)	(703)
Accumulated impairment loss	-	-	-	-	-	-
Carrying amount at start of period	2,750	4,634	1,898	319	317	9,919
Additions	-	-	46	-	71	117
Transfers(a)	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	-	(1,515)	-	-	-	(1,515)
Impairment losses(b)	-	-	-	-	-	-
Depreciation	-	(119)	(438)	(76)	(53)	(686)
Carrying amount at 30 June 2019	2,750	3,000	1,506	243	335	7,835
Gross carrying amount	2,750	3,238	2,194	386	655	9,233
Accumulated depreciation	-	119	688	143	320	1,270
Accumulated impairment loss	-	-	-	-	-	-

(a) The Department of Planning, Lands and Heritage (DPLH) is the only agency with the power to sell Crown land. The land is transferred to DPLH for sale and the Board accounts for the transfer as a distribution to owner.

(b) Impairment losses are recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation in other comprehensive income.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land, and
- buildings

Land is carried at fair value.

Buildings are carried at cost for the first year, and at fair value less accumulated depreciation and accumulated impairment losses for subsequent years.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

For the record, land and buildings were revalued as at 1 July 2018 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2019. In undertaking the revaluation, fair value was determined by reference to market values for land: \$2,750,000 and buildings: \$3,000,000.

4.1.1 Depreciation and impairment

	2019	2018
	(\$000)	(\$000)
<u>Depreciation</u>		
Buildings	119	119
Exhibits	438	250
Furniture & equipment	76	61
Computer hardware & software	53	13
Total depreciation for the period	686	443

As at 30 June 2019 there were no indications of impairment to property, plant or equipment.

All surplus assets at 30 June 2019 have either been classified as assets held for sale or have been written off.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

Finite useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Building	20 to 40 years
Exhibits	5 years
Furniture and equipment	5 years
Computer hardware & software	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Land is considered to have an indefinite life, and not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Board is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Board's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2019 (\$000)	2018 (\$000)
Receivables	5.1	71	96
Other current assets	5.2	1,224	999
Payables	5.3	37	36
Other liabilities	5.4	750	583

5.1 Receivables

	2019 (\$000)	2018 (\$000)
Current		
Receivables	-	-
Interest receivables	22	47
GST receivables	49	49
Balance at end of period	71	96

The Board does not hold any collateral or other credit enhancements as security for receivables.

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

The allowance for uncollectible amounts is raised using a forward looking expected credit loss (ECL) approach. During the year there were no receivables that became uncollectable and the Board do not have a history of uncollectable amounts. Thus, ECL for the Board's receivables is deemed to be nil.

5.2 Other assets

	2019 (\$000)	2018 (\$000)
Current		
Accrued levy income	1,193	969
Prepayments	32	30
Balance at end of period	1,225	999

Accrued levy income represents funds held by collection agents but not yet remitted. The allowance for uncollectable amounts is raised using a forward looking expected credit loss (ECL) approach. The Board do not have a history of uncollectable accrued levies. Thus, ECL for the Board's accrued levies is deemed to be nil.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

5.3 Payables

	2019	2018
	(\$000)	(\$000)
Current		
Trade payables	37	36
Balance at end of period	37	36

Payables are recognised at the amounts payable when the Board becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

5.4 Other liabilities

	2019	2018
	(\$000)	(\$000)
Current		
Accrued training expenses	560	381
Accrued expenses	189	202
Balance at end of period	749	583

Accrued salaries of \$36,252 (2018 \$41,101) as included in accrued expenses represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Board considers the carrying amount of accrued salaries to be equivalent to its fair value.

6. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Board.

Cash and cash equivalents	Notes 6.1
Commitments	6.2
Non-cancellable operating lease commitments	6.2.1
Capital commitments	6.2.2

6.1 Cash and cash equivalents

	2019	2018
	(\$000)	(\$000)
Cash and cash equivalents	23,217	16,251

For the purpose of the statement of cash flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

6.2 Commitments

6.2.1 Non-cancellable operating lease commitments

	2019	2018
	(\$000)	(\$000)
Commitments for minimum lease payments are payable as follows:		
Within 1 year	16	23
Later than 1 year and not later than 5 years	9	28
Later than 5 years	-	-
	<u>25</u>	<u>51</u>

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased goods.

The Board has entered into non-cancellable operating leases for six motor vehicles with State Fleet. Board policy is to replace these vehicles on the expiry of the lease, the latest of which matures in November 2022.

6.2.2 Capital commitments

	2019	2018
	(\$000)	(\$000)
Capital expenditure commitments being contracted capital expenditure additional to amounts reported in the financial statements, are payable as follows:		
Within 1 year	-	151
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>151</u>

7. Financial instruments and Contingencies

	Note
Financial instruments	7.1
Contingent assets	7.2.1
Contingent liabilities	7.2.2

7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2019	2018
	(\$000)	(\$000)
Financial assets		
Cash and cash equivalents	23,217	16,251
Receivables	-	47
Other assets	-	969
Financial assets at amortised cost	1,126	-

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

Financial liabilities

Financial liabilities measured at amortised cost 787 619

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

7.2.1 Contingent assets

No contingent assets exist for the year ended 30 June 2019.

7.2.2 Contingent liabilities

During the 2018/19 year \$27.77 million dollars was collected as levies. Under the Act, these are payable before the commencement of construction and are refundable wholly or in part if the construction is not completed. The proportion representing incomplete work is not known and according to past experience the amount of refunds in proportion to the total amount collected is relatively insignificant and in the year ended 30 June 2019 amounted to \$0.580 m being 2.09% of the amount received. No other contingent liabilities have since come to our knowledge.

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Special purpose accounts	8.7
Remuneration of auditors	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

8.1 Events occurring after the end of the reporting period

There have been no significant events occurring since the reporting date.

8.2 Initial application of Australian Accounting Standards

AASB 9 Financial instruments

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Board applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and classification of amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Board has not restated the comparative information which continues to be reported under AASB 139.

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Board's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Board's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Board. The following are the changes in the classification of the Board's financial assets:

- Receivables and Other assets classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Board did not designate any financial assets as at fair value through P/L

b) Impairment

The adoption of AASB 9 has fundamentally changed the Board's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Board to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Upon adoption of AASB 9, the Board conducted an assessment of ECL for its Financial assets held at amortised and determined no allowance for ECL was required as at 1 July 2018.

8.3 Key management personnel

The Board has determined key management personnel to include cabinet ministers, Board members and senior officers of the Board. The Board does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Board for the reporting period are presented within the following bands:

Compensation Band (\$)	2019	2018
220,001 – 230,000	-	1
210,001 – 220,000	1	-
210,001 – 200,000	-	1
190,001 – 200,000	-	1
180,001 – 190,000	1	-
140,001 – 150,000	1	-
40,001 – 50,000	1	1
10,001 – 20,000	5	6
1 – 20,000	2	-
	2019	2018
	(\$000)	(\$000)
Total compensation of senior officers	708	778

Total compensation includes the superannuation expense incurred by the Board in respect of senior officers.

8.4 Related party transactions

The Board is a wholly owned public sector entity that is controlled by of the State of Western Australia.

Related parties of the Board include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- the Government Employees Superannuation Board (GESB); and
- associates and joint ventures of a wholly owned public sector entity.

Material transactions with other related parties

Outside of normal citizen type transactions with the Board, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies

There are no bodies associated with the BCITB which would constitute that of a related body according to the disclosure requirements of the Financial Management Act.

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8.6 Affiliated bodies

There are no bodies associated with the BCITB which would constitute that of an affiliated body according to the disclosure requirements of the Financial Management Act.

8.7 Special purpose accounts

World skills account

The purpose of the account is to hold funds in order to provide assistance for West Australians to compete in the World Skills Competition.

	2019 (\$000)	2018 (\$000)
Balance at start of period	42	-
Receipts	-	42
Payments	8	-
Balance at end of period	36	42

8.8 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2019 (\$000)	2018 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	35	34

8.9 Supplementary financial information

During the year, there were no write-offs of public property approved by the Minister, losses of public moneys or property through theft or default or gifts of public property provided by the Board.

8.10 Explanatory statement

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018 are shown below. Narratives are provided for key major variances, which are generally greater than:

- 5% and \$0.466 million for the Statement of Comprehensive Income and Cash Flows, and
- 5% and \$0.545 million for the Statement of Financial Position

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
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8.10.1 Statement of Comprehensive Income Variances

	Variance Note \$000	Estimate 2019 \$000	Actual 2019 \$000	Actual 2018 \$000	Variance between estimate and actual \$000	Variance between actual results for 2019 and 2018 \$000
Employee benefits expenses					51	39
Supplies and services		724	620	400	104	220
Depreciation expenses	1	-	686	443	(686)	243
Land Revaluation	A	-	-	923	-	(923)
Building Revaluation	2,B	-	1,515	-	(1,515)	1,515
Accommodation expenses		321	198	266	123	(68)
Grants and subsidies - programs recurrent	3	2,600	1,571	1,468	1,029	103
Grants and subsidies - training expenditure recurrent	4,C	21,780	15,641	16,825	6,139	(1,184)
Other expenses		593	308	343	285	(35)
Total cost of services		28,569	23,039	23,129	5,530	(90)

Revenue						
Levy receipts	D	27,000	27,194	25,197	(194)	1,997
Interest revenue		380	410	354	(30)	56
Other revenue		352	357	394	(5)	(37)
Total Income		27,732	27,961	25,945	(229)	2,016

SURPLUS/DEFICIT FOR THE PERIOD

		(837)	4,922	2,816	(5,759)	2,106
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TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

		(837)	4,922	2,816	(5,759)	2,106
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Variance between estimate and actual

- 1) Depreciation expenses were not documented as part of expenditure in the Operational Plan, but are in line with expectations.
- 2) Land & Buildings are independently valued annually by the Western Australian Land Information Authority. This is the first year the Fund's buildings have been subject to revaluation and no provision was made in the Operational Plan.
- 3) Grants and subsidies programs expenditure was \$1.029 million less than the Operational Plan estimate due to significant underspending on Vocational Education & Training (VET) and School2Skills. \$1.0 million was allocated to VET but expenditure only reached \$0.472 million, similarly, \$0.600m million was allocated to School2Skills with expenditure only reaching \$0.316 million.

8.10.1 Statement of Comprehensive Income Variances

Variance between estimate and actual (cont)

4) Grants and subsidies - recurrent training expenditure was \$6.139 million or 28.1% less than the Operational Plan forecast due to the continued decrease in the number of apprentice commencements throughout the year and additional incentives having minimal impact. Commencements were down across the board, with the Direct Indenture Program payments \$5.3 million and Group Training Schemes \$0.503 million less than forecast.

Variance between actual results for 2019 and 2018

A) Land & Buildings are independently valued annually by the Western Australian Land Information Authority. The valuation supplied for the 2018/19 financial year did not vary to that supplied for the 2017/18 financial year.

B) Land & Buildings are independently valued annually by the Western Australian Land Information Authority. This is the first year the Fund's buildings have been subject to revaluation.

C) Grants and subsidies - recurrent training expenditure for 2018/19 was \$1.184 million or 7.0% less than the expenditure in 2017/18 due to the continued decrease in the number of apprentice commencements throughout the year. Direct Indenture Program payments fell by \$1.210 million and Group Training Schemes by \$0.294 million. These falls were slightly offset by an increase of \$0.129 million in Occupational Health & Safety expenditure.

D) Levy revenue for 2018-19 was \$1.997 million or 7.9% greater than the revenue in 2017/18 due to the commencements of several major capital works projects. The most significant single payments being \$3.361 million for a lithium plant and \$0.997 million for a waste energy plant. In comparison, the largest single payment received in 2017/18 was \$0.570 million for a wind farm.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

8.10.2 Statement of Financial Position Variances

	Variance Note	Estimate 2019 \$000	Actual 2019 \$000	Actual 2018 \$000	Variance between estimate and actual \$000	Variance between actual results for 2019 and 2018 \$000
ASSETS						
Current Assets						
Cash and cash equivalents	1	-	23,217	16,251	-	6,966
Receivables		-	71	96	-	(25)
Other current assets		-	1,225	999	-	226
Total Current Assets		-	24,513	17,346	-	7,167
Non-Current Assets						
Property, plant and equipment	2	-	7,835	9,919	-	(2,084)
Total Non-Current Assets		-	7,835	9,919	-	(2,084)
TOTAL ASSETS		-	32,348	27,265	-	5,083
Liabilities						
Current Liabilities						
Payables		-	37	36	-	1
Employee related provisions		-	285	286	-	(1)
Other current liabilities		-	749	583	-	166
Total Current Liabilities		-	1,071	905	-	166
Non-Current Liabilities						
Employee related provisions		-	192	197	-	(5)
Total Non-Current Liabilities		-	192	197	-	(5)
Total Liabilities		-	1,263	1,102	-	161
Net Assets		-	31,085	26,163	-	4,922
Equity						
Accumulated surplus		-	31,085	26,163	-	4,922
TOTAL EQUITY		-	31,085	26,163	-	4,922

8.10.2 Statement of Financial Position Variances

Variance between estimate and actual

The Construction Training Fund does not have an approved estimates for the Statement of Financial Position for FY 2019.

Variance between actual results for 2019 and 2018

- 1) Cash and cash equivalents has increased by \$6.966 million as a result of the surplus for the financial year.
- 2) Property, plant and equipment has decreased by \$2.048 million due to a revaluation of buildings by Landgate and depreciation.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2019

8.10.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2019 \$000	Actual 2019 \$000	Actual 2018 \$000	Variance between estimate and actual \$000	Variance between actual results for 2019 and 2018 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		-	-	-	-	-
Capital appropriation		-	-	-	-	-
Total Current Assets		-	-	-	-	-
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		-	(2,526)	(2,404)	-	(122)
Supplies and services		-	(820)	(604)	-	(216)
Accommodation		-	(195)	(214)	-	19
Grants and subsidies - programs recurrent		-	(1,581)	(1,399)	-	(182)
Grants and subsidies - training expenditure recurrent	1	-	(15,456)	(16,911)	-	1,455
GST payments on purchases		-	76	(220)	-	296
Receipts						
Levies from project owners	2	-	26,873	25,448	-	1,425
Interest received		-	434	345	-	89
Other receipts		-	357	394	-	(37)
GST receipts from taxation authority		-	(79)	291	-	(370)
Net cash provided by/used in operating activities		-	7,083	4,726	-	2,357
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	3	-	(117)	(2,720)	-	2,603
Net cash provided by/used in investing activities		-	(117)	(2,720)	-	2,603
Net increase/(decrease) in cash and cash equivalents		-	6,966	2,006	-	4,960
Cash and cash equivalents at the beginning of the period		-	16,251	14,245	-	2,006
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		-	23,217	16,251	-	6,966

8.10.3 Statement of Cash Flow Variances

Variance between estimate and actual

The Construction Training Fund does not have an approved estimates for the Statement of Cash Flows for FY 2019.

Variance between actual results for 2019 and 2018

- 1) Grants and subsidies training expenditure has decreased by \$1.455 million as a result of the continued decrease in the number of apprentice commencements throughout the year. This decline in commencements severely impacted on the Direct Indenture Programs and Group Training Schemes.
- 2) Levies from project owners increased by \$1.425 million due to the commencement of several major capital works projects. The most significant single payments being \$3.361 million for a lithium plant and \$0.997 million for a waste energy plant. In comparison, the largest single payment received in 2017/18 was \$0.570 million for a wind farm.
- 3) Purchase of non-current assets decreased in 2018/19 by \$2.063 million as the figure for 2017/18 included significant expenditure on establishing the initial displays in the Construction Futures Centre.