



Building and Construction Industry Training Board

Annual Report 2019-20

STATEMENT OF COMPLIANCE

For year ended 30 June 2020

HON SUE ELLERY MLC

MINISTER FOR EDUCATION AND TRAINING

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit 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 2020.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

The financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.



Reg Howard-Smith
Chairman
BCIT Board

25 August 2020

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OVERVIEW

EXECUTIVE SUMMARY

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.

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).

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

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

The Board has a full-time equivalent (FTE) team of 22.4 officers to deliver CTF and Training Council services.

Values

The 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

During 2019-20, the Construction Training Fund collected \$39.18 million in revenue from the BCITF Levy, inclusive of \$13.38 million from construction work in the resources sector.

Total expenditure for the year was \$33.98 million, resulting in an operating surplus of \$5.21 million.

As at June 2020, the Board maintained an accumulated surplus of \$36.29 million.

The sustained downturn in the commencement of new construction work in residential and commercial sectors was also reflected in a decline in the number of new apprenticeship commencements across the industry.

Despite this, the building and construction industry continues to employ 36% of the State's apprentices and trainees, with 5,842¹ (including electrical) in training as at April 2020.

The building and construction industry's status as an essential service during COVID-19 somewhat mitigated the disruption caused by the pandemic, with 122,830² people employed in the industry as of May 2020.

CTF conducted a survey of employers of apprentices in March 2020 and found that there were significant concerns from industry of its capacity to retain the current numbers of apprentices in employment.

Responding to this concern, the Board proposed to Government a CTF funded COVID support package, consisting of a one-off \$2,000 payment to employers for each apprentice that commenced in training on or before 23 April 2020 and a further six, monthly instalment payments commencing in June 2020. To support apprentices that may have been furloughed or out-of-trade as a result of the pandemic, the Board also provided for subsidies of \$1,000 to assist apprentices to access short-course training, commencing from 1 July 2020.

The complete COVID-19 support package, valued at \$30.60 million, was endorsed by Government and announced by the Premier and Minister for Education and Training on 23 April 2020.

The Board's Apprentice Articulation and support program continued to provide high quality support for young people, their parents and educators to make informed choices about career pathways into the building and construction industry through the Board's Building and Construction Scholarship program for WACE students; the Try-a-Trade scheme; attendance at public expos and the Construction Futures Centre interactive facility in Belmont.

Highlights

Program	Number	Expenditure
Payments made to support apprentices in employment (not including COVID support program)	3,889	14.50 m
COVID support (\$2,000 payments)	3,560	7.12 m
COVID support (monthly instalments)	2,497	1.45 m
Skills training subsidies	5,681	2.22 m
OH&S training subsidies	10,446	1.84 m
Apprentice articulation and support	2,410	1.97 m

¹ Department of Training & Workforce Development WAAMS data, May 2020.

² ABS, May 2020 (annualised)

Operational Structure

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

The Board commenced planning for the 2020-23 Strategic Plan in February 2020, taking into consideration recommendations from the 2019 Statutory Review and feedback from stakeholder workshops.

The key priorities and actions incorporated in the Strategic Plan provide strong foundations for the Board to address specific workforce requirements emerging from the pandemic, whilst complementing the State Government's Recovery Plan and supplementing findings from the 2020 Training Review.

The Board produces an annual 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 CTF's legislative objectives and with priorities set by the Board, following consultation with industry stakeholders.

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.

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

Enabling Legislation

The Board operates under the *Building and Construction Industry Training Levy Act 1990* and the *Building and Construction Industry Training Fund and Levy Collection Act 1990*.

Responsible Minister

The Minister for Education and Training, the Hon. Sue Ellery MLC is the Minister responsible for the Board.

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, drawn from key stakeholder bodies prescribed in the Act. Two of the Board members, including the Chair, are considered to be independent. All Board members are appointed by the Minister for Education and Training.

Board membership 2019-20

Mr Ian Hill, Chairman (until January 2020)

Mr Hill served as Chairman of the Board from 2003 until his resignation in January 2020. Mr Hill held several senior roles in more than 30 years in the State Public Sector, including 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 Reg Howard-Smith, current Chairman

Mr Howard-Smith was appointed as Chairman of the Board in March 2020. He is currently Chair of the WA Waste Authority and served as Chief Executive Officer of the Chamber of Minerals and Energy between 2007 and 2018.

Mr Leslie Wellington

Mr Wellington was appointed to the Board in June 2010 retired in April 2020. Mr Wellington was employed as Chief Executive Officer of the Construction Skills Training Centre in Welshpool and prior to this, Mr Wellington was a union official with the Construction, Forestry, Mining and Energy Union of WA.

Mr David von Kelaita

Mr von Kelaita was appointed to the Board in October 2017 and is employed by the Electrical Trades Union. Mr von Kelaita has occupied his position as an Organiser and Trainer since 2014.

Ms Cheng Rolfe

Ms Rolfe was appointed to the Board in June 2016 and has been employed by DM Civil as Human Resources Manager since 2004.

Mr Michael McLean

Mr McLean was appointed to the Board in July 2018. Mr McLean was previously the Executive Director of the Master Builders Association of WA, a position he held for 22 years.

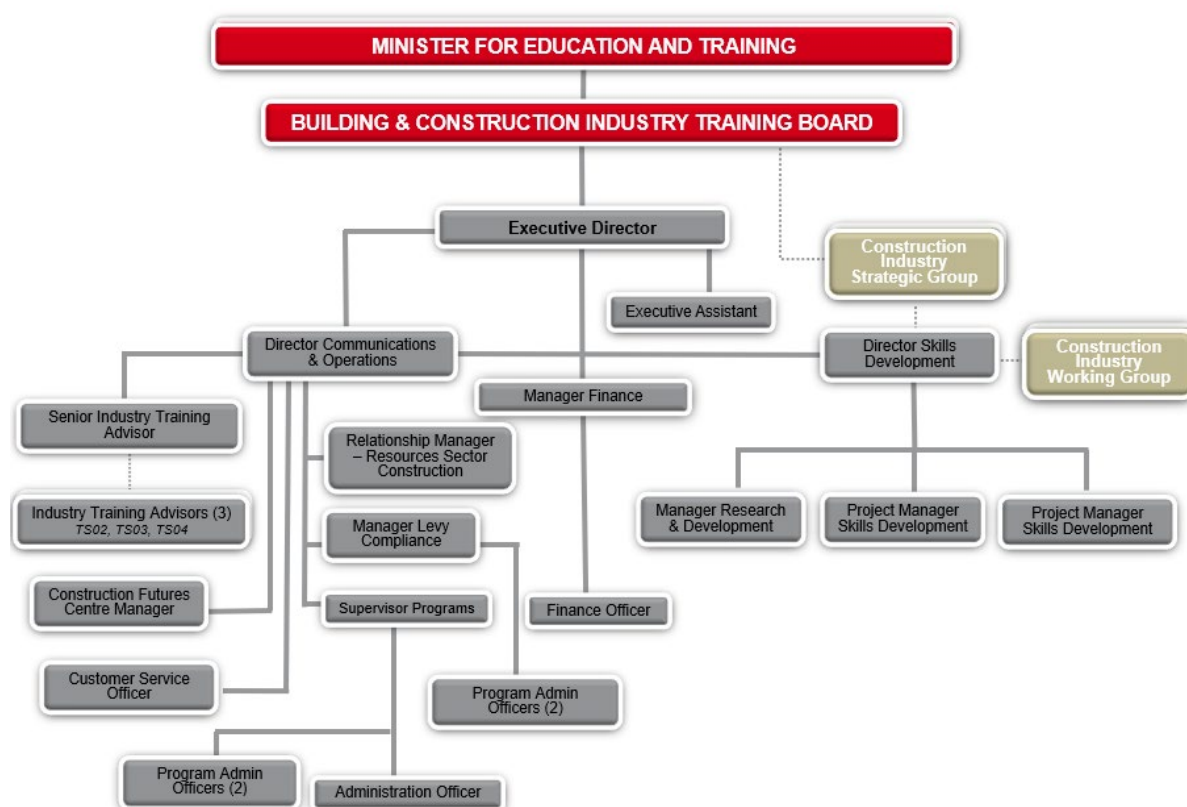
Mr Dean O'Rourke

Mr O'Rourke was appointed to the Board in July 2018. He is currently Executive General Manager – Building Operations WA for the ABN Group. Mr O'Rourke held several positions in the company since his commencement in 1989 and was also President of HIA (WA) for four years.

Ms Sandra McInnes

Ms McInnes was appointed to the Board in December 2018 and is currently employed by Woodside Energy Ltd as Vice President, Corporate Affairs. Ms McInnes commenced employment with Woodside in 2001 and has held various positions in the company.

Organisational structure



SENIOR OFFICERS

Mr Alan Jackson – Executive Director (until April 2020)

Mr Jackson commenced with the Construction Training Fund in February 2016 and resigned from his position, effective 30 June 2020.

Mr Eamon Moore – A/Executive Director (from May 2020)

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 private and education sectors in Western Australia and the UK.

Mr Alan Davis – Director Skills Development (until October 2019)

Mr Davis commenced employment with the Construction Training Fund in 2009 and resigned from his position in October 2019. Mr Davis had more than 30 years' experience in the delivery and management of VET programs during his career.

Mr Robert Berryman – Director Skills Development (from October 2019)

Mr Berryman commenced employment with the Construction Training Fund in October 2019. He previously spent 21 years working within the VET sector at various TAFE institutions and the past ten years as Executive Director at both North Metropolitan TAFE and South Metropolitan TAFE.

Administered legislation

The Board administers the *Building and Construction Industry Training Fund and Levy Collection Act 1990* through the Construction Training Fund (CTF).

Other key legislation impacting on the Board's activities

In the performance of its function, the Construction Training Fund complies with the following relevant written laws:

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

Performance management framework

The Board operates within the State Government's framework to create jobs to facilitate Western Australia's long term economic development.

The Board also operates to maintain a financially sustainable model to support the building and construction industry to meet its requirements for a skilled workforce.

Changes to outcome-based management framework

The Board's outcome based management framework did not change during 2019-20.

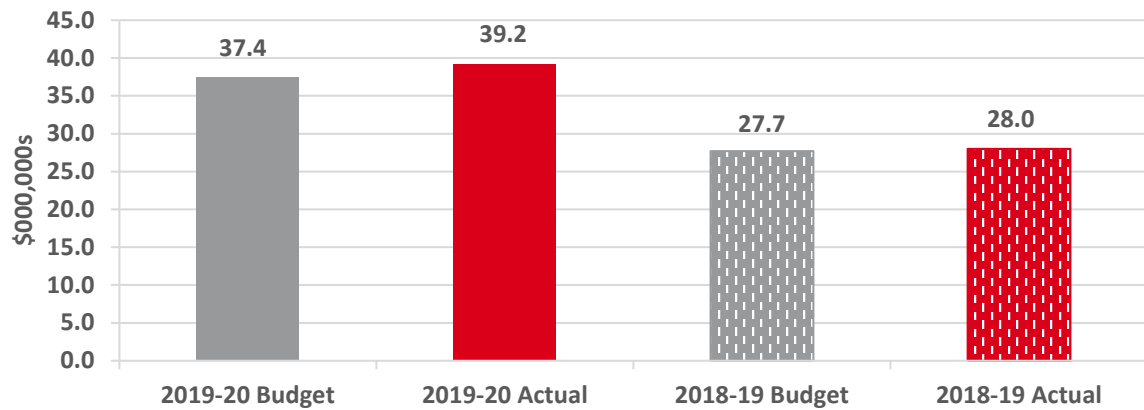
Shared responsibilities with other agencies

Although working closely with other Government agencies including the Department of Training and Workforce Development and the State Training Board, the Board does not share responsibilities with other agencies.

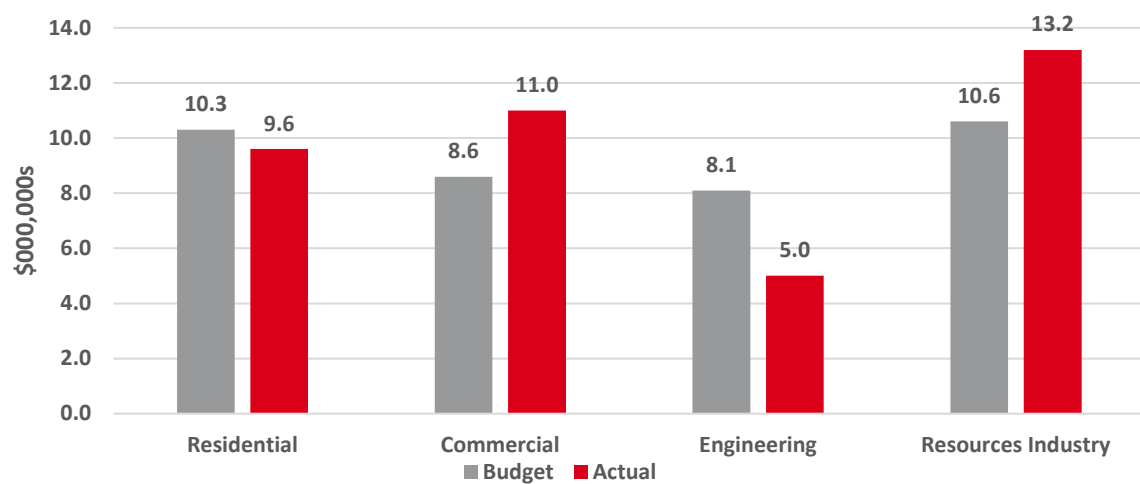
AGENCY PERFORMANCE

Report on Operations

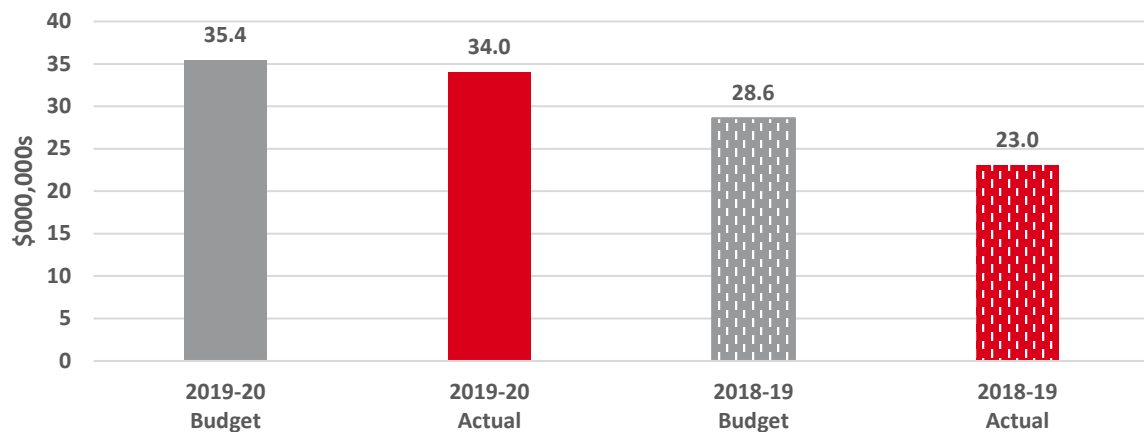
Total revenue 2019-20 (2018-19)



Industry sector revenue 2019-20

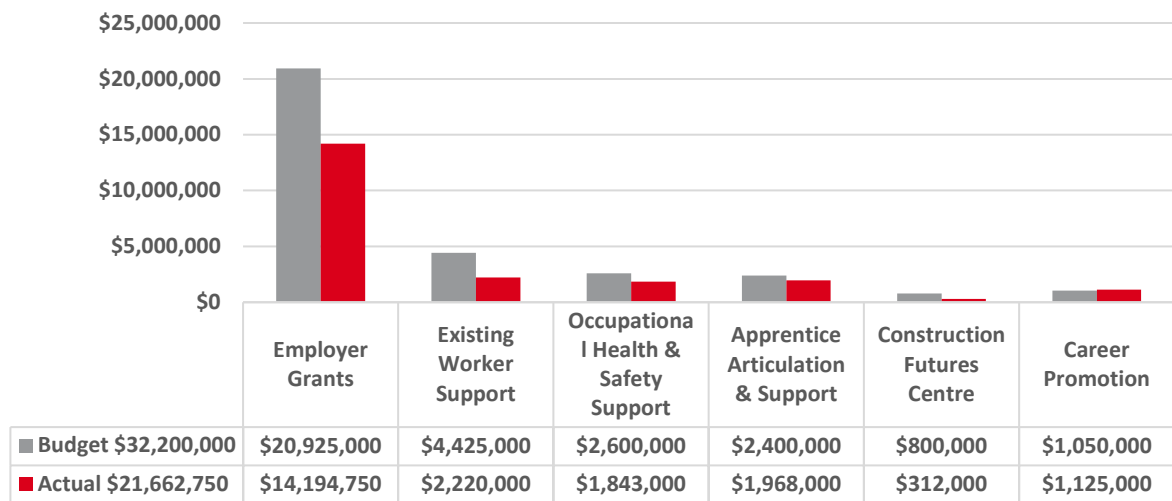


Total expenditure results 2019-20 (2018-19)

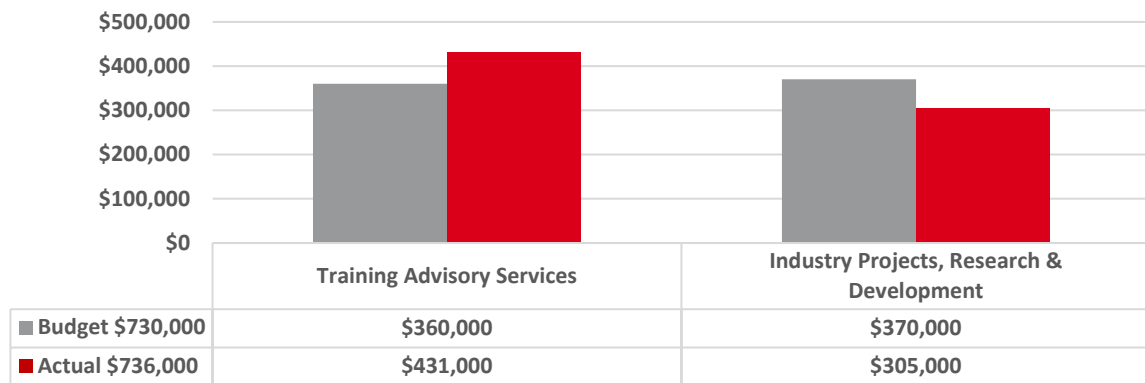


2019-20 Expenditure (against Operational Plan budget)

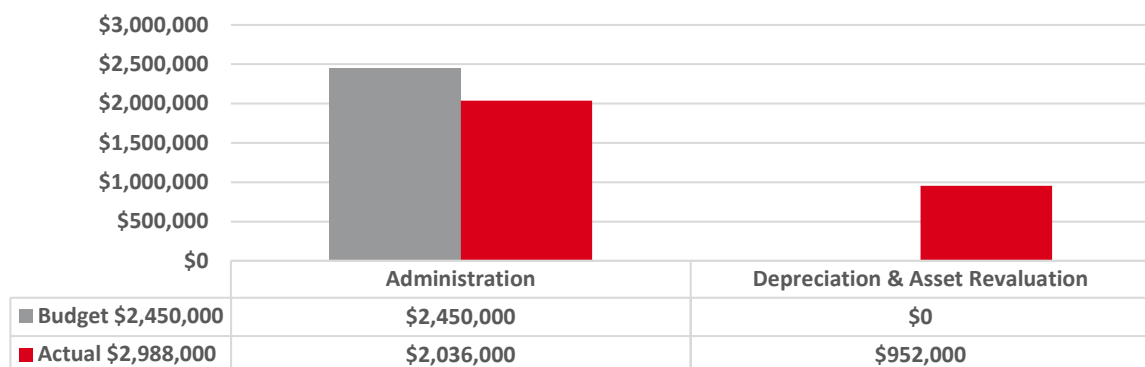
Programs supporting industry³



Training Council



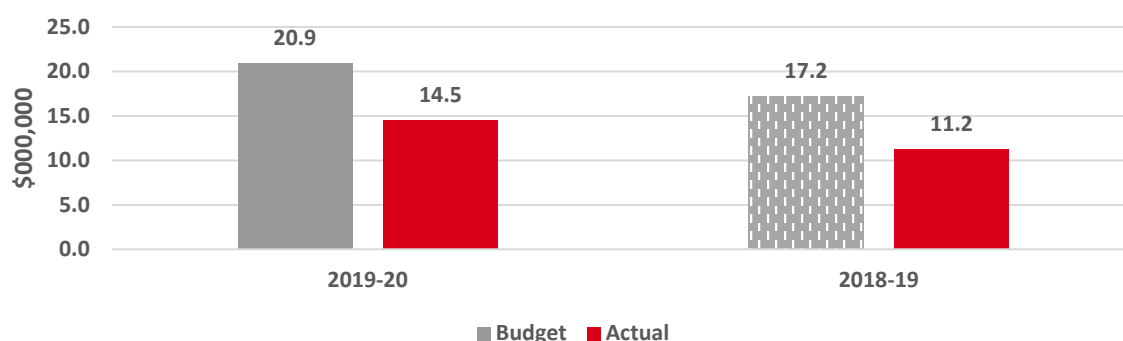
Administration



³ Employer grant figures reported against budget does not include COVID expenditure, which was not configured for the 2019-20 Operational Plan

Employer grants - apprenticeship / traineeship program

Support for employers



The CTF provided \$14.49 million to eligible employers of building and construction apprentices and trainees during the year, through direct indenture and group training arrangements. This is lower than forecast, a reflection of the sustained downturn in construction activity and corresponding fall in new apprenticeship commencements. Strategies to incentivise apprenticeship commencements during this period, with an additional up-front payment of \$4,000 had limited effectiveness.

To boost the number of construction-trade apprentices engaged by contractors in construction of facilities in the resources sector, CTF worked closely with contractors in the sector during the year to investigate alternative models for engaging and supporting apprentices with plans to trial appropriate models during 2020-21.

CTF's COVID-19 support program assisted the industry to maintain more than 5,000 apprentices and trainees in employment during 2019-20, with 3,560 \$2,000 one-off payments made, totalling \$7.12 million. On 1 June 2020, the COVID-19 monthly instalment program commenced and a further \$1.45 million was made to employers to help maintain apprentices in employment.

Outcomes

Employer grants (apprenticeship support)	Expenditure
Direct indenture	\$10,673,000
Group training	\$2,240,000
Sub Total	12,913,000
Additional supplements	
Bonus trade and other subsidies	\$1,370,000
Employment of female apprentice/trainee supplement	\$16,000
Pre-apprenticeship supplement	\$135,000
Indigenous supplement	\$18,000
Mature-age supplement	\$39,000
Sub-total	\$1,578,000
Total employer grants	\$14,491,000

COVID-19 support

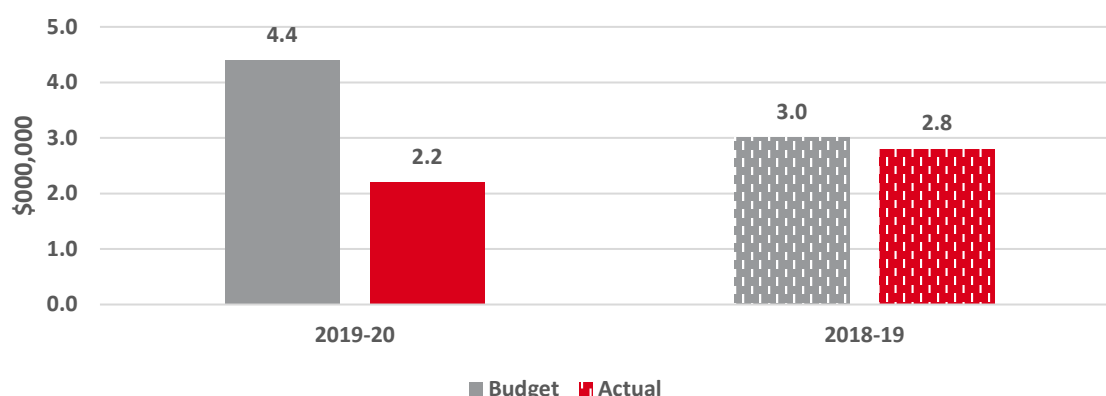
Support	Expenditure
\$2,000, one-off payment	\$7,124,000
Monthly instalment payments	\$1,149,250
Apprentice subsidy	\$17,000
Totals	\$8,590,250

Support for existing workers - supplementary skills and occupational health and safety training

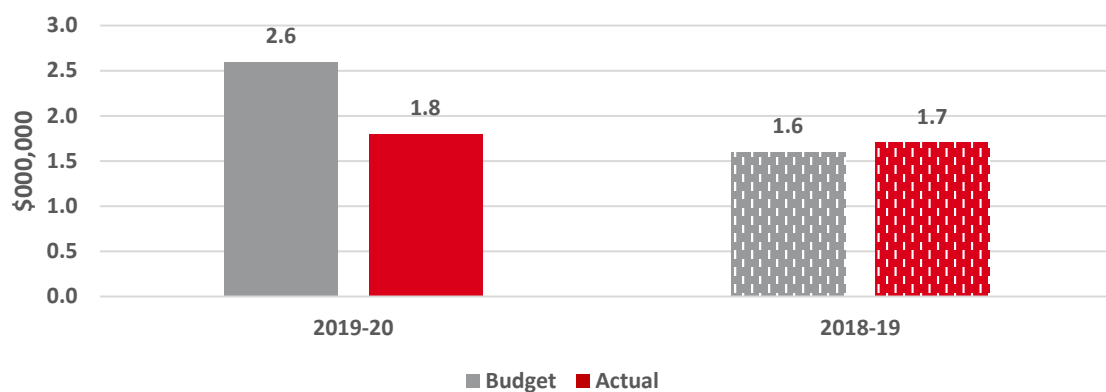
There was an increase in the number of workers supported by the Board across the Supplementary Skills and Occupational Health and Safety programs in 2019-20, compared with 2018-19.

The construction workforce in the WA resources sector became eligible to receive CTF training subsidies from 1 July 2019, with 1,832 subsidies paid to the workforce in this sector during the year. Research suggests that contractors require workers to have currency of skills, especially in high-risk areas, prior to engaging them for work in regional or remote areas where there is limited access to training opportunities. It is highly likely that these workers accessed CTF support for skills training prior to their engagement in construction work for the resources sector.

Supplementary skills, actual expenditure vs budget



Occupational health & safety, actual expenditure vs budget



Outcomes

Existing worker support	Number	Expenditure
Supplementary skills	5,341	\$2,032,000
Occupational and trade licences	290	\$135,000
Higher qualifications	42	50,000
Recognition of prior learning	8	4,000
Total	5,681	2,221,000
Occupational health and safety	10,446	1,843,000

Apprentice articulation and support programs

CTF expended \$1.97 million on the Apprentice Articulation and Support program in 2019-20 which represents 5.79% of total expenditure.

Outcomes

- Funded 1,877 Year 9 and 10 students to complete Try-a-Trade courses.
- Funded delivery of training for 187 WACE students in Certificate II Construction qualifications (Scholarship Program)
- 80 students graduated from the inaugural cohort of the CTF Scholarship Program for WACE students
- Provided \$250 payments to 294 people completing post-school, full time construction pre-apprenticeship qualifications.
- Delivered 278 presentations to WA school students.
- Attended 63 public careers expos.
- Conducted 963 visits to employers of new apprentices and trainees.
- Recorded 252,969 visits to the ctf.wa.gov.au website

Construction Futures Centre

The Construction Futures Centre (CFC) has continued to attract support from industry and the education community over the 2019/2020 year. The CFC was set to have numbers above those at the same time last year, however COVID-19 impacted not only the operation of the CFC but also the visitor numbers, with school excursions proceeding only where appropriate physical distancing could be maintained. A total of 1,839 people, including students from forty schools and workers in the construction industry visited the venue to explore the breadth and depth of careers available for both men and women in this industry.

1,839 people visited the Construction Futures Centre, including groups from:

- 40 schools
- 6 industry associations
- 3 education professional groups

Construction 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 Department of Training and Workforce Development (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:

- Sector COVID-19 surveys actioned by the CTC on behalf of the STB.
- Consultation and advice on key changes to qualifications in training packages at both a State and National level.
- Establishment and variation of apprenticeships and traineeships for Elite Sports Athletes, Civil Construction, Trenchless Technology and Plant Operations.
- Amendments to Plumbing and Fire Service qualifications
- Addressing key licensing requirements to improve regulation in the plumbing industry.

Contributed to the State Training Plan for 2020–2023 in collaboration with the STB. The plan highlights the labour market conditions, industry development issues aligned to civil construction and the resource sector and 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. The Training Council has also hosted and chaired technical advisory group meetings under the auspice of the IRC.

Release five of the CPC Training Package suite of qualifications is due for final approval at the Australian Industry Reference Committee meeting in August 2020.

Research and development program

The Construction Training Council also undertakes research on issues or trends that may impact on the building and construction industry.

The following research projects were managed during the year.

Pre-employment vocational training in the building and construction industry

In 2019 the CTF research team and the Department of Training and Workforce Development's (DTWD) statistics branch collaborated to conduct a comprehensive quantitative research project. The project's outcome established the transition rates of students funded by DTWD who had undertaken a Certificate II Building and Construction Pathway – Trades, Plumbing, Civil Construction or Para-Professional course and then articulated into an apprenticeship or traineeship in building and construction.

In mid-2020, the project was extended to acquire revised data for 2014 to 2017 and new data for 2018.

The revised research report has been presented to the BCIT Board and will be published on the CTF website.

Asbestos Awareness

The evaluation of stakeholders' responses to the CTC's survey on developing a new core unit, Asbestos Awareness, for the 52443WA Certificate II Building and Construction (Pathway – Trades) and 52700WA Certificate II in Plumbing accredited courses for pre-apprentices and VET students, demonstrated overwhelming support.

The research team is working with industry stakeholders and content experts to design the unit. Representatives from Reflections, (a not for profit organisation, helping to reduce the impact of asbestos), are providing funding for a virtual reality asbestos awareness training module that will complement the teaching and learning resources being designed.

Post COVID-19 Skill Set Development

The research team is commencing a review of the Business skill set for apprentices in their third or fourth year. The intention is to include an additional incentive payment for the employer to release the apprentice in their final year to undertake the course.

COVID-19 Surveys

Research was undertaken on behalf of the State Training Board (STB) in relation to COVID-19. The survey on industry training needs, with a focus on the pandemic recovery, was relayed to industry stakeholders through, face to face, virtual and telephone meetings. A collaborative response to the survey from stakeholders was forwarded to the STB.

The CTC are also conducting a second CTF COVID-19 survey to measure industry's feedback on the suite of relief packages available, pipeline of work and their intention to keep or employ new apprentices.

CTC research also contributes to

- The Board's bi-annual Construction Industry Snapshots.
- Collating data against CTF's annual key performance indicators
- Development of the annual Operational Plan.
- The State Training Board's State of the Industry Report.
- Intelligence on various construction occupations to the Department of Training and Workforce Development for the State Priority Occupation List.

Total CTF administration costs

During the course of the year, CTF undertook a number of consultancies that contributed to the overall total of \$2.04 million.

The most significant was the five yearly statutory review of the *Building and Construction Industry Training Fund and Levy Collection Act 1990*. Other consultancies included a survey of staff and key stakeholders, the establishment of an internal audit committee and improvements to CTF's information technology stack, particularly the customer-facing online portal.

SIGNIFICANT ISSUES IMPACTING CTF

The sustained downturn in construction activity was reflected in lower than expected revenue from the residential, commercial and non-resources engineering sectors during the year. This was mitigated by higher than expected revenue from construction of facilities in the resources industry.

The majority of revenue collected from the resources industry was generated by construction of four iron ore facilities, and these are expected to transition from construction to operation in 2021. Reduced construction activity during the year resulted in lower than expected expenditure in most CTF support programs and the Board finished the year with an operating surplus of \$5.2 million.

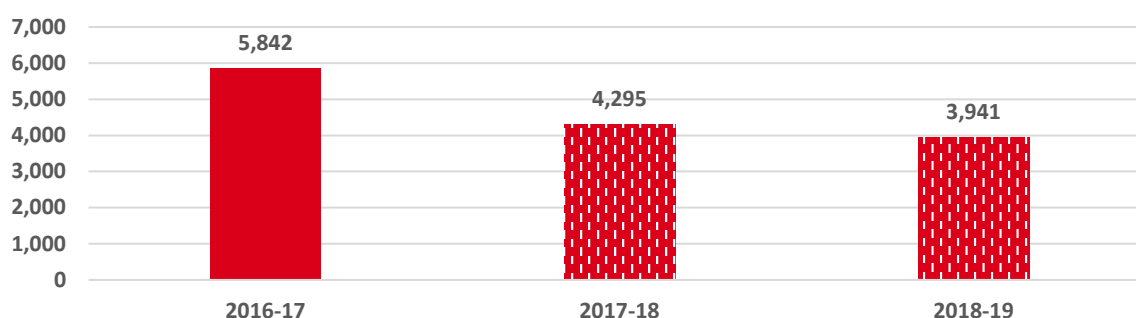
The volatility and disruption caused by the COVID-19 pandemic has meant that several high-value construction projects in the resources sector have been postponed and this will result in a reduction in BCITF Levy revenue from this sector during 2020-21.

The \$30.6 million COVID-19 support package endorsed by Government will require the Board to draw down an estimated \$11.0 million from reserve funds during 2020-21; however, the Board will remain in a strong, sustainable financial position.

Construction activity

The transition from construction phase to production in the resources sector had a flow on effect across all three sectors of the building and construction industry. As at June 2020⁴, the following seasonally adjusted figures show total building approvals (dwelling units) decreased by 6.8%, from 15,415 to 14,366. Building approvals for houses decreased by 8.42%, from 12,323 to 11,285 and overall dwelling commencements as at March 2020⁵ decreased from 15,454 to 14,671, down 5.07%. The commercial and civil construction sectors also remained subdued. This downturn in activity was reflected in both CTF's revenue and expenditure patterns.

Apprentices in training



As at May 2020, the building and construction industry employed 36.0%⁶ of all Western Australia's apprentices in-training and this industry employs 9.13%⁷ (annualised) of the overall Western Australian workforce. CTF continues to support the industry through its financial subsidies which helps to mitigate skills shortages.

During the twelve months to March 2020 there was no change in electrical apprenticeship commencements and an increase of 0.63% in building and construction apprenticeships. From March 2019 to March 2020, there has been a combined increase (building and construction and electrical) of 0.31% in apprenticeship commencements (in line with a

⁴ Source ABS [8,731 building approvals June 2019](#)

⁵ ABS 8,752 commencements March 2019

⁶ WAAMS, May 2020

⁷ ABS, May 2020

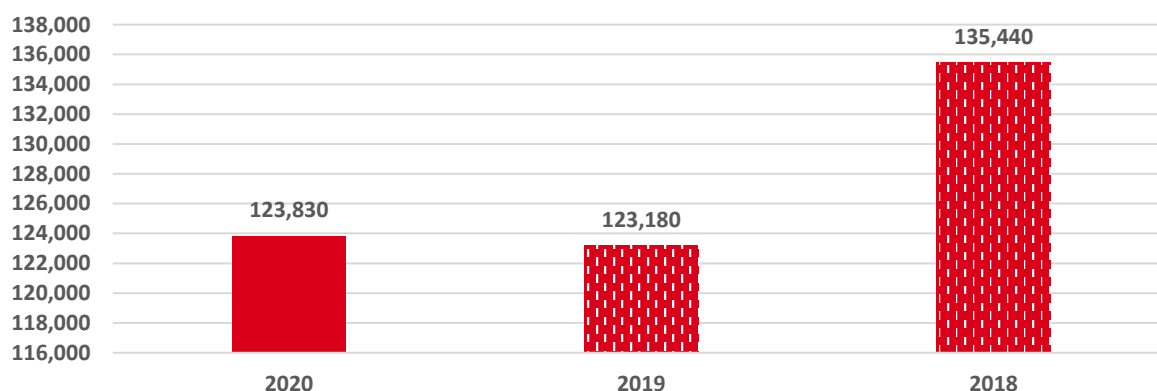
reduction in new construction activity, particularly in the residential sector). There are still currently 5,824⁸ apprentices in training (including electrical) which was a slight increase on 2019 and which supports the smaller percentage reductions in apprentice commencements compared to 2019.⁹

Workforce

Number employed – construction industry Western Australia

The following graph shows annualised employment¹⁰ in the construction industry over the last three years, as at May 2020. The industry employs 9.13% of the Western Australian workforce.

However, in the last twelve months to May 2020, the industry experienced an overall decrease in full and part-time workers of 1,600 (1.3%).



Current and emerging issues and trends

Workforce preparation and skills development to address potential skills shortages is a critical issue emerging during 2020-21, with the competition for a skilled workforce expected to increase.

CTF will collaborate with Government agencies to assist with implementation of the Government's Recovery Plan, particularly in charting the commencement of works to ensure the efficient collection of the BCITF Levy and to assess the skills required of the workforce to deliver construction works for the Recovery.

The competition for a skilled workforce will see greater diversity in the industry, especially in the employment of new apprentices. Male and female mature-age workers and career changers will be seeking re-engagement in the workforce as a result of the pandemic and CTF is consulting with stakeholder working groups to assist with integrating this cohort into the construction industry.

New and emerging technologies in renewable energy, battery storage and waste management will require an assessment of current skills and qualifications for entry level and further training to assist the State to meet sustainability targets.

During the year, CTF will consult with industry stakeholders to manage recommendations from the 2019 Statutory Review for further legislative amendments. This will lead to changes in the existing definitions of construction, thresholds and potentially the implementation of a cap on the value of construction to which the BCITF Levy applies. CTF will need to plan for possible changes to revenue streams and the scope of the construction workforce when these amendments are implemented.

⁸ WAAMS, May 2020

⁹ Source WAAMS

¹⁰ ABS

Economic and social trends

The low number of apprenticeship commencements continued to be of concern during the year. The challenge to position VET as lucrative and rewarding, and equal to tertiary education is continuing to influence the number of young people considering apprenticeship pathways into careers within the building and construction industry. There potentially is a strong supply of mature-age people seeking apprenticeships; however, the higher wage rates faced by employers remains a barrier to this cohort's entry into the industry. CTF consulted with industry during the year to find solutions to these issues and anticipates launching collaborative pilot programs during 2020-21 to support engagement of mature-age workers.

State and Commonwealth stimulus initiatives to support the construction industry through the COVID-19 pandemic will assist the industry to recover and improve outcomes for the workforce. During the year, CTF worked closely with industry and the Department of Training and Workforce Development to assess the critical skills and occupations that will be in demand during the recovery.

Changes in written law

Legislative review

The five-yearly Statutory Review of the *Building and Construction Industry Training Fund and Levy Collection Act* was completed in late 2019 and resulted in 22 recommendations. The Minister endorsed the recommendations and divided them into the following four separate tranches of work.

- Three recommendations for immediate legislative review.
- Nine recommendations relating to administrative functions of the CTF for referral to the Board for implementation.
- Six recommendations for further legislative amendment.
- Four recommendations for deferral to the 2024 Review.

The work to implement recommendations requiring immediate legislative amendment was completed in March 2020 and the changes to the Act received assent in May. These amendments provide for

- Expansion of the number of stakeholder groups to be consulted by the Minister for appointments to the Board to include:
 - > The Chamber of Minerals and Energy of Western Australia.
 - > The Association of Mining and Exploration Companies.
 - > The Australian Petroleum Production and Exploration.
- Expansion of the Board from seven to nine members, to include at least:
 - > One member with experience or expertise in the construction of facilities associated with the mining industry.
 - > One member with experience or expertise in the construction of facilities associated with the petroleum industry.
- A limit of ten consecutive years of service for Board members, including the Chair.
- Payment of the BCITF Levy in instalments by a project owner when the estimated value of construction work is \$500 million or more.

Likely developments and forecast results of operations

CTF's Operational Plan for 2020-21 includes a revenue forecast of \$26.50 million; however, this may increase due to the scope of construction works scheduled as part of the State Recovery Plan.

These projects, together with a forecast increase in residential construction due to State and Commonwealth stimulus grants, will likely result in an increase in apprenticeship commencements. CTF's forecast expenditure of \$15.05 million for its continuing employer support program (not including COVID-19 support) is also likely to increase as a result.

Work will continue during 2020-21 on recommendations from the 2019 Statutory Review. This will include consultation with the industry, specifically around the current definitions of construction, thresholds and the potential for a value cap to which the BCITF Levy applies.

Income	Budget 2020-21 \$000
Levy income net of refunds	26,200
Other income	0
Interest income	300
Total income	26,500

STATUTORY AND OBLIGATORY REPORTING

Publications

The following publications are produced by the Board:

- Annual Report
- Formal research reports
- Career information brochures
- Training subsidy pamphlets
- Program and career information
- Bi-annual Construction Industry Snapshot
- CTF Newsletter

These documents are all published on the CTF website.

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

No ministerial directives were issued during 2019-20.

Staff development

The Board encourages its employees to maintain and improve their skills and to that end, appropriate funds are available for officers to access training courses and memberships of professional bodies.

Major promotional, public relations or marketing activities

The CTF received approval from the Government Communications Unit within the Department of Premier and Cabinet to deliver a marketing campaign during 2019-20 to promote CTF's services to industry and to promote the industry as a first choice career option to young people.

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:

Agency	Expenditure	Agency	Expenditure
HIA	\$3,060	Branch Media	\$4,185
Theme Solutions	\$3,840	Marketforce	\$67,855
Civil Contractors Federation	\$3,614	Ark Media	\$9,000
WA Business News	\$1,489	Exhibit Exhibitions & Publishing	\$1,760
M2 Tech	\$600	Business Promotion	\$3,714
Polling Organisations		Nil	
Direct Mail Organisations		Nil	
Media Advertising Organisations			
Initiative Media		\$377,753	
Total expenditure 2019-20		\$476,870	

Pricing policies on services

CTF does not charge any fees for services it renders

Insurance premiums paid to indemnify members of the Board

A directors and officers liability insurance policy were taken out to indemnify members of the Board against any liability incurred in undertaking their responsibilities. The amount of the insurance premium in 2019-20 was \$6,772.

Freedom of information

CTF has published and maintained 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.

Occupational health, safety and injury management

CTF is committed to providing a healthy and safe work environment for all staff and visitors. CTF's 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 health and safety practices. Mechanisms for consultation with employees on occupational health and safety 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.
- 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 CTF's 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.

COVID-19 arrangements

CTF's operational workforce was disrupted by the COVID-19 pandemic and work-from-home arrangements were implemented to minimise risk to employees.

All employees working from home completed a risk assessment of their work environment at home prior to implementation. Upon the Government's announcement of Phase 4 recovery plan, CTF implemented and published a return-to-work plan, which accommodates appropriate social distancing and hygiene strategies to minimise risk for employees and visitors. There were no compensation claims processed during the year.

CTF's occupational safety and health statistics for 2019-20 are shown below:

Occupational Health and Safety Statistics	2019-20 Target	2019-20 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%	0*

*Due to COVID-19 restrictions, scheduled training was deferred.

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.

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 by the State Records Commission in March 2019 and has approval for continuation until December 2023.

Evaluation and review of efficiency and effectiveness of systems

CTF's transition to cloud-based software and storage has resulted in efficiency gains. During 2019-20, CTF engaged in further development of public facing systems to improve accessibility and useability for stakeholders.

Offsite storage and disposal

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

Electronic records management

All transactional records (BCITF Levy payments (revenue), grants and subsidies) are maintained stored electronically. CTF is in the process of implementing State Records compliant software which will achieve full electronic management of records.

Induction and training

New staff members are provided with CTF's Human Resources Manual as part of their induction. This provides information for staff relating to Public Sector human resource standards and CTF policies including Recruitment, Code of Conduct and performance appraisal and occupational health and safety. The manual is regularly 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 effective use of recycled products and to minimise power usage.

Compliance with public sector standards and ethical codes

The Board complies with the provisions of the Public Sector Management Act and has no compliance issues or breaches to report.

Unauthorised Use of Credit Cards

Officers employed by the Board hold corporate credit cards where their functions warrant use of this facility. Each cardholder is appraised of their obligations under the CTF Credit Card Policy. No personal use of corporate credit cards was recorded in 2019-20.

Corporate governance framework

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

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 lodged with Risk Cover through its Risk Wizard web-based system.

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.

Construction Training Fund staff profile

	Full Time Permanent	Full Time Contract	Part Time Permanent	TOTAL FTE
2018-19	14	3	3 @ 0.6 FTE	18.8
2019-20	19	2	1 @ 0.6 FTE 1 @ 0.8 FTE	22.4
As at 30 June 2020				

DISCLOSURES AND LEGAL COMPLIANCE

Certification of financial statements



Our Ref: 5512-04

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

Chairman
Building and Construction Industry Training Board
PO Box 303
CLOVERDLE WA 6985

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

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

Dear Sir

**BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2020**

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.

Management control issues

While the result of the audit was (generally) satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control that were identified during the course of the audit. These matters have been discussed with your management who have indicated that action will be taken to address them, and their comments have been included on the attachment for your information.

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.

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 have 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 entities provided their financial statements to the Office has been recorded for purposes of reporting to Parliament. I advise that the date recorded for the receipt of your financial statements was 27 July 2020.

This letter has been provided for the purpose 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, your management and staff 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

KIEN NEOH
DIRECTOR
FINANCIAL AUDIT
4 September 2020

Attach

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Repairs and maintenance items not capitalised		✓	
2. Office 365 data logging unavailable		✓	

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 2020
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Repairs and maintenance items not capitalised

Finding

During our testing of the repairs and maintenance expense account, we noted a number of expense items that should have been capitalised as assets. The expense items related to new and upgraded exhibits for the Construction Futures Centre.

Rating: Moderate

Implication

There is a risk of overstatement of expenses and understatement Exhibit Assets.

Recommendation

It is recommended that the repairs and maintenance expense account be reviewed periodically to ensure that items are correctly capitalised under AASB 116 *Property, Plant and Equipment* where applicable.

Management Comment

In July 2019 a paper was submitted to the Board at the request of the Chairman and Executive Director for the refurbishment of a number of exhibits within the Construction Futures Centre. The Board approved the proposal for the works to be funded from recurrent expenditure.

After examining the work conducted, the auditors (William Buck) deemed them to be new and upgraded exhibits rather than refurbishment/maintenance and therefore should be capitalised. The appropriate adjustments were subsequently made to reflect the correct accounting treatment in the 2019/20 financial statements.

Responsible Person: Mark Lukan
Completion Date: 30 June 2020

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Office 365 data logging unavailable

Finding

During our review of working from home IT security it was noted that Office 365 data logging to monitor user activity was not available. As a result, logs were not able to be reviewed.

Rating: Moderate

Implication

There is a risk that inappropriate IT actions will go undetected.

Recommendation

Management ensure that Office 365 activity logging functionality is turned on and these logs are reviewed regularly by appropriate persons for unusual or suspicious activities.

Management Comment

During the period staff were working from home, the Office 365 data logging audit history function was not activated. The CTF IT provider advises this function is available and can be activated at any time. Subsequently, the function has been activated and will be reviewed regularly.

Responsible Person: Mark Lukan
Completion Date: 31 August 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 2020, 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 2020 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 Responsibility 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 entity'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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

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 2020.

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 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 non-compliance 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 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and 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 agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

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 entity'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 2020 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 contact the entity to confirm the information contained in the 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
4 September 2020

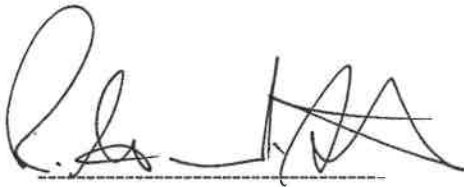
BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Performance Indicators

For the year ended 30 June 2020

CERTIFICATION OF PERFORMANCE INDICATORS

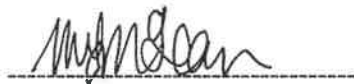
We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's **performance** and fairly represent the performance of the Building and Construction Industry Training Board for the financial year ended 30 June 2020.



Reg Howard- Smith
Chairman
For the BCIT Board

2.9.2020.

Date



Michael McLean
Board Member
For the BCIT Board

02.09.2020

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.”

Apprentices and trainees in training
(includes electricians) as at April 2020

6,350	6,668	7,358
-------	-------	-------

Source: Department of Training and Workforce Development¹

Tradespeople in industry (includes electricians)

55,800	63,300	65,500
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Source: ABS²

Training Rate³

15.0%	11.4%	10.5%	11.2%
-------	-------	-------	-------

Source: Derived

The training rate has risen to 11.4% from 10.5% in the previous year. There has been a decrease of 318 in apprentices and trainees in the year to April 2020 coupled with a decrease of 7,500 tradespeople in the year to May 2020.³ The decrease in tradespeople is mainly due to the economic downturn including the effect of COVID-19 in the months from February 2020 to April 2020 and which has resulted in the decline of residential and non-residential buildings being constructed.

The training rate of 11.4% 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 the impact of the pandemic. CTF has implemented a COVID-19 relief package for the construction workforce to maintain their apprentices during the pandemic. The total value is 30.4m.

¹ Due to data collection lag this is latest available Powerbi data as at April 2020

² Australian Bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly, 2020

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		2019-20	2018-19	2017-18
Workers in industry trained with CTF support (as at June 2020)	-	16,119	14,907	16,388
Source: CTF				
Number of workers		2019-20	2018-19	2017-18
Number of workers in the industry* (actual employed at end of May 2020)	-	127,850	106,540	103,284
Source: ABS ⁴				
Percentage	Target	2019-20	2018-19	2017-18
Training rate ⁵	20%	12.6%	14.0%	15.9%
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 12.6% falls short of the 20% target and is below the 2018-19 training rate of 14.0%.

*As at May 2020 there were 127,850 workers employed in the construction industry including part-time workers. (ABS) The number of workers in the industry now includes the engineering construction workforce within the mining sector and is estimated to be approximately 12,000 of the construction workforce.⁶ These workers have been able to access subsidies from the Construction Training Fund from July 2019 and are now included as workers in the industry.

The actual training rate and variance against budget may be attributed, in part, to construction workers returning to traditional sectors of the construction industry and who may have already undertaken supplementary skills training. 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 including COVID-19 complications.

⁴ Australian Bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly May 2020

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

⁶ <https://www.cmewa.com/policy-and-publications/annual-reports-submissions-publications>

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	2019-2020	2018-19	2017-18	2016-17
6014	6014	5672	80%	94.3%	97.9%	97.5%	97.5%

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 a random surveying of students who had undertaken supplementary skills training courses at private registered training providers (RTPs) delivering courses subsidised by CTF, which totalled 5608, and by individual claims. Individual Building Workers surveyed total 438. The total survey responses were 6046 with a percentage satisfaction rating of 94.3%.

The survey was included on CTF claim forms which had to be completed and returned to CTF to obtain a reimbursement for the course completed. Results from the survey were entered into CTFs Dynamics database and the level of satisfaction was derived from these responses.⁷

There were 317 responses (5.2%) in the mid-range where the respondent was neither satisfied nor dissatisfied. A further 25 respondents (0.4%) indicated some degree of dissatisfaction.

To ensure that the satisfaction level was consistent across training providers, two random samples across nine private RTPs the first included 1,693 responses was considered.⁸ 99.8% satisfaction with a confidence interval of .03 and a level of confidence of 99%.⁹

A second random survey was also undertaken, using nine different RTPs with 3,915 responses and a 92.8% overall satisfaction to compare satisfaction levels; the result was a difference of 7% 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 below the highest recorded in the last five years but 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 94.3% amongst workers within the industry exceeds the target satisfaction rate of 80%.

⁷ Survey Results- data sources from CTF Dynamics System

⁸ The responses in this survey were received up to 30 June 2020

⁹ <http://www.survevsystem.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	2019-20	2018-19	2017-18	2016-17
1830	1830	1704	80%	93.1%	98%	96%	93%

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 Dynamic system. The satisfaction percentages were derived from these results.¹⁰

Compared to 2018-2019 the satisfaction levels decreased by 4.9%. 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 1830 responses there were 1704 satisfied responses and the percentage of overall satisfaction was 93.1% with a confidence interval of .32 at a level of confidence of 95%.¹¹

There were 126 responses (6.9%) in the mid-range where the respondent was neither satisfied nor dissatisfied. No respondents indicated any 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 93.1% amongst employers within the industry exceeds the target satisfaction rate of 80%.

¹⁰ Survey Results- data sources from CTF Dynamics

¹¹ <http://www.surveysystem.com/sscalc.htm> - 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.”

2019-20 Target	2019-20	2018-19	2017-18	2016-17
10.0%	9.10%	12.30%	11.03%	9.04%

Total administration costs as a percentage of total costs is 9.10% for the year ended 30 June 2020, which is a decrease on the 12.30% result for 2018-19, and under the target of 10% set by the Board when the KPI's were introduced.

The actual administration expenditure rose significantly from \$2.56 million in 2018-19 to \$3.00 million in 2019-20 mainly due to additional staff and increases in consultancy charges for the Statutory Review of the Fund, a staff and stakeholder satisfaction survey and on-going works related to the on-line portal. However, the overall percentage reduced as a result of an increase in the total training expenditure due to the introduction of COVID-19 stimulus payments. Training expenditure increased to \$26.84 million in 2019-20 from \$15.64 million in 2018-19.

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.”

2019-20 Target	2019-20	2018-19	2017-18	2016-17
\$69.00	\$86.66	\$85.10	\$73.66	\$47.91

Specific administration costs represented as a cost per apprentice or trainee subsidised increased in 2019-20 from \$85.10 to \$86.66.

Although the cost per apprentice or trainee remained relatively static, total administration costs increased from \$0.18 million in 2018-19 to \$0.249 million in 2019-20 due largely to the allocation of costs associated with the employment of an additional field officer. This was offset by a reduction in the allocation of depreciation and revaluation expenses.

The actual administration cost per apprentice or trainee subsidised of \$86.66 are well over the target of \$69.00. This again can be directly attributed to the expenditure resulting from the employment of an additional field officer.

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.”

2019-20 Target	2019-20	2018-19	2017-18	2016-17
\$28.00	\$32.46	\$36.34	\$25.28	\$21.55

Specific administration costs represented as a cost per person supported to undertake skills training or vocational education decreased in 2019-20 from \$36.34 to \$32.46.

The reduction in the cost per person supported was due to a decrease in the allocation of depreciation and revaluation expenses. Each year Landgate re-values the Construction Training Fund land and buildings. In 2018-19 Landgate valued the buildings at \$1.515 million less than the actual cost, and in 2019-20 the reduction was \$0.216 million.

The actual administration cost per person supported to undertake skills or vocational training of \$32.46 is well over the target of \$28.00. This can be directly attributed to the expenditure resulting from the employment of an additional field officer.

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

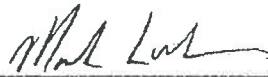
FINANCIAL STATEMENTS

For the year ended 30 June 2020

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 2020 and the financial position as at 30 June 2020.

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

2.7.2020

Date



Reg Howard-Smith
Chairman
For the BCIT Board

2.9.2020.

Date



Michael McLean
Board Member
For the BCIT Board

02.09.2020

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 2020

Financial report for the year ended 30 June 2020

The Board has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2020 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 2020

	Notes	2020 (\$'000)	2019 (\$'000)
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	2,860	2,500
Supplies and services	2.3	844	620
Depreciation and amortisation expense	4.1.1, 4.2	763	686
Accommodation expenses	2.3	225	198
Grants and subsidies - programs recurrent	2.2	1,890	1,571
Grants and subsidies - training expenditure recurrent	2.2	26,844	15,641
Other expenses	2.3	335	308
Asset revaluation decrement	4.1	216	1,515
Total cost of services		33,977	23,039
Income			
Revenue			
Levy receipts	3.2	38,798	27,194
Interest revenue	3.3	385	410
Other revenue	3.4	-	357
Total revenue		39,183	27,961
Total income other than income from State Government		39,183	27,961
NET COST OF SERVICES		5,206	4,922
Income from State Government			
Service appropriation	3.1	-	-
Services received free of charge	3.1	-	-
Total income from State Government		-	-
SURPLUS/(DEFICIT) FOR THE PERIOD		5,206	4,922
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,206	4,922

William Buck Audit (WA) Pty Ltd

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 2020

	Notes	2020 (\$'000)	2019 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	29,716	23,217
Receivables	5.1	42	71
Other current assets	5.2	921	1,225
Total Current Assets		<u>30,679</u>	<u>24,513</u>
Non-Current Assets			
Property, plant and equipment	4.1	7,411	7,835
Right-of-use assets	4.2	41	-
Total Non-Current Assets		<u>7,452</u>	<u>7,835</u>
TOTAL ASSETS		<u>38,131</u>	<u>32,348</u>
LIABILITIES			
Current Liabilities			
Payables	5.3	-	37
Employee related provisions	2.1(b)	320	285
Other current liabilities	5.4	1,313	749
Lease liabilities	6.3	13	-
Total Current Liabilities		<u>1,646</u>	<u>1,071</u>
Non-Current Liabilities			
Employee related provisions	2.1(b)	166	192
Lease liabilities	6.3	28	-
Total Non-Current Liabilities		<u>194</u>	<u>192</u>
TOTAL LIABILITIES		<u>1,840</u>	<u>1,263</u>
NET ASSETS		<u>36,291</u>	<u>31,085</u>
EQUITY			
Accumulated surplus		36,291	31,085
TOTAL EQUITY		<u>36,291</u>	<u>31,085</u>

William Buck Audit (WA) Pty Ltd

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 2020

	Notes	Contributed equity (\$'000)	Reserves (\$'000)	Accumulated surplus/(deficit) (\$'000)	Total Equity (\$'000)
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
Balance at 1 July 2019		-	-	31,085	31,085
Surplus/(deficit)		-	-	5,206	5,206
Other Comprehensive Income		-	-	-	-
Total comprehensive income for the period		-	-	5,206	5,206
Balance at 30 June 2020		-	-	36,291	36,291

William Buck Audit (WA) Pty Ltd

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 2020

	Notes	2020 (\$'000)	2019 (\$'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		(2,618)	(2,526)
Supplies and services		(1,108)	(820)
Accommodation		(226)	(195)
Grants and subsidies - programs recurrent		(1,872)	(1,581)
Grants and subsidies - training expenditure recurrent		(26,533)	(15,456)
GST payments on purchases		442	76
Receipts			
Levies from project owners		39,005	26,873
Interest received		399	434
Other receipts		-	357
GST receipts from taxation authority		(440)	(79)
Net cash provided by/(used in) operating activities		<u>7,049</u>	<u>7,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(529)	(117)
Net cash provided by/(used in) investing activities		<u>(529)</u>	<u>(117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal element of lease payments		(21)	-
Net cash provided by/(used in) financing activities		<u>(21)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		6,499	6,966
Cash and cash equivalent at the beginning of the period		23,217	16,251
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.1	<u>29,716</u>	<u>23,217</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 2020

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 1 September 2020.

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 2020

	Notes	2020 (\$000)	2019 (\$000)
Employee benefits expenses	2.1(a)	2,860	2,500
Employee related provisions	2.1(b)	486	477
Grants and subsidies	2.2	28,734	17,212
Other expenditure	2.3	1,404	1,126

2.1(a) Employee benefits expenses

	2020 (\$000)	2019 (\$000)
Wages and salaries	2,638	2,295
Superannuation – defined contribution plans ^(a)	222	205
Total employee benefits expenses	2,860	2,500
Add: AASB 16 Non-monetary benefits	20	-
Less: Employee Contributions	(5)	-
Net employee benefits	2,875	2,500

(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.

AASB 16 Non-monetary benefits

Non-monetary employee benefits, that are employee benefits expenses, predominately relate to the provision of a motor vehicle and measured at the cost incurred by the Board.

2.1(b) Employee related 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.

	2020 (\$000)	2019 (\$000)
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	195	158
Long service leave ^(b)	123	125
	<u>318</u>	<u>283</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2020

<u>Other provisions</u>		
Employee on costs ^(c)	2	2
Total current employee benefits provisions	320	285
Non-current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	166	192
<u>Other provisions</u>		
Employee on costs ^(c)	-	-
Total non-current employee benefits provisions	166	192
Total employee benefits provisions	486	477

(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 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.

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'.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2020**

	2020 (\$000)	2019 (\$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	2	2

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

	2020 (\$000)	2019 (\$000)
<u>Recurrent</u>		
Programs	1,890	1,571
Training	26,844	15,641
Total grants and subsidies	28,734	17,212

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 2020**

2.3 Other expenditure

	2020 (\$000)	2019 (\$000)
Supplies and services		
Communications	65	68
Consultants	359	192
Consumables	28	35
Professional Services	125	109
Travel	16	18
Bank Fees	99	55
Equipment Purchases	53	47
Subscriptions	58	58
Computer Maintenance	37	33
Other	4	5
Total supplies and services expense	844	620
Accommodation expenses		
Rates and taxes	42	42
Repairs and maintenance	90	69
Cleaning	47	49
Other	46	38
Total accommodation expenses	225	198
Other expenses		
Board costs	221	175
Levy collection fee	77	96
Other	37	37
Total other expenses	335	308
Total other expenditure	1,404	1,126

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 levies 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 2020

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	2020 (\$000)	2019 (\$000)
Income from State Government	3.1	-	-
Levy fees	3.2	38,798	27,194
Interest revenue	3.3	385	410
Other	3.4	-	357

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, civil engineering and resource 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.

Until 30 June 2019, 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.

From 1 July 2019, levy revenue continues to be recognised on receipt from project owners and in respect of collection agents, when the levy is received by an agent. Estimate of funds held by agents at the end of the reporting period continue to be recognised as income for the period. The Board has considered the implications of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for Profit Entities and determined the potential for overstating income is not material.

Historically full levy refunds are almost exclusively from the residential sector and mostly occur within one month of the levy payment. On average, the refunds amount to between 3% and 4% of the previous months residential levy payments, or in dollar terms \$30,000. Refunds in the Commercial, Engineering and Resources are more accurately variations, and occur when a reconciliation is completed at the conclusion of a project.

It is not possible to determine the portion of levy payments received that relate to projects that have not actually commenced.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2020

3.3 Interest revenue

The Building and Construction Industry Training Board receives interest from funds deposited on the short-term money market. Interest revenue is recognised as it accrues.

3.4 Other

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

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	2020 (\$000)	2019 (\$000)
Property, plant and equipment	4.1	7,411	7,835
Right of use assets	4.2	41	-

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2020

4. Key Assets

Assets the Board utilises for economic benefit or service potential (Cont)

4.1 Property, plant and equipment

Year ended 30 June 2020	Land (\$000)	Buildings (\$000)	Exhibits (\$000)	Furniture & Equipment (\$000)	Computer Hardware & Software (\$000)	Total (\$000)
1 July 2019						
Gross carrying amount	2,750	3,000	2,194	386	655	8,985
Accumulated depreciation	-	-	(689)	(143)	(320)	(1,152)
Accumulated impairment loss	-	-	-	-	-	-
Carrying amount at start of period	2,750	3,000	1,505	243	335	7,833
Additions	-	-	529	-	-	529
Transfers	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	(141)	(75)	-	-	-	(216)
Impairment losses	-	-	-	-	-	-
Depreciation	-	(75)	(457)	(76)	(127)	(735)
Carrying amount at 30 June 2020	2,609	2,850	1,577	167	208	7,411
Gross carrying amount	2,609	3,207	2,723	386	655	9,580
Accumulated depreciation	-	357	1,146	219	447	2,169
Accumulated impairment loss	-	-	-	-	-	-

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2020

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.

Land and buildings were revalued as at 1 July 2019 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2020. In undertaking the revaluation, fair value was determined by reference to market values for land: \$2,609,000 (2019 \$2,750,000) and buildings: \$2,850,000 (2019 \$3,000,000). For the remaining balance, fair value of was determined on the basis of current replacement cost and fair value of land which was determined on the basis of comparison with market evidence for land with low level utility (high restricted land use).

4.1.1 Depreciation and impairment

	2020 (\$000)	2019 (\$000)
<u>Depreciation</u>		
Buildings	75	119
Exhibits	457	438
Furniture & equipment	76	76
Computer hardware & software	127	53
Total depreciation for the period	735	686

As at 30 June 2020 there were no indications of impairment to property, plant or equipment.

All surplus assets at 30 June 2020 have either been classified as assets held for sale or have been written off.

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For the year ended 30 June 2020

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.

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Notes to the Financial Statements
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4.2 Right-of-use assets

	Notes	2020 (\$000)	2019 (\$000)
Right-of-use assets			
Vehicles		41	-
Net carrying amount		41	-

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

The Board has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Board at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020 (\$000)	2019 (\$000)
Vehicles	26	-
Total Right-of-use asset depreciation	26	-
Lease interest expense	1	-

The total cash outflow for leases in 2020 was \$22,000.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2020

The Board's leasing activities and how these are accounted for:

The Board has leases for vehicles.

Up to 30 June 2019, the Board classified leases as either finance leases or operating leases. From 1 July 2019, at 1 July 2019, the Board recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.2.

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	2020 (\$000)	2019 (\$000)
Receivables	5.1	43	71
Other current assets	5.2	921	1,225
Payables	5.3	-	37
Other liabilities	5.4	1,314	749

5.1 Receivables

	2020 (\$000)	2019 (\$000)
Current		
Receivables	-	-
Interest receivables	9	22
GST receivables	34	49
Balance at end of period	43	71

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 uncollectable 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

	2020 (\$000)	2019 (\$000)
Current		
Accrued levy income	901	1,193
Prepayments	20	32
Balance at end of period	921	1,225

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.

5.3 Payables

	2020 (\$000)	2019 (\$000)
Current		
Trade payables	-	37
Balance at end of period	-	37

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

	2020 (\$000)	2019 (\$000)
Current		
Accrued training expenses	745	560
Accrued expenses	568	189
Balance at end of period	1,313	749

Accrued salaries of \$258,452 (2019 \$36,252) 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.

	Notes
Cash and cash equivalents	6.1
Commitments	6.2
Capital commitments	6.2.1
Lease liabilities	6.3

6.1 Cash and cash equivalents

	2020 (\$000)	2019 (\$000)
Cash and cash equivalents	29,716	23,217

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.

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6.2 Commitments

6.2.1 Capital commitments

	2020 (\$000)	2019 (\$000)
Capital expenditure commitments being contracted capital expenditure additional to amounts reported in the financial statements are payable as follows:		
Within 1 year	214	-
Later than 1 year and not later than 5 years	-	-
	214	-

6.3 Lease liabilities

	2020 (\$000)	2019 (\$000)
Current	13	-
Non-current	28	-
	41	-

The Board measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Board uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Board as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the agency exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Board if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Board in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 4.2.

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

7. Financial instruments and Contingencies

Financial instruments	Note
Contingent assets	7.1
Contingent liabilities	7.2.1
	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:

	2020 (\$000)	2019 (\$000)
Financial assets		
Cash and cash equivalents	29,716	23,217
Receivables	-	-
Other assets	-	-
Financial assets at amortised cost	929	1,126
Financial liabilities		
Financial liabilities measured at amortised cost	1,313	787

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 2020.

7.2.2 Contingent liabilities

During the 2019/20 year \$39.29 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 2020 amounted to \$0.495 million being 1.26% 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

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue when or as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income from Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Board.

The Board adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Board recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the initial application (1 July 2019).

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
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Under this transition method, the Board elects to not apply standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.1, 3.2 and 3.3 for the revenue and income accounting policies adopted from 1 July 2019.

The Board has considered the implications of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for Profit Entities and determined the potential for overstating income is not material. Consequently no adjustment was made to the opening balance.

(b) AASB 16 Leases

AASB 16 *Leases* supersedes AASB 117 *Leases* and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Board applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Board takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) right of use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Board measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Board is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Board has not identified any impairments to its right-of-use assets.

On transition, the Board has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
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- (a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- (b) The Board has relied on its assessment of whether existing leases were onerous in applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. The Board has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;
- (c) Where the lease term at initial application ended within 12 months, the Board has accounted for these as short-term leases;
- (d) Initial direct costs have been excluded from the measurement of the right-of-use asset;
- (e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Board has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

Measurement of lease liabilities

	(\$000)
Operating Lease Commitments disclosed as at 30 June 2019	25
Add:	
Adjustment to prior year commitments to correct calculation error	5
Sub-total	<u>30</u>
Discounted using incremental borrowing rate at date of initial application	29
Lease liability recognised at 1 July 2019	<u>29</u>
Current lease liabilities	16
Non-current lease liabilities	13

¹ The notional annual interest rate, weighted by the lease liability for each lease used for the purpose of calculating the lease liability transition opening balance.

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.

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:

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
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Compensation Band (\$)	2020	2019
220,001 – 230,000	1	-
210,001 – 220,000	-	1
190,001 – 200,000	1	-
180,001 – 190,000	-	1
140,001 – 150,000	-	1
120,001 – 130,000	1	-
50,001 – 60,000	1	-
40,001 – 50,000	-	1
20,001 – 30,000	1	-
10,001 – 20,000	7	5
1 – 10,000	-	2
	2019	2019
	(\$000)	(\$000)
Total compensation of senior officers	771	708

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.

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.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2020

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.

	2020 (\$000)	2019 (\$000)
Balance at start of period	36	42
Receipts	-	-
Payments	-	(6)
Balance at end of period	36	36

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:

	2020 (\$000)	2019 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	35	35

As a result of COVID-19 the Auditor General has decided to maintain the 2019/20 financial year audit fee at the same level as the 2018/19 financial year.

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 annual estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are greater than 10% and \$1 million for the Statement of Comprehensive Income, Cash Flow and Statement of Financial Position.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2020

8.10.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
Employee benefits expenses						
Supplies and services		2,764	2,860	2,500	(96)	360
Depreciation expenses		868	844	620	24	224
Land Revaluation	1	-	763	686	(763)	77
Building Revaluation	2,A	-	141	-	(141)	141
Accommodation expenses	2,B	-	75	1,515	(75)	(1,440)
Grants and subsidies - programs recurrent		650	225	198	425	27
Grants and subsidies - training expenditure recurrent	3	3,095	1,890	1,571	1,205	319
Other expenses	C	27,600	26,844	15,641	756	11,203
		423	335	308	88	27
Total cost of services		35,400	33,977	23,039	1,423	10,938

Revenue

Levy receipts	4,D	36,980	38,798	27,194	(1,818)	11,604
Interest revenue		380	385	410	(5)	(25)
Other revenue	E	0	0	357	-	(357)
Total Income		37,360	39,183	27,961	(1,823)	11,222

SURPLUS/DEFICIT FOR THE PERIOD

		1,960	5,206	4,922	(3,246)	284
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,960	5,206	4,922	(3,246)	284

Variance between estimate and actual

- 1) Depreciation expenses are not documented in the Operational Plan, but are in line with expectations.
- 2) Land & Buildings are independently valued annually by the Western Australian Land Information Authority and not estimated in the Operational Plan.
- 3) Grants and subsidies programs expenditure was \$1.205 million less than the Operational Plan estimate due to significant underspending on Career Promotion and Research & Development. Career promotion spending on expo's, excellence awards, promotional materials and technologies was \$0.6 million less than the Operational Plan forecast. Funding of \$0.3 million allocated to Research and Development for consultancies was not used, with the work being completed in house.
- 4) Levy revenue exceeded budget expectations due to higher than anticipated revenue from the resources sector.

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Notes to the Financial Statements

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8.10.1 Statement of Comprehensive Income Variances

Variance between actual results for 2020 and 2019

- A) Land & Buildings are independently valued annually by the Western Australian Land Information Authority.
- B) Land & Buildings are independently valued annually by the Western Australian Land Information Authority.
- C) Grants and subsidies - recurrent training expenditure for 2019/20 was \$11.203 million or 71.6% more than the expenditure in 2018/19 as a result of expenditure on stimulus packages associated with the COVID-19 crisis. \$7.1 million was paid to employers of apprentices as a one off up front payment, and an additional \$1.2 million was made in maintenance payments. In addition, payments were made totalling \$0.250 million for a Board approved special project relating to suicide prevention.
- D) Levy revenue for 2019-20 was \$11.604 million or 42.7 % greater than the revenue in 2018/19 due to the removal of the exemption for the resources sector. The resources sector contributed \$13.4 million to the total.
- E) The Department for Training and Workforce Development ceased funding the Training Advisory Service.

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Notes to the Financial Statements

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8.10.2 Statement of Financial Position Variances

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2019 and 2018 \$000
ASSETS						
Current Assets						
Cash and cash equivalents		24,618	29,716	23,217	(5,098)	6,499
Receivables		48	42	71	6	(29)
Other current assets		1,246	921	1,225	325	(304)
Total Current Assets		25,912	30,679	24,513	(4,767)	6,166
Non-Current Assets						
Property, plant and equipment	1	9,455	7,411	7,835	2,044	(424)
Right-of-use assets		-	41	-	(41)	41
Total Non-Current Assets		9,455	7,452	7,835	2,003	(383)
TOTAL ASSETS		35,367	38,131	32,348	(2,764)	5,783
Liabilities						
Current Liabilities						
Payables		-	-	37	-	(37)
Employee related provisions		283	320	285	(37)	35
Other current liabilities	2	786	1,313	749	(527)	564
Lease liabilities		-	13	-	(13)	13
Total Current Liabilities		1,069	1,646	1,071	(577)	575
Non-Current Liabilities						
Employee related provisions		302	166	192	136	(26)
Lease liabilities		-	28	-	(28)	28
Total Non-Current Liabilities		302	194	192	108	2
Total Liabilities		1,371	1,840	1,263	(469)	577
Net Assets		33,996	36,291	31,085	(2,295)	5,206
Equity						
Accumulated surplus		33,996	36,291	31,085	(2,295)	5,206
TOTAL EQUITY		33,996	36,291	31,085	(2,295)	5,206

8.10.2 Statement of Financial Position Variances

Variance between estimate and actual

- 1) Property, plant and equipment has decreased by \$2.04 million due to revaluation of land and buildings by Landgate, and depreciation.
- 2) Other current liabilities has increased by \$0.527 million due to increased year end accruals for training expenses and salaries.

Variance between actual results for 2020 and 2019

No significant variances to report

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2020

8.10.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		-	-	-	-	-
Capital appropriation		-	-	-	-	-
Total Current Assets		-	-	-	-	-
CASH FLOWS FROM OPERATION ACTIVITIES						
Payments						
Employee benefits		(2,727)	(2,618)	(2,526)	(109)	(92)
Supplies and services		(1,236)	(1,108)	(820)	(128)	(288)
Accommodation		(750)	(226)	(195)	(524)	(31)
Grants and subsidies - programs recurrent		(1,850)	(1,872)	(1,581)	22	(291)
Grants and subsidies - training expenditure recurrent	1,A	(28,865)	(26,533)	(15,456)	(2,332)	(11,077)
GST payments on purchases		-	442	76	(442)	366
Receipts						
Levies from project owners	2,B	36,450	39,005	26,873	(2,555)	12,132
Interest received		380	399	434	(19)	(35)
Other receipts		-	-	357	-	(357)
GST receipts from taxation authority		-	(440)	(79)	440	(361)
Net cash provided by/used in operating activities		1,402	7,049	7,083	(5,647)	(34)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		-	(529)	(117)	529	(412)
Net cash provided by/used in investing activities		-	(529)	(117)	529	(412)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal element of lease payments		-	(21)	-	21	(21)
Net cash provided by/used in financing activities		-	(21)	-	21	(21)
Net increase/(decrease) in cash and cash equivalents		1,402	6,499	6,966	(5,097)	(467)
Cash and cash equivalents at the beginning of the period		23,217	23,217	16,251	-	6,966
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		24,619	29,716	23,217	(5,097)	6,499

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2020

8.10.3 Statement of Cash Flow Variances

Variance between estimate and actual

- 1) Grants and subsidies training expenditure is \$2.332 million less than the estimate as a result of a significant decline in Direct Indenture Programs and Group Training Schemes. This decline was offset by expenditure on COVID 19 stimulus packages.
- 2) Levies from project owners was \$2.556 million more than the forecast due to the approval of several major capital works projects.

Variance between actual results for 2020 and 2019

- A) Grants and subsidies training expenditure increased by \$11.077 million mainly as a result of a significant expenditure on COVID 19 stimulus packages. The CTF announced 3 stimulus packages, a one off up from payment to employers which contributed \$7.1 million, monthly maintenance payments to employers which contributed a further \$1.2 million and an apprentice training payment which has not yet commenced.
- B) Levies from project owners increased by \$12.133 million due to the removal of the exemption for the resources sector. The resources sector contributed \$13.4 million for the full year.