



Construction Training Fund

Annual Report

For the year ended 30 June 2022



The Construction Training Fund acknowledges the Traditional Custodians of the land throughout Western Australia and pay our respect to the Elders both past and present. We thank them for their ongoing custodianship of the lands and waters, and celebrate their rich culture of art, song, dance, language, and stories.

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Foreword from the Chair



The Building and Construction Industry Training Board implemented its 2021-25 Strategic Plan during 2021-22, which resulted in improvements in governance, stakeholder engagement, communications, and financial support for the construction industry workforce.

During the year, the Construction Training Fund hosted multiple stakeholder workshops and industry working groups to ensure that the exchange of information and industry intelligence remained current and focussed on key issues. The CTF also implemented a new and regular survey of employers and workers in receipt of CTF subsidies to establish and maintain a communications channel.

The demand for skilled workers was arguably the most critical issue for the construction industry in Western Australia during 2021-22. State and Commonwealth stimulus programs implemented to support the economy during the 2020-21 period of the COVID-19 pandemic created a significant pipeline of construction work across the State. At the same time, the State Government's maintenance of border controls restricted the ability for interstate and international skilled labour to enter the State and add to the available workforce.

To help address this issue, the CTF worked collaboratively with industry, government and unions during the year and implemented a range of programs to improve employment outcomes and support the industry's current and future needs for skilled workers.

The CTF implemented two wage-gap pilot programs during the year. The first is designed to assist employers to engage mature-age workers as apprentices; and to evaluate the potential for mature-age workers to accelerate through a qualification. The pilot focused on trades in shortage and in addition to increasing age diversity for entry into the industry, achieved positive results in the engagement of women and Aboriginal people into apprenticeships.

The second wage-gap pilot is designed to support a four-year Government pilot to transition nine existing civil construction traineeships into apprenticeships. The \$5.96 million wage-gap program provides eligible employers of the new civil apprentices with additional payments to address the increase in award wages resulting from the qualifications' transition.

The CTF also implemented a \$2.0 million program to support employers and apprentices engaged in the rebuild process in areas affected by declared disasters. This program provides employers with an additional \$2,000 for travelling to and working on reparations in areas affected by the 2021 Wooroloo bushfires or Cyclone Seroja. Apprentices working in these areas are also eligible to receive \$1,000, to help offset costs incurred by working in these areas. Employers already within the affected districts are eligible to receive an additional \$3,000, to encourage the retention and local development of skills for a sustained workforce. The program is in place for a two-year period and is subject to review.

In preparation for new Work Health and Safety legislation, CTF provided support for employers and workers to attend specially devised training programs delivered through Registered Training Organisations that will help the workforce understand the new laws introduced late in the final quarter of the year.

The Board continued its commitment to good corporate governance, and together with members of the Board's Audit Risk and Performance committee completed annual training relating to Accountable and Ethical Decision Making and maintaining responsibilities under the CTF's Code of Conduct and Conflict of Interest Policy. Board members completed Cultural Awareness and Diversity training during the year.

The Board also completed a strategic risk assessment and profile, complemented by a review of the CTF's operational risk assessment and register.

During the year, the Board's Audit Risk and Performance Committee implemented internal audits, focusing on levy compliance and cyber security. Results from the audits have informed the development of operational strategies which will commence implementation in 2022-23.

The Board has adopted a model to assist in the evaluation of the CTF's core programs, and this model will be applied progressively to existing programs, commencing in the 2022-23 financial year.

The Board's engagement with stakeholders is central to the progress of the CTF in the delivery of the Strategic Plan. I would like to acknowledge the productive working relationships the Board has with the Hon Sue Ellery MLC, Minister for Education and Training and the Minister's office; the Department of Training and Workforce Development; the State Training Board; members of the CTF's Construction Industry Steering Group (CISG); industry peak bodies; unions and the employers and contractors building

the projects across residential, commercial, civil and resources sectors that are underpinning the economic foundations of the State.

I would also like to acknowledge the enthusiasm of the CTF team in their implementation of the Strategic Plan and their commitment to high standards of service delivery for the building and construction industry.



Reg Howard-Smith

Chair

Building and Construction Industry Training Board





Statement of Compliance

For year ended 30 June 2022
Hon Sue Ellery MLC
Minister for Education and Training

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Building and Construction Industry Training Board for the reporting period ending 30 June 2022.

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 – Simplified Disclosures issued by the Australian Accounting Standards Board.



Reg Howard-Smith
Chair
30 September 2022



Cheng Rolfe
Board Member
30 September 2022





About the Construction Training Fund

The Building and Construction Industry Training Board operates as the Construction Training Fund (CTF). The Board is a statutory authority that assists Western Australia's building and construction industry to meet its demand for skilled workers. The Board is comprised of industry representatives and an independent chairperson, appointed by the Minister.

The CTF administers the *Building and Construction Industry Training Fund and Levy Collection Act, 1990* (the Act) and collects a training levy on building and construction work in the State. The revenue generated from the levy is returned to the industry's workforce through a range of grants and subsidies, which are designed to reduce costs associated with skills training required by a modern and progressive building and construction industry.

Enabling legislation

The Board was established in 1991, under the *Building and Construction Industry Training Fund and Levy Collection Act, 1990*.

Responsible Minister

The Hon. Sue Ellery, MLC, Minister for Education and Training.

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

The CTF delivers services through the following functions:

- Levy collection;
- Program disbursements and communications; and
- Skills development and Construction Futures.

Organisational structure

Mission

In collaboration with our stakeholders, we offer initiatives to develop and sustain an agile construction workforce; and to advocate construction as a career for all.

Vision

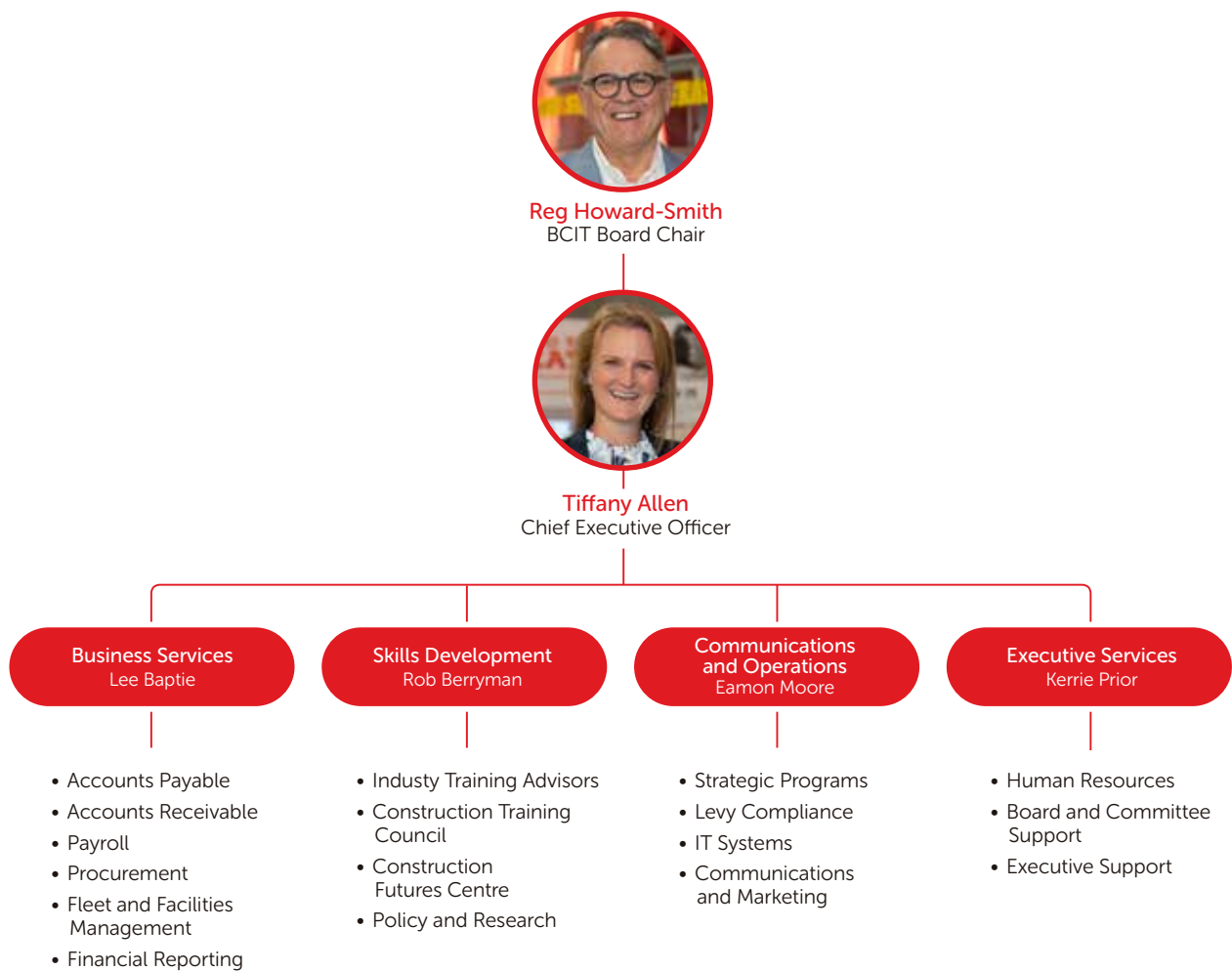
That the construction industry is a career of choice and is safe, skilled and sustainable.



... we offer initiatives to develop and sustain an agile construction workforce; and to advocate construction as a career for all."



Organisational chart



Senior officers

Tiffany Allen
Chief Executive Officer

Ms Allen joined the CTF in 2020 following extensive experience in the public sector, including executive roles in the Department of Communities and Department of Regional Development and Lands.

Eamon Moore
Director Communications & Operations

Mr Moore commenced with the CTF in 2004, following a range of senior roles in the private and education sectors.

Rob Berryman
Director Skills Development

Mr Berryman joined the CTF in 2019, bringing extensive experience the VET sector, including 10 years at executive level in the WA TAFE system.

Lee Baptie
Business Services Manager

Mr Baptie commenced with the CTF in 2021. Mr Baptie has had 14 years in senior finance roles in Department for Child Protection, Landgate and Department of Fire and Emergency Services.

Kerrie Prior
Executive and HR Officer

Ms Prior commenced with the CTF in 2020 and brings over 12 years of executive administration experience from within the public sector, including the Departments of Communities; Lands; and Regional Development.

Board members

Reg Howard-Smith
Chair

Mr Howard-Smith joined the Board as independent chair in March 2020. He is also Chair of the Waste Authority WA and a Board member of Auspire – Australia Day Council of Western Australia. Mr Howard-Smith was the Chief Executive of the Chamber of Minerals and Energy WA, for more than 10 years.

Mick Buchan
Member

Mr Buchan was appointed to the Board in July 2020. He is the State Secretary of the WA Division of the Construction, Forestry, Mining and Energy Union (CFMEU), a position he has held for eight years. Mr Buchan is also Vice-President of Unions WA and is on the boards of MyLeave and Reddifund.

Stan Liaros
Member

Mr Liaros was appointed to the Board in July 2020. He is the CEO

of The Apprentice and Traineeship Company, Chair of Aqwest (Bunbury Water Corporation) and Commissioner of the Forest Products Commission.

Steve McCartney
Member

Mr McCartney was appointed to the Board in June 2021. He is currently the WA State Secretary of the Australian Manufacturing Workers' Union where he has contributed for over 30 years.

Sandra McInnes
Member

Ms McInnes was appointed to the Board in December 2018. She is the Vice-President of Corporate Affairs at Woodside.

Dean O'Rourke
Member

Mr O'Rourke was appointed to the Board in July 2018. He is the Executive General Manager Residential WA for the ABN Group.

Kate Osborn
Member

Ms Osborn was appointed to the Board in July 2020. She is General Manager of WAIO Engineering at BHP and has more than 20 years' experience in the mining and construction industries and a strong background in project management.

Cheng Rolfe
Member

Ms Rolfe was appointed to the Board in June 2016. She is the People and Culture Manager of DM Civil.

Paula West
Member

Ms West was appointed to the Board in December 2020. She is the general manager of Inspired Homes and was the first woman elected as a board member of the Master Builders Association (MBA).

Administered legislation

The CTF administers the *Building and Construction Industry Training Fund and Levy Collection Act, 1990*, which is incorporated into the *Building and Construction Industry Training Levy Act, 1990*.

Other key legislation impacting on the CTF's activities

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

- *Auditor General Act 2006*;
- *Disability Services Act 1993*;
- *Equal Opportunity Act 1984*;
- *Financial Management Act 2006*;
- *Freedom of Information Act 1992*;
- *Industrial Relations Act 1979*;
- *Long Service Leave Act 1958*;
- *Minimum Conditions of Employment Act 1993*;
- *Work, Health and Safety Act 2020*;
- *Procurement Act 2020*;
- *Public Sector Management Act 1994*;
- *Salaries and Allowances Act 1975*; and
- *State Records Act 2000*.



Performance Management Framework

Outcome-based management framework

Government Goal	Outcomes
Future Jobs and Skills	Outcome 1 Programs support an increase in skilled workers in the industry <ul style="list-style-type: none">• Employer grants• Scholarship
Strong Communities	Outcome 2 Programs support an improvement in the quality of training <ul style="list-style-type: none">• Try-a-Trade• Construction Futures Centre• Training subsidies
Sustainable Finances	Outcome 3 The Board operates efficiently

Shared responsibilities with other agencies

The CTF did not share any responsibilities with other agencies in 2021-22.



Agency Performance

Executive Summary

Performance Highlights

- Implementation of new *Built to Skill* 2021-2025 Strategic Plan
- Increase in financial support to employers of apprentices and trainees by 21% in 2021-22
- Implementation of new program to support employers and apprentices engaged in the rebuilding of communities affected by declared disasters
- Implementation of new programs to support employers to engage mature-age apprentices
- Successful transition of nine existing traineeships to apprenticeships for the civil construction industry





From the CEO

The Construction Training Fund (CTF) team worked diligently to commence implementation of the organisation's 2021-25 Strategic Plan, which was developed in consultation with our stakeholders. The CTF's 2021-22 Operational Plan outlined the critical actions from the Strategic Plan for the year and a summary of outcomes is noted below.

The CTF team identified and set 48 key goals as part of the critical actions and the successful completion of 30 of these goals by the 30th June was a remarkable achievement.

Many of the completed goals relate to the CTF's commitment to improving governance, communications and stakeholder engagement. Actions connected to the remaining 18 goals were commenced during the year and remain in progress towards their completion during the 2022-23 financial year.

A difficult year, 2021-22 saw all sectors of the industry negotiate challenges presented by rising costs and materials shortages. The skills shortage intensified as unemployment rates continued to shrink. All industries in WA were recruiting and border restrictions reduced the pool of available interstate and international workers from which industry would otherwise draw for skills.

To alleviate workforce pressures, employers committed to apprenticeship training, adding 5,500 new apprentices and trainees to the construction workforce in the 12 months to April 2022. This is a great result, but there is still some way to go if the industry is to sustainably attract and retain people to manage its workforce requirements.

The competition for people is intense. To be a career of choice for all people, now and into the future, the building and construction industry has to rise above the appeal of other industries through ensuring that the environments in which people work are safe and healthy. Physical safety is of course paramount and the CTF disbursed 4,980 safety training subsidies to industry workers in 2021-22 through its established Occupational Health and Safety program.

Robust mental health is also critical and the CTF supported MATES in Construction (MIC) to deliver a life-saving Suicide Prevention and Awareness program to more than 6,000 workers during 2021-22 and

commenced further work with MIC to fund delivery of a suicide awareness program, tailored to suit workers in the residential construction sector.

The CTF is also committed to helping the industry become more culturally safe and inclusive of people from diverse backgrounds. The culturally and linguistically diverse; women, Aboriginal people; differently abled people; and people from the LGBTIQ+ community are already part of the building and construction workforce in WA, but their representation is limited and unfortunately, their right to feel safe is not always guaranteed.

The CTF's commitment to diversity and inclusion is embedded in our 2021-25 Strategic Plan, and our commitment to working with industry to improve diversity outcomes begins at home. During 2021-22, our team members participated in training courses for Aboriginal Cultural Awareness and Harnessing the Power of Intercultural Teams. Our internal Culture, Diversity and Inclusion working group implemented a Multicultural Plan; Reconciliation Action Plan (RAP); and a Disability Access and Inclusion Plan through a Diversity and Inclusion policy that aims to make the CTF a safe and healthy environment for everyone.

The CTF will continue to build on the solid foundation of results achieved in the first year of its 2021-25 Strategic Plan. A new range of programs will be implemented from July 2022 to help attract and retain a workforce for the future, and we will maintain our focus on supporting health, safety and diversity for our industry.

I would like to offer my thanks to our stakeholders across industry sectors, Government and enterprise for their collaboration, input and feedback during the year. I would also like to thank the Minister for Education and Training, the Hon Sue Ellery MLC and her team for their continued support.

The CTF team has weathered the turbulence of another year with the effects of COVID-19 and achieved so much. I sincerely thank them for their efforts and their commitment to the values, vision and mission that underpins our 2021-25 Strategic Plan.

Tiffany Allen
CEO

Strategic Plan Outcomes 2021-22



COMMUNICATE and ENGAGE

CTF actively engages and advocates, seeking and providing a relevant exchange of information

Key Actions for 2021-22	Key Outcomes
<ul style="list-style-type: none"> Implement a comprehensive marketing and communications plan Implement an improved website Create and implement a mechanism for effective feedback from stakeholders Engage the resources sector at every opportunity 	<p>The CTF developed and implemented a comprehensive marketing and communications plan, that will deliver key messages to key audience groups. The CTF website has been redeveloped, providing improved access to information and services. All social media channels have seen improvement in their activity and market reach with a comprehensive social media strategy in development.</p> <p>The CTF has developed mechanisms, policies and procedures to capture, collate, report and act on feedback across the organisation.</p> <p>Through marketing campaigns and targeted membership and sponsorship, has significantly improved its visibility in the industry. Engagement with the resource sector has improved with a greater number of stakeholders engaged including the tier one to three contractors.</p>



ADAPT and INNOVATE

CTF is agile and responsive to evolving market conditions, leading reforms in training for our industry

Key Actions for 2021-22	Key Outcomes
<ul style="list-style-type: none"> Explore more flexible models within the apprenticeship framework Undertake research to inform future skill sets and to meet industry's evolving requirements Research for supporting programs that improve the culture of training and support for the industry Develop and implement a Workforce Culture and Diversity strategy Develop excellence in construction workforce research and data analytics 	<p>The CTF has established industry working groups to consider new models and compile responses for different approaches to implementing the apprenticeship framework.</p> <p>The Construction Training Council has completed mapping of skill sets for wet trades for the new CPC training package.</p> <p>The CTF executive has worked closely with DTWD and the major infrastructure projects team to develop and implement a successful Infrastructure Ready skill set and training program. This approach has also been replicated for the brick and block laying trades.</p> <p>The CTF is a member of the Modern Methods of Construction Steering Group led by the Urban Development Institute of Australia WA. The CTF is in the process of reviewing the pathway programs and scoping new requirements with RTOs.</p> <p>The CTF continues to engage with stakeholders on improving the quality of training for trainees and apprentices. The focus in this initiative is to establish criteria around styles and behaviours of "good" trainers. This also incorporates programs that can assist the transition of "good" workplace trainers into institutional trainers to help address shortages in this area.</p> <p>An internal committee was established within the CTF and a Diversity and Inclusion Policy developed and implemented. The CTF engaged consultants to undertake research into international migration in the construction industry. This has complemented the baseline of data captured through ABS and the WAAMS data from DTWD.</p> <p>Through stakeholder mapping and implementation of a strategy to improve connection with agencies, the CTF has improved access to data and information relating to the construction industry. The CTF has also engaged the ABS and Bis Oxford Economics to continue to develop an holistic picture for the industry.</p>



ADVOCATE and ASSIST

CTF is a respected voice, advocating construction as a career of choice, and a support for others in their advocacy for our industry

Key Actions for 2021-22	Key Outcomes
<ul style="list-style-type: none">• Develop and implement a sponsorship and awards policy• Develop and implement a strategic plan for the Construction Futures Centre, with a focus on regional and resources sector integrations• Engage with organisations that have alignment with CTF and the construction industry	<p>A new Sponsorship and Awards Policy has been implemented and a complementary budget has been included in the CTF finances for 2022-23 to be able to accommodate new opportunities and activities.</p> <p>A Strategic Plan and evaluation framework has been developed for the CFC, commencing implementation in 2022-23. The resources sector has been engaged in the development of new exhibits.</p> <p>New stakeholders have been identified and engaged to diversify the CTF's reach and to advocate for careers in construction with new community cohorts. The CTF has also engaged with the majority of State Government Agencies that are involved in or are responsible for procurement of infrastructure projects across the State, to improve apprenticeship employment outcomes connected to the Government's Priority Start policy.</p>



SUSTAIN and OPTIMISE

CTF is a responsible, trusted, best practice agency, growing and developing relationships with industry and Government

Key Actions for 2021-22	Key Outcomes
<ul style="list-style-type: none">• Review and evaluate CTF programs• Develop and implement a robust levy collection process and policy to mitigate leakage• Develop and implement IT strategic plan• Review and optimise IT systems and processes	<p>The CTF developed an Evaluation Framework which has been endorsed by the Board and a program evaluation cycle is established for commencement in 2022-23.</p> <p>A Levy Integrity Strategy has been developed and approved by the Board, including a three-year implementation plan which commenced in the last quarter of the 2021-22 year.</p> <p>The CTF conducted a full health check review of the ICT system, with all relevant parties providing input to the process. The plan has been presented to the Board and endorsed and the associated funding required for implementation has been included in the future budget processes.</p>

Report on Operations

Actual results versus budget targets

During 2021-22, the CTF recognised \$40.0 million in revenue, of which \$39.5 million represents Building and Construction Industry Training Fund (BCITF) Levy receipts, with total expenditure of \$43.6 million, with \$35.8 million in program funding to support the building and construction industry's demand for skilled workers and administrative costs of \$7.8 million. This contributed to an operational

deficit of \$3.5 million for the year; however, the Board still maintains \$38.9 million in cash and cash equivalents and a \$43.2 million accumulated surplus as of 30 June 2022.

This is against the 2021-22 Operational Plan budget of \$37.4 million in revenue and \$36 million in total expenditure (figure 1).

Budget vs actual revenue and expenditure (\$ million), 2021-22

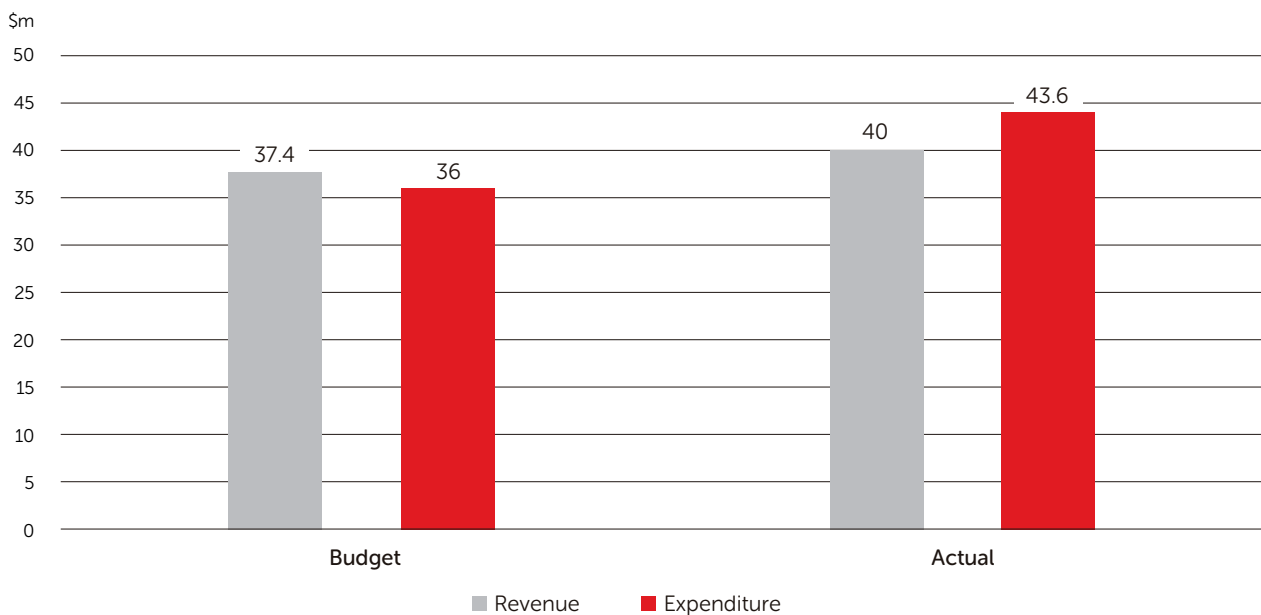


Figure 1 Budget vs actual expenditure 2021-22

Actual total cost of services exceeded the Board target of \$36.0 million, by \$7.6 million, primarily driven by expenditure in support for employers. Disbursements in this area exceeded budget by \$7.6 million, largely due to a 68.1% increase in demand in grant claims processed during the year. Administration expenses met the Board's expectations.

Revenue of \$40.0 million exceeded the forecast budget of \$37.4 million (2021-22 Operational Plan), largely due to the growth in number of new residential building projects and commercial construction.

While revenue across the residential, commercial, civil and resources sectors was \$3.3 million above budget (figure 2), it is telling to review the corresponding volume of construction work commencing in each sector of the industry across the year. The CTF processed 24,616 levy payments from residential construction; 7,972 levy payments from commercial construction; 1,155 from civil construction and 298 from resources sector construction.

Residential construction generated \$14.5 million (35.6%) of levy receipts, reflecting the effectiveness of Government stimulus packages aimed at this market.

Levy collection by sector (\$ million), 2021-22

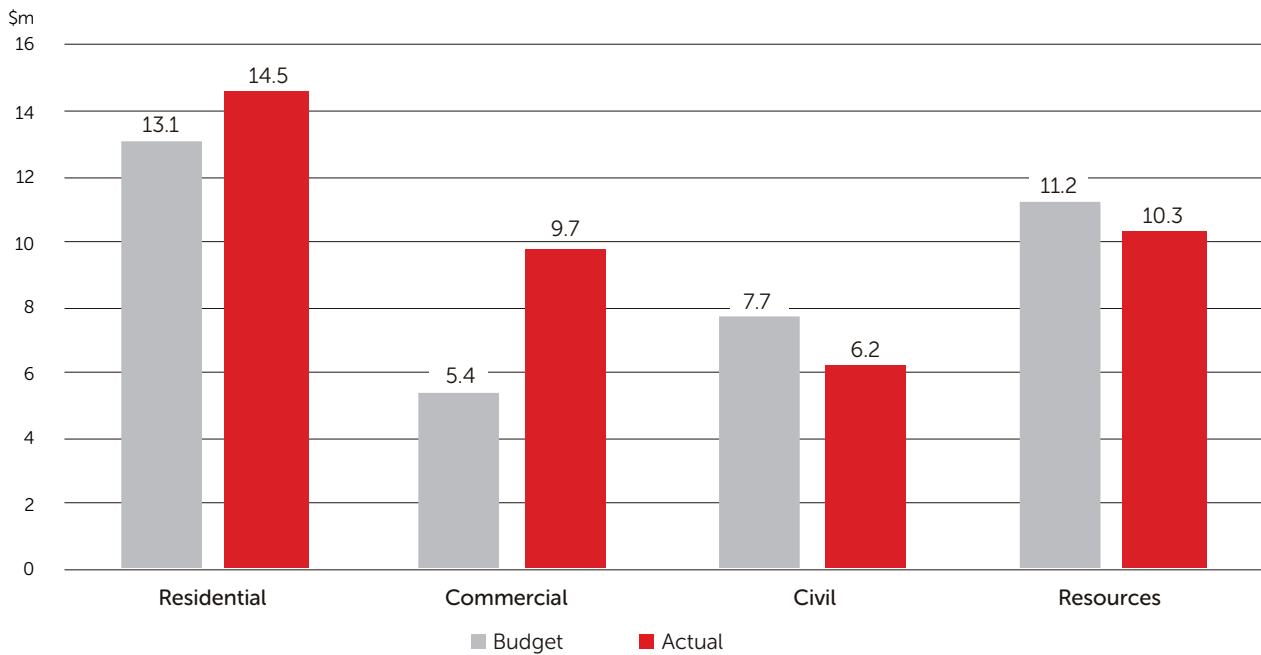


Figure 2 Levy collection by sector

The residential sector is traditionally the “nursery” for apprenticeship training for the construction industry, and CTF’s expenditure of \$29.2 million in support for employers of apprentices (*figures 3 and 4*) is a direct result of the growth and the volume of activity in this sector.

Revenue from construction work in the resources sector was \$0.9 million (8.9%) below forecast, with major commodity projects delayed or postponed due to cost pressures. Under S21A of the Act, project owners can apply to pay the levy by instalment for projects with an estimated construction value

in excess of \$500 million. During the year, the Board received and approved four applications for payment of the levy by instalment; two commenced construction and the CTF received payment within the financial year, one project has been delayed and one project is due to commence in the second quarter of the new financial year.

Revenue from the civil construction sector was \$1.5 million (24.2%) below forecast, largely due to the Government’s implementation of strategies to smooth-out the planned pipeline of infrastructure projects and reduce pressure on the labour market.



Expenditure

CTF expenditure (\$ million), 2021-22

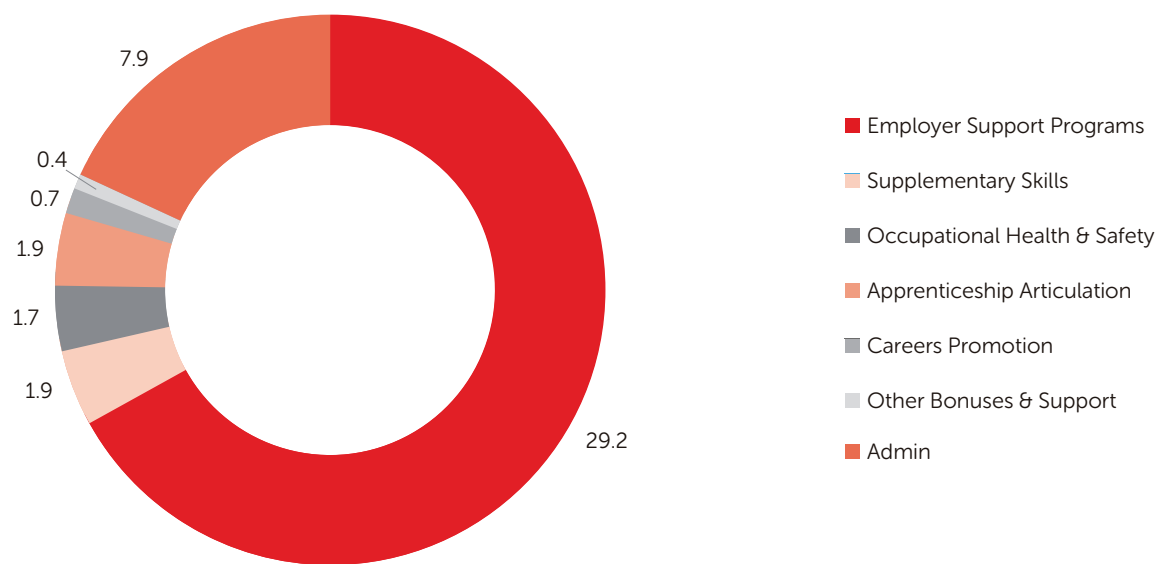


Figure 3 CTF expenditure 2021-22

Program Expenditure

Employer support programs 2021-22 (\$ million)

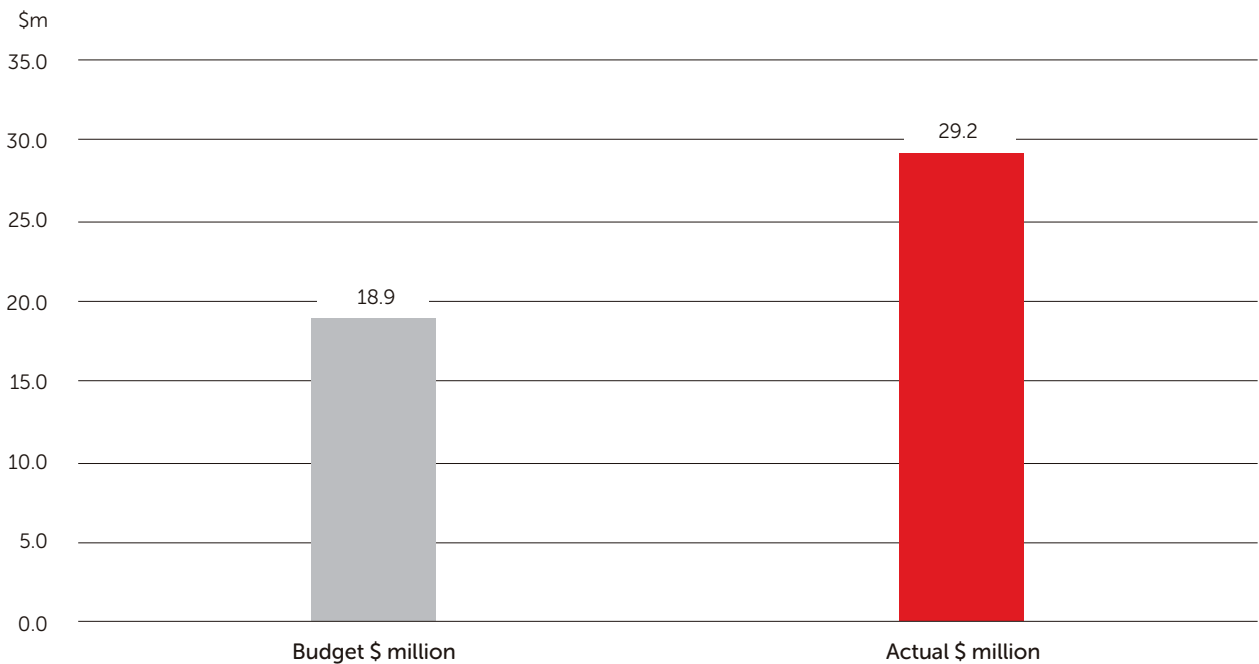
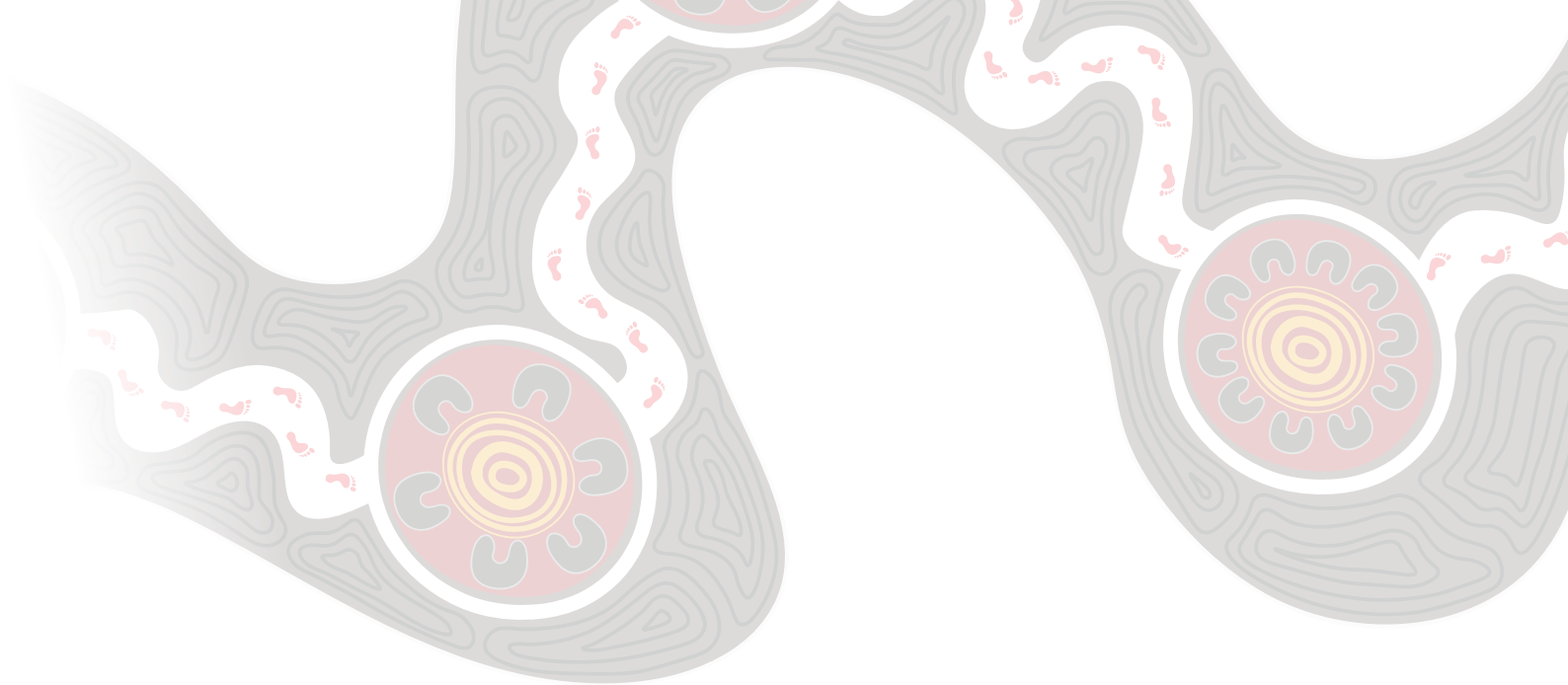


Figure 4 Employer support programs



The CTF's most significant area of expenditure for 2021-22 was in the disbursement of the Employer Support program (*figure 4*), which provides a range of grants to employers of apprentices and trainees in relevant construction qualifications.

Disbursements from this area include the CTF's traditional Employer Grant program, and two new pilot programs that support the CTF's strategic initiatives to deliver innovations in training to support the industry's workforce requirements. These are the Mature-Age Wage Gap (MAWG) program and the Civil Construction Pilot Program (CCPP).

During 2021-22, the CTF disbursed \$29.2 million in the Employer Grant program, against a forecast budget of \$18.9 million. This is largely due to a much higher than forecast engagement of new apprentices and higher retention rates of apprentices in training.

The Employer Grant program is designed to defray the costs incurred in the employment of an apprentice, and is made up of a base grant amount, with additional supplements determined by the apprentice's gender, age, Aboriginal status, pre-qualifications and regional location. The maximum amount of the grant available to employers of apprentices commencing in the 2021-22 FY was \$21,000, payable in three milestone instalments made over the life of the apprenticeship.

During the year, the CTF approved 8,549 payments to 4,068 employers, indenturing 7,550 apprentices that actively remained in-training.

Group Training Organisations (GTOs), as employers of apprentices in building and construction, are also eligible to receive the grants but receive the total available grant for each apprentice in monthly instalments, based on the nominal term of the apprenticeship.

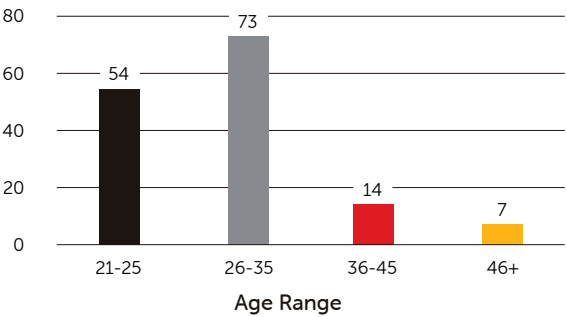
The CTF has Funds Management Agreements with 17 GTOs deploying construction and electrical apprentices to hosts in the construction industry, making 12,365 monthly payments to GTOs to support the employment of more than 1,200 apprentices that remained in training during the year.

The Commonwealth Government's 50% wage subsidy for apprentices, extended until the end of June 2022, served as a critical factor in employers' decisions to engage apprentices, and the robust pipeline of work underpinned by Government stimulus created a high degree of confidence for employers in their capacity to maintain apprentices in employment.

The tight labour market and competition for workers across all sectors of the economy meant employers that traditionally may have drawn on skilled labour from interstate or overseas, shifted in focus and employed locally through apprenticeships.

A significant component of the additional expenditure incurred in the Employer Grant program this year relates to the volume of trade bonus payments made to employers, resulting from higher than forecast apprenticeship commencements and retention rates. The trade bonus program was implemented by the Board in 2018 to incentivise and stimulate employment of apprentices during the economic downturn. With a value of up to \$4,000, the trade bonus was paid to eligible employers within the first 18 months of the indenture. Originally planned to be withdrawn at the end of June 2020, the Board extended the trade bonus for new commencements up until the end of June 2021 due to the volatility and uncertainty brought about by the pandemic. The extension of the program and the structure of associated payments means that expenditure for this component of the Employer Grant program will continue until December 2022.

MAWG
Participation by age

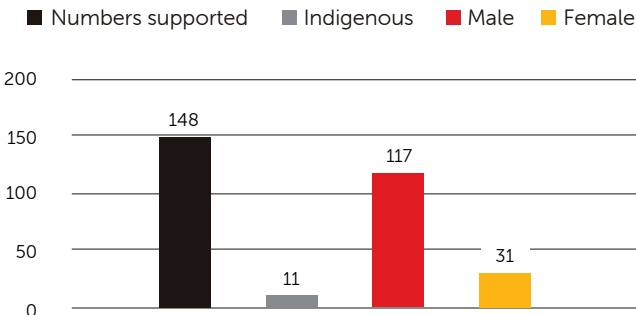


There were 2,745 trade bonus payments made to employers in 2021-22.

The CTF implemented a pilot program during the year to assist the industry in meeting the costs of employing mature-age apprentices. Designed in conjunction with stakeholders from the residential, commercial, civil and resources sectors of the industry, the Mature-Age Wage Gap (MAWG) pilot was designed to incentivise the employment of mature-age workers as apprentices, and evaluate the potential of mature-age workers to accelerate through the qualification to completion.

The MAWG pilot was launched on 1 July 2021, focussing on ten core construction trades facing critical shortages. The CTF MAWG program provides

MAWG
Participation by gender and Indigenous status



participating employers with additional payments that cover the gap between the base award rate an employer is required to pay a mature-age apprentice (21 years or over at commencement) and the base award for “junior” apprentice. The gap is approximately \$23,000 per apprentice over a three-year training contract.

The CTF set diversity targets for the MAWG pilot, seeking 15% participation of women and Aboriginal people. As of 30 June 2022, the pilot had provided employment for 148 mature-age apprentices, with 28% Aboriginal and female participation and expenditure of \$1.8 million.

The Civil Construction Pilot Program (CCPP) supports the CTF’s strategic initiative to adapt and innovate,



and an opportunity to review a different approach to apprenticeship training.

The CCPP is the result of collaboration between industry stakeholders, unions, the Department of Training and Workforce Development and the CTF to seek endorsement of the transition of nine traineeships to apprenticeship status for the civil construction industry.

The Minister for Education and Training approved the change in status of the qualifications in September 2021, through the CTF's management of the Establishment and Variation of Apprenticeship (EVAC) Process.

To support the pilot over its four-year life, the CTF provides eligible employers with wage-gap payments that cover the difference between the award rates an employer is required to pay for the new apprenticeship and the higher award rates paid for the outgoing traineeship. The wage-gap is to ensure that no new apprentice is paid less under the new scheme.

The CTF has committed \$5.96 million to the program over the four-year pilot.

More than 430 apprentices enrolled in the new three-year qualification since September 2021, which indicates a strong appetite from employers to engage with the new qualifications.

Program Results

The remainder of CTF's core programs (*figure 5*) cover disbursements relating to short course training subsidies for workers; programs to promote the industry as a career for all; and programs that support transition into training pathways for careers in the building and construction industry.

The CTF provides industry workers with subsidies for completion of short training courses, across the Supplementary Skills and Occupational Health and Safety programs.

During the year, CTF paid 3,958 subsidies in the Supplementary Skills program, at a cost of \$1.9 million, slightly above the forecast budget of \$1.8 million.

The CTF paid an additional 4,980 subsidies to workers completing safety training courses and provided an additional 6,000 workers with suicide awareness training through MATES in Construction, contracted to deliver this service for CTF until the end of 2022.

Program expenditure 2021-22 (\$ million)

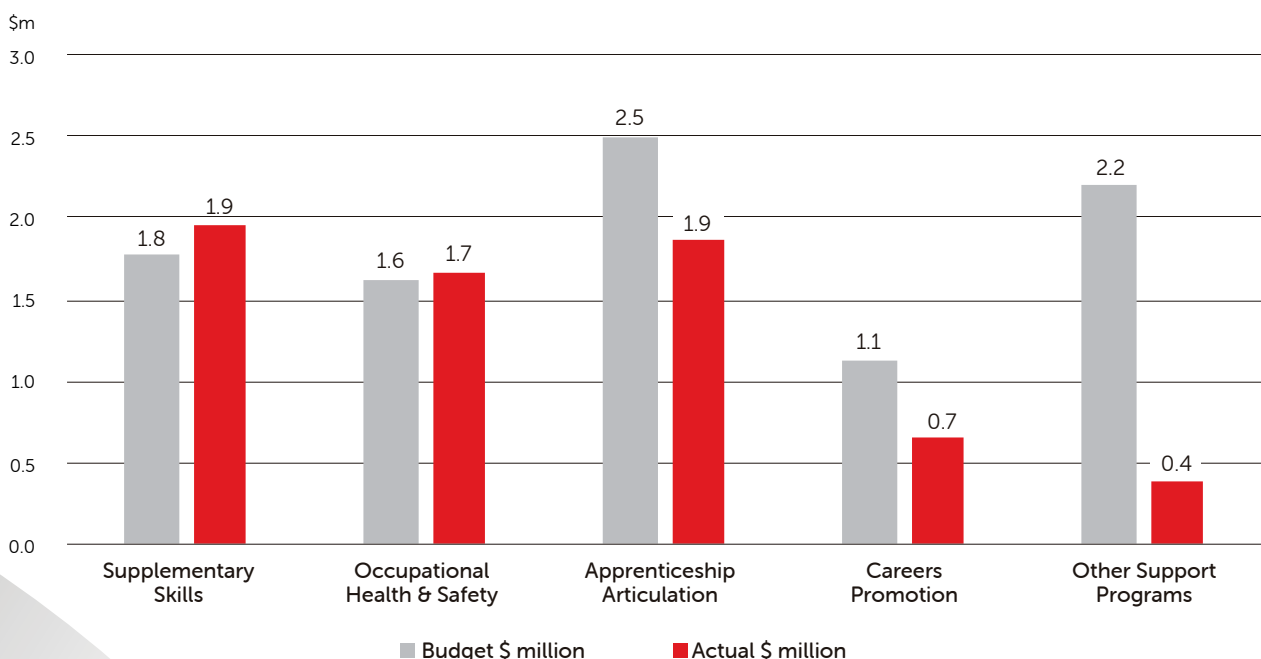


Figure 5 Program expenditure



The CTF disbursed a total of \$1.7 million to support occupational health and safety training in the industry in 2021-22, including \$525,000 to support suicide awareness training.

In addition to support for the current workforce, the CTF invests significant resources in raising the profile of the industry as a career for everyone, with a strong focus on the transition of young people from school into the building and construction industry.

The CTF's Try-a-Trade and Scholarship schemes are two key platforms within the Apprenticeship and Articulation Support program that provide school students, their parents and teachers with key insights into pathways into the building and construction industry and the support mechanisms available.

During the year, the CTF funded 175 Try-a-Trade courses across the State, providing 2,211 Year 9 and 10 students with hands-on experiences of key occupations in the industry. Try-a-Trade courses cover traditional construction trades, electrical, civil and fabrication trades that offer young people an insight into the portability of construction skills across the residential, commercial, civil and resources construction sectors.

The CTF's Strategic Plan 2021 – 2025 has a strong focus on improving diversity and inclusion in the industry, and during the year funded all-female Try-a-Trade courses and a metals fabrication course for hearing impaired students, with Auslan interpreters guiding students through the program.

The CTF's Scholarship program funds the delivery of Certificate II construction qualifications for students over two years for completing their Western Australian Certificate of Education (WACE), with additional training, mentoring and support for students during their training and on-site work experience. There were 76 graduates from the program in November 2021, with a further 76 students continuing into 2022 for the second year of their Scholarship studies. The CTF enrolled a further 138 students to commence the first year of their Scholarship studies in 2022.

The CTF invested \$1.9 million in the Apprentice Articulation and Support program during the year, against a budget of \$2.5 million. The lower than forecast expenditure was largely in the Try-a-Trade scheme, which was affected by schools restricting student participation in excursion-based programs as a COVID-19 pandemic mitigation strategy.



CFC – Visitor groups, 2021-22

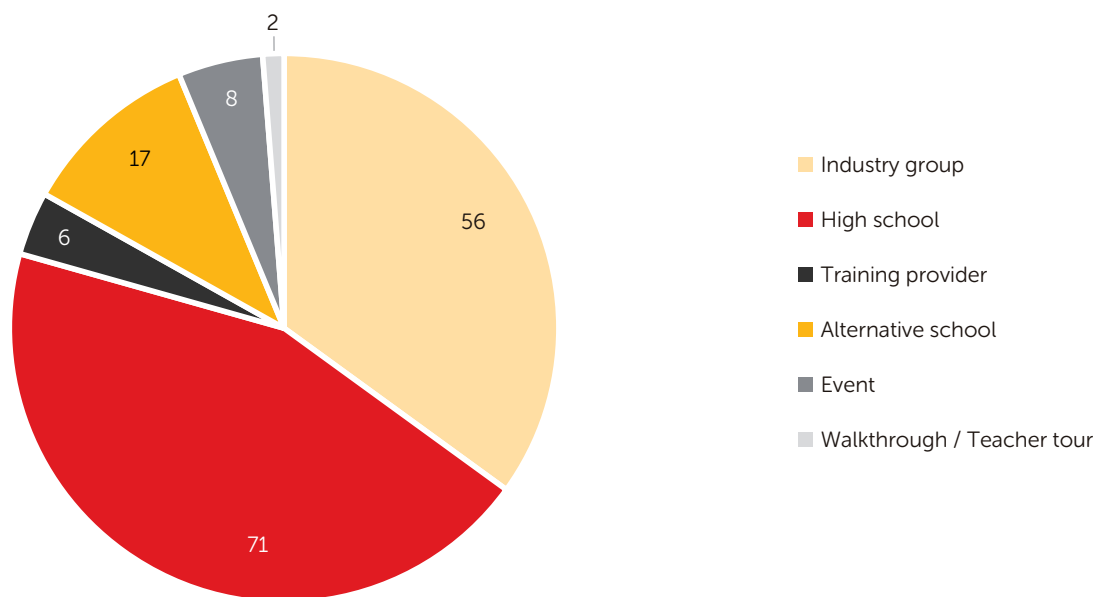


Figure 6 CFC visitor groups, 2021-22

The CTF's allocation of resources to career promotion includes the Construction Futures Centre (CFC), and the promotion of careers in construction through school incursions and attendance at public careers expos.

An interactive venue showcasing the scope of the construction industry and the breadth of career opportunities available, the CFC is a cornerstone of the CTF career promotions program. The CTF promotes the CFC as an opportunity to engage

with young people, parents, teachers, community members and job seekers, and was visited by 2,996 people during the year. This was mainly via school groups participating in scheduled tours during the week (*figure 6*); however, the CTF also held CFC open days and family fun days on weekends, and hosted evening career expos for parents, community members and job seekers. The attendance numbers represent a 4% increase over the previous year, despite pandemic related restrictions.



In addition to support for the current workforce, the CTF invests significant resources in raising the profile of the industry as a career for everyone."

During the year the CTF worked closely with the Departments of Education and Training and Workforce Development (DoE and DTWD) to support implementation of the Government's Year 9 Career Taster Program. The CFC was recognised by both Departments as a centre of excellence for information relating to careers in construction, and the CFC hosted newly appointed Career Practitioners as part of their on-going professional development. The CTF also hosted representatives from the Department of Communities and Department of Justice to advocate for careers in construction.

The CTF's career promotion program also includes a school incursion program, where CTF's Industry Training Advisors (ITAs) deliver career information presentations to school students and also attend public careers expos (see *figure 7*). During the year, the ITAs delivered 191 presentations in schools, including regional schools in the south west, Albany and Geraldton. The CTF also attended 68 public expos, including major three-day events such as Skills West, the Tradie Expo and Careers and Employment Expo held at the Perth Convention and Exhibition Centre.

The CTF's engagement in this activity has been affected by restrictions brought about by Government and community group strategies to mitigate the effects of the COVID-19 pandemic; however, there are clear signs that strong interest remains in the CTF as a source of quality, engaging information about careers in the building and construction industry.

The CTF implemented the Disaster Recovery Construction Training Grant (DRCTG) in 2021-22, as a means to support communities affected by the Wooroloo bushfires and Cyclone Seroja (see *figure 5*, Other Support Programs). The DRCTG provides employers of apprentices with an additional annual grant of \$2,000 and their apprentices with \$1,000 for demonstrating their participation in the rebuild of these communities. The grant is intended to offset any costs incurred relating to travel and/or accommodation to the areas affected by the disasters, in order to assist in the rebuilding process. Employers living in the areas are eligible to claim \$3,000 from the CTF, as an incentive to either employ and/or retain their local apprentices in training to help local communities build a sustainable skills base for current and future skills needs.

The CTF budgeted \$2 million for the DRCTG for the financial year; however, disbursements of \$137,000 are a reflection of the challenges faced by both communities in facilitating the rebuild process. Local Government Authorities (LGAs) have provided feedback that indicates insurance claims have been slow to progress and that residents affected by Cyclone Seroja have elected to not rebuild and have left local communities.

The DRCTG program will continue into the 2022-23 financial year and will be reviewed for possible extension.



School presentations and public expos

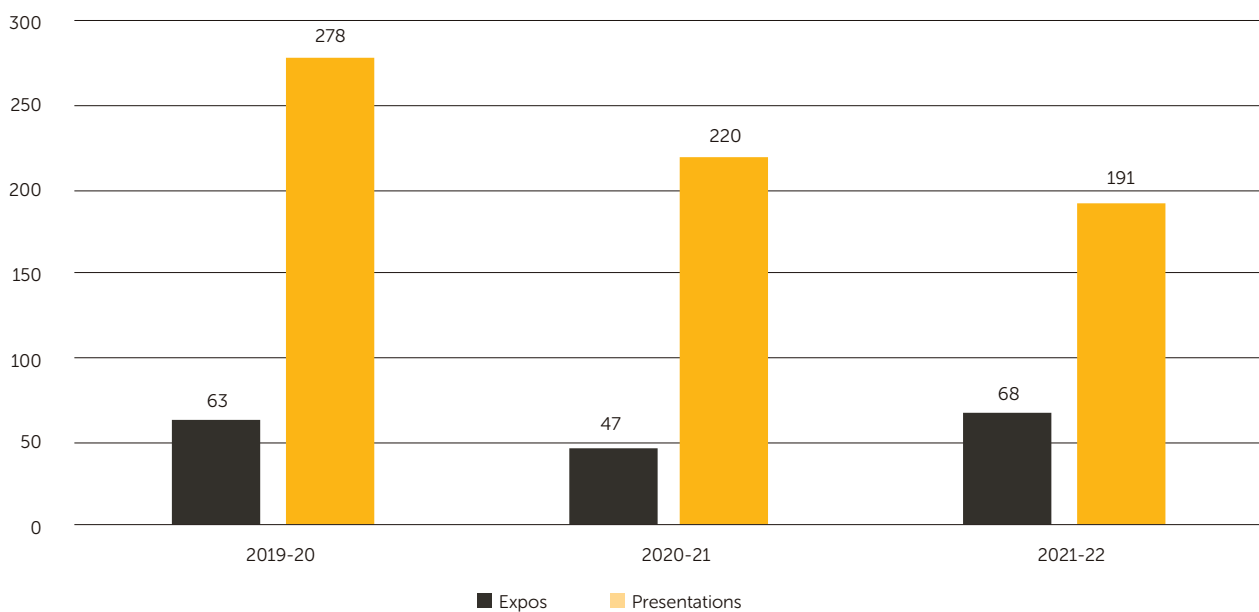


Figure 7 School-based presentations and attendance at public expos

Strategic initiatives

The CTF's Strategic Plan 2021 – 2025 includes a number of initiatives that will optimise CTF's service delivery and direct the agency towards best practice. A core part of this was achieved through the development and implementation of a new ICT Strategic Plan during 2021-22.

A new Levy Integrity and Compliance Policy was developed and implemented during the year. The immediate outcome for 2021-22 was the revision and implementation of Memoranda of Understanding (MoU) with a range of Government departments to formalise levy compliance on Government issued contracts.

An information systems review was completed during the year, with input from all systems users within CTF and feedback gained from end-users of the CTF's public facing systems. The review has informed a plan of works which will be implemented over a two-year period, to deliver an integrated and user-friendly system.

The CTF continued to work closely with the Department of Training and Workforce Development (DTWD) during the year to maximise the benefits of an established information integration system with DTWD's WAAMS database. Work during the year improved data integrity and the ability to report on apprenticeship data more accurately. New configurations planned for 2022-23 will see a significant reduction in manual interventions done by the CTF team by using existing data to perform system-based checks.

The CTF's Marketing and Communications Strategy implemented for the 2021-22 year included the delivery of targeted campaigns, using a blend of paid and organic media.

The *Construction Futures* campaign targeted the 14 – 24 age group and highlighted the benefits of working in construction, with the new materials featuring a diverse range of current workers from the civil, residential, commercial and resources



//

We installed this message in the IGA Roadhouse in Kalbarri, the building next door was severely damaged as were many [other buildings]... when we went up there a few weeks ago, [the owners] told us about how so many people had commented on the message and were pleased to find out about the scheme. It was extremely positive."

feedback on the DRCTG advertising campaign via Evoke Media

construction sectors. Platforms included social media, cinema advertising, YouTube and a dedicated page on the CTF website.

The CTF also partnered with Student Edge for an extension of the *Construction Futures* campaign. Student Edge is the largest member-based organisation of high school, TAFE, VET and university students in Australia.

The digital campaign drew on Student Edge's more than 50,000 members, with display ads, native content, electronic mail and Facebook posts.

Both elements of the Construction Futures campaign performed above expectations, with an increase in visits to the Construction Futures section of the CTF website.

A campaign to promote the CTF's Disaster Recovery Construction Training Grant (DRCTG) was launched in late 2021, using bespoke content in flyers, targeted social media, out-of-home advertising and print ads in the affected areas, as well as geo-targeted Electronic Direct Mailouts and a dedicated page on CTF's website.

The campaign was well received within the targeted areas, with local businesses expressing a willingness

to display posters and their support of the program for their communities.

Campaigns to reach sole traders and employers were also implemented during the year, to promote CTF's existing programs and the new Civil Construction Pilot Program. Key platforms included targeted industry press, attendance at public expos, social media and the CTF website.

During the year, a range of the CTF's initiatives were profiled on local TV news networks. These included a story on the CTF's first all-female Try-a-Trade program; the opportunities for women in the construction industry; the CTF's mature-age wage-gap program; the increase in employment of apprentices in construction trades post Covid; and information about the CTF's development of an asbestos awareness training module for pre-apprenticeship students.

The CTF's social channels all benefited from a more strategic use of each platform and together with the public campaigns, contributed to a 740% increase in Facebook reach (year-on year), 27.6% increase with Instagram and a 609% increase in LinkedIn page views.



The development of a Sponsorship and Awards Policy was a core action within the CTF's Strategic Plan, to enhance the organisation's communication and engagement with industry and the community.

The Policy, which will be fully implemented in 2022-23, builds on the CTF's existing support for recognising excellence in training within the industry,

and the CTF's sponsorship of the Perth Football League Women's League. The CTF's engagement in these is based on supporting endeavours with aligned values, and the sharing of CTF's vision that the construction industry is a career of choice, and is safe, skilled and sustainable.

Construction workforce, 2018-22 (000s)

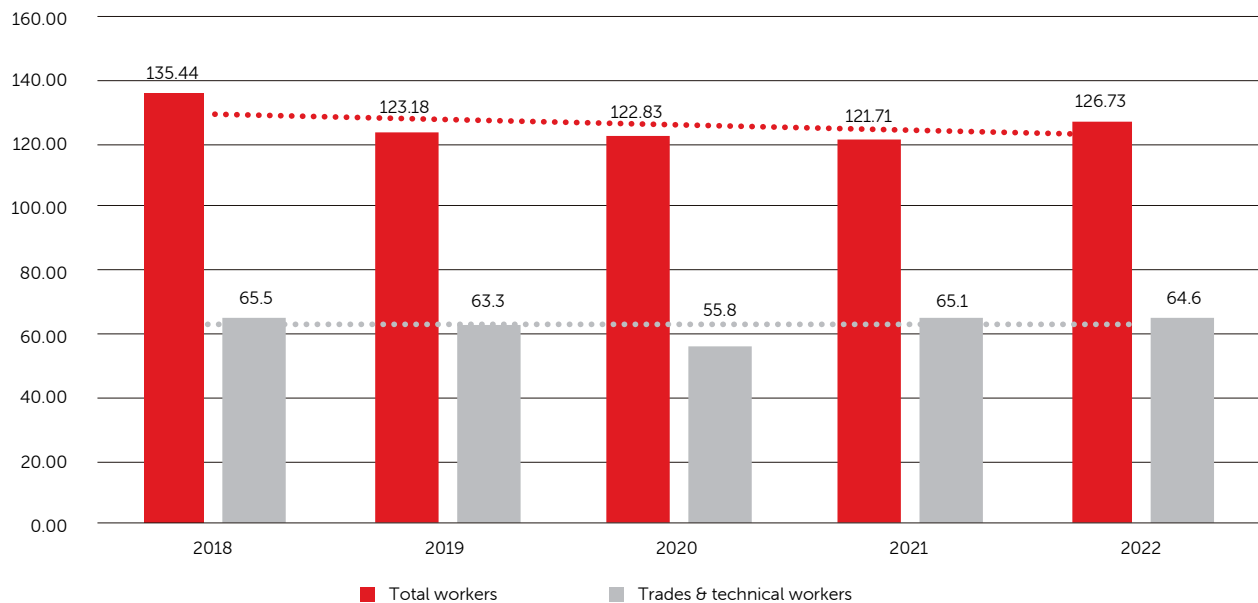


Figure 8 Construction workforce (ABS)

Workforce

The Western Australian construction workforce¹ (figure 8) has seen an increase of approximately 5,000 workers in the 12 months to May 2022; however, there has been a slight decrease in the number of trades and technical workers² employed. The overall workforce is still approximately 9,000 short of the number employed in 2018, at a period when the industry was experiencing a lengthy downturn.

The effectiveness of Government stimulus packages for the industry has had a positive effect on the employment of new apprentices and trainees in the building and construction industry (see figure 9), supported by the Commonwealth Government 50% wage subsidy program and the State Government's *Lower Fees, Local Skills* program to cap fees associated with training.

A total of 5,500 apprentices and trainees commenced in a construction or electrical apprenticeship/traineeship in the 12 months to April 2022³. This is an

18% increase over the same period in the previous year, when State and Commonwealth Government industry stimulus and employment incentives began to take effect, particularly in the residential and civil construction sectors.

There has been a 21% increase in the number of apprentices and trainees in training⁴ in construction qualifications as of April 2022 (see figure 10), in comparison with April 2021. This higher-than-average retention of apprentices in training is indicative of the industry's need for skilled workers, and has been buoyed by the wage subsidies that are available through the Commonwealth Government.

The high number of apprentices in training, as a ratio against the number of trades and technical workers employed in WA's building and construction industry, has contributed to a higher than forecast training rate of 15.3%⁵.

1. ABS Labour Force Detailed, Table 5 (annualised) May 2022
 2. ABS Labour Force Detailed, EQ8, May 2022
 3. DTWD, Western Australian Apprenticeship Management System (WAAMS) April 2022
 4. DTWD WAAMS, April 2022
 5. CTF KPI 1.1



Apprenticeship and traineeship commencements 2018-19 – 2021-22 Building and construction + Electrical

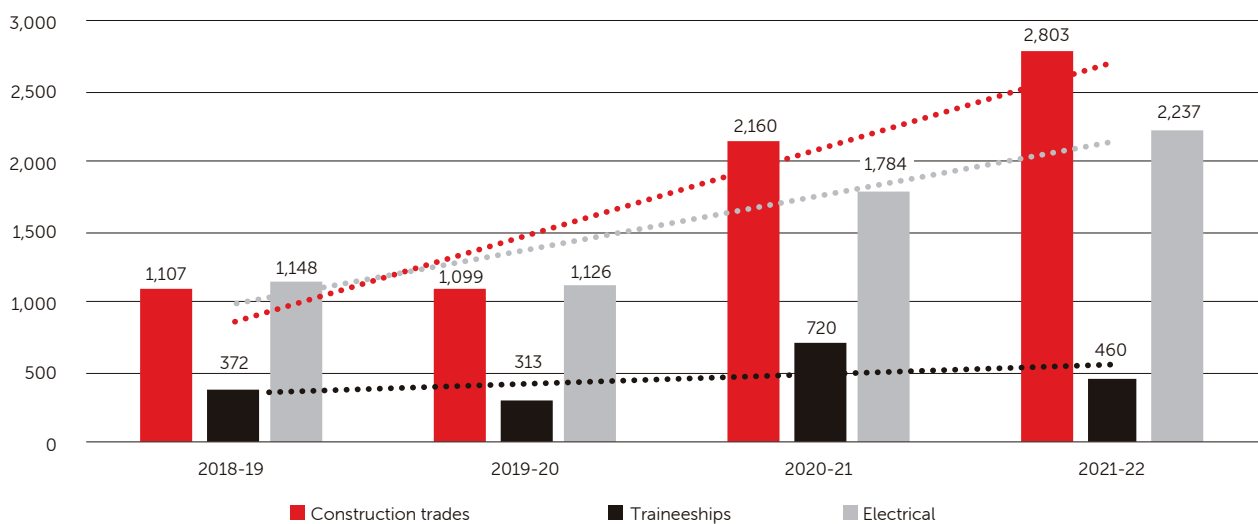


Figure 9 Apprentice commencements (DTWD)

Apprentices and trainee (in training) 2019 – 2022 Building and construction + Electrical

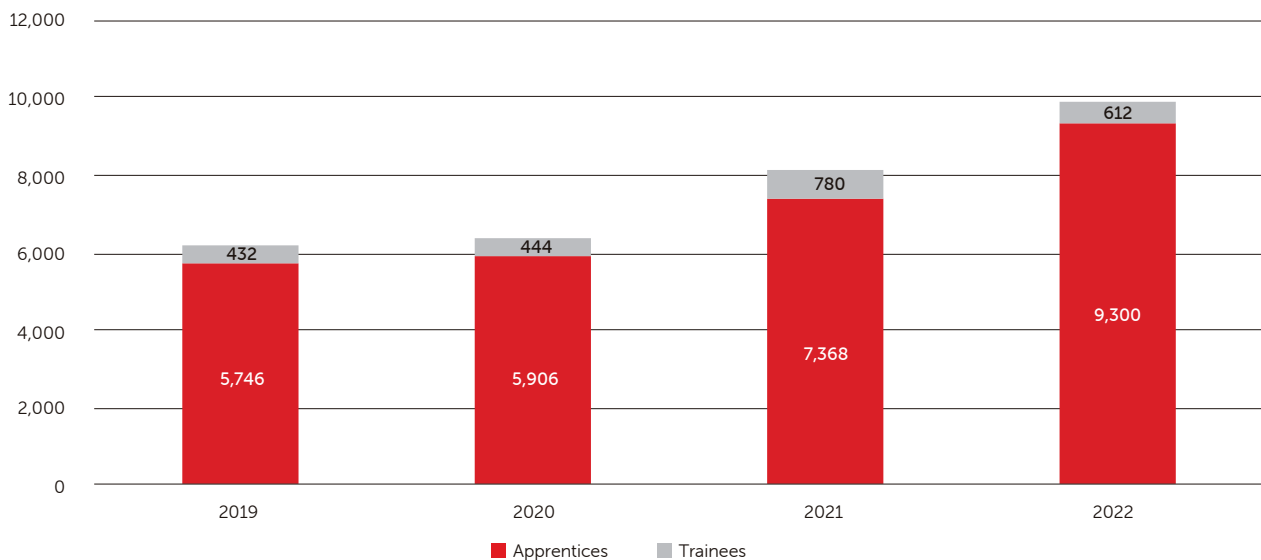


Figure 10 Apprentices and trainees in training (DTWD)

Summary of Key Performance Indicators

KPI	2022 Target	2022 Actual	Variation
Effectiveness			
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.	11.5%	15.3%	+3.8%
1.2 The number of people supported to undertake supplementary skills and occupational health and safety training or skills assessment as a percentage of the total workforce in building and construction.	12%	8.4%	-3.6%
2.1 The proportion of workers surveyed who are satisfied with the quality of training supported by the Construction Training Fund.	85%	96.2%	+11.2%
2.2 The proportion of employers surveyed who are satisfied with the quality of training supported by the Construction Training Fund.	80%	79%	-1%
Efficiency			
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.	10%	13.41%	3.41%
1.2. The specific administration costs of the Building and Construction Industry Training Board represented as a cost per apprentice or trainee subsidised by the Construction Training Fund.	\$69	\$76.29	\$7.29
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.	\$28	\$50.96	\$22.96

See page 76 for further information relating to the KPIs

Significant Issues Impacting the Agency



Current and emerging issues and trends

The continued strength of State and Commonwealth Government investment during 2021-22 has created a lengthy pipeline of work for the State's construction workforce.

This has contributed to a significant increase in the demand for skilled labour, which is reflected by strong demand for apprentices. Data from the Department of Training and Workforce Development (DTWD) shows that there has been an 18% increase in construction apprentice and trainee commencements (including electrical) in the 12 months to April 2022, and an increase of 21.6% in in-training numbers over the same period.

The maintenance of border restrictions until March 2022 affected interstate and international migration, tightening the pool of available skilled workers for the Western Australian workforce. The building and construction industry has traditionally drawn on these cohorts for skilled labour in growth periods; however, all jurisdictions within Australia currently have significant building and construction programs and are retaining and/or incentivising skilled people to move to or remain within their home state. The rebuilding process resulting from the recent floods in New South Wales and Queensland has increased the demand for skilled workers in those states. The Commonwealth Government has pledged to increase skilled migration numbers; however, the focus is on industries other than building and construction.

The pace of activity in the building and construction industry continues to be constrained by the availability of skilled labour, as well as issues relating to supply and materials shortages. These factors are contributing to delays in commencement of construction schedules; delays in completion rates and potentially, postponement and/or cancellation of projects.

The CTF's Market Segmentation research⁶ identified that there are more than 40,000 construction related businesses operating in Western Australia, with more than 66% of these as non-employing sole traders. A further 32% are small/medium enterprises (SMEs), employing less than five people.

Feedback from industry stakeholders indicates that these microbusinesses and SMEs have limited capacity and experience in business management and administration and have significant exposure to risks relating to compliance with new Work Health and Safety legislation; contract management and security of payments from companies to which they sub-contract. The sustainability of these business types, particularly in regional WA, is of concern.

The CTF has been supporting the mental health of construction workers in recent years, primarily through MATES in Construction (MIC), a not-for-profit organisation contracted by the CTF to deliver an awareness program designed to prevent suicide amongst construction workers. The CTF has also engaged MIC to monitor the mental health and support workers and communities affected by the Wooroloo bushfires and Cyclone Seroja. The industry and its workforce is under multiple, significant pressures and the CTF has identified mental health as a core issue and a risk to the sustainability of the workforce.

The CTF's consultation with industry indicates that there are some concerns with the quality of training delivered, particularly in courses relating to the licensing for occupational health and safety requirements. The CTF has established a strong working relationship with WorkSafe WA and will continue to work closely with WorkSafe to improve safety training outcomes for the construction workforce.

6. Australian Venture Consultants, October 2020

7. OECD Economic Outlook, June 2022

Economic and social trends

The current macroeconomic environment is likely to have the greatest impact on consumer savings and spending⁷, amongst tightening monetary policy, rising energy costs and inflation.

Unemployment is expected to remain low; however, the tight labour market and congested supply chains will continue to disrupt industry capacity and confidence.

The State Government's increased funding for the Exploration Incentive Scheme has resulted in the expansion of minerals exploration in WA, particularly for resources associated with batteries. Government policy to reduce carbon emissions is likely to accelerate the transition from fossil fuels to renewables and stand-alone systems. Ultimately, the energy network will require new skills for the manufacture, installation and maintenance of infrastructure and the CTF will need to ensure it has capacity to support the costs associated with training for new skills and/or upskilling of the existing workforce.

The effects of COVID-19 within the community will continue to be felt in the 2022-23 year. The CTF has identified that staff illness due to COVID-19, influenza and colds is a potential risk to service delivery; however, during the more critical periods of the pandemic, the CTF established clear and workable work-from-home protocols that maintained high levels of productivity and service delivery.

The McGowan Government identified the building and construction industry as an essential service at the commencement of the pandemic and the industry responded positively to mandates relating to health and safety. Nonetheless, the industry carries the risk to workforce capacity as a result of further waves of COVID-19 and/or influenza, which may disrupt service and lead to delays in project delivery and challenges for project owners.

The current skills shortage sharpens the focus of the critical value of diversity and inclusion to the sustainability of the construction workforce. The ABC reported in July that only 13% of the national construction workforce is female, with only 2% representation in trades. The CTF has embedded diversity and inclusion into its 2021-25 Strategic Plan and will continue to work with industry to support its engagement with and employment of women, Aboriginal people, culturally and linguistically diverse people, the LGBTIQ+ community and people living with a disability.



Changes in written law

There were no changes in any written law that affected the Agency during the reporting period.

Likely developments and forecast results of the operations

Following an organisational restructure in 2021-22 the CTF will undergo a period of consolidation during 2022-23 and continue with delivery of core programs and implementation of new initiatives under the 2021-25 Strategic Plan.

CTF's Operational budget for 2022-23, as approved by the Minister for Education and Training is as follows:

Budget 2022-23	
Income	(\$' million)
Revenue from levy	42.00
Refunds	(1.00)
Total income	41.00
Expenditure	
Grants and Subsidies	
Employer support (apprenticeships and traineeships)	21.95
Support for apprenticeships	4.58
Supplementary Skills	1.91
Safety & Health Program	1.83
Marketing & Communications	2.16
New initiative expenditure	10.41
TOTAL EXPENDITURE	42.84
Operating Expenditure	
CTF Administration	7.46
Depreciation Expense	0.99
Total Recurrent Expenditure	51.28
Operating Surplus/(Deficit)	(10.28)
Capital Expenditure	1.10
TOTAL OPERATING AND CAPITAL EXPENDITURE	52.38

Areas of focus for 2022-23

- Diversity and inclusion – the CTF will continue to implement programs to support diversity within the construction workforce, specifically support for employers to engage mature-age apprentices and to find opportunities to enhance industry's engagement with peoples from diverse backgrounds, cultures and genders.
- The CTF will implement new initiatives totalling \$10.4 million of expenditure during 2022-23. These will include a \$4.5 million tool rebate program for apprentices (up to \$500 per apprentice for tools purchased during the FY); a driver's license training support program for people that have chosen the building industry as a career pathway (\$1.26 million); an extension to the mature-age wage gap program for construction, electrical and civil trades (\$3.87 million over three years); mentoring for apprentices (\$1.0 million) and a "train the trainer" program (\$1.0 million) to improve workplace training and transition of skilled workers for institutional training
- It is likely that there will be a reduction in expenditure in the Employer Support program from the current \$28.8 million, with the cessation of payments of the trade bonus and an expected decline in apprentice commencements
- The CTF will continue investment in supporting improved outcomes for mental health for the construction workforce, as this becomes more of a focus due to increased uncertainty for micro businesses and SMEs in the building and construction industry
- The CTF will invest in improving integration of IT platforms to improve service delivery and user experience
- The CTF will invest \$1.1 million to enhance the Construction Futures Centre and include a new suite of exhibits and continue to offer a first-class experience of a contemporary industry across residential, civil, commercial and resources construction sectors.





A young Black man, a construction worker, is smiling broadly at the camera. He is wearing a white hard hat and a high-visibility orange long-sleeved shirt with navy blue accents on the collar, cuffs, and lower half. The shirt has a small 'AOC' logo on the left chest. He is standing in a construction site with concrete pillars and rebar visible in the background. The text 'Disclosures and Legal Compliance' is overlaid in white on the right side of the image.

Disclosures and Legal Compliance

Building and Construction Industry Training Board

Certification of Financial Statements

For the reporting period ended 30 June 2022

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 reporting period ended 30 June 2022 and the financial position as at 30 June 2022.

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

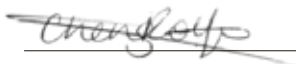


Reg Howard-Smith

Chair

For the BCIT Board

30 September 2022



Cheng Rolfe

Member

For the BCIT Board

30 September 2022



Lee Baptie

Chief Finance Officer

30 September 2022

Certification of Key Performance Indicators

For year ended 30 June 2022

We hereby certify that the key 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 Board for the financial year ended 30 June 2022.



Reg Howard-Smith

Chair

30 September 2022



Cheng Rolfe

Board member

30 September 2022



Auditor General

INDEPENDENT AUDITOR'S REPORT

2022

Building and Construction Industry Training Board

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Building and Construction Industry Training Board (Board) which comprise:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- 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 2022 and the financial position at the end of that period
- in accordance with Australian Accounting Standards applicable to Tier 2 Entities, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

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

Responsibilities of the Board members' for the financial statements

The Board members are responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards applicable to Tier 2 Entities, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Page 1 of 5

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

In preparing the financial statements, the Board members are responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on the audit of controls

Basis for Qualified Opinion

I identified the following weaknesses in control:

- There were inappropriate IT systems configuration that reduced the ability to segregate duties for finance and payroll functions. These weaknesses can undermine the integrity of information in the Board's finance, human resources and other business systems.
- Significant control deficiencies were identified within the procure to pay process, including the lack of a formalised purchase ordering system and no formal policy on access and changes to vendor master files. These weaknesses could result in inaccurate financial information as errors and/or fraud may not be detected.

Qualified 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 members are those policies and procedures established 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, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 2022.

The Board members' responsibilities

The Board members are 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 involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an 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 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 audit of 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 2022. 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 Board's performance and fairly represent indicated performance for the year ended 30 June 2022.

The Board members' responsibilities for the key performance indicators

The Board members are 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 members 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 members are 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 responsibilities

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.

Other information

The Board members are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2022 included in the annual report 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, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. 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.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
5 October 2022

Statement on Qualification of Controls

In 2021-22 the Auditor General issued a qualified opinion on the controls of the CTF, centred on the organisation's business information systems and procurement.

Some of these issues had been self-identified by CTF in a series of management reviews undertaken in the 2020-21 reporting period. CTF reported those issues to the Auditor General, which lead to the Auditor General's findings in 2020-21.

To address these issues, CTF engaged several expert firms to recommend the necessary modifications required to ensure appropriate system controls, including an expert accounting firm which performed a forensic review.

The forensic review found no evidence of misappropriation. The CTF also immediately commenced rectification works on business systems to address findings from 2020-21 Opinion which were progressively implemented during 2021-22.

The CTF is continuing to improve business performance and system controls and is progressively implementing system reconfigurations and robust procedures to ensure the highest standards of internal control, in line with its 2021-2025 CTF Strategic Plan that focuses on integrity and transparency in governance.

The CTF provided the Office of the Auditor General with all relevant internal reports to assist in the formation of their opinion and continues to work with the Office to ensure these issues are comprehensively addressed. CTF expects to implement each of the OAG's recommendations by 31 December 2022.

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Statement of Comprehensive Income

For the year ended 30 June 2022

	NOTES	2022 (\$000)	2021 (\$000)
COST OF SERVICES			
Expenses			
Employee benefits expenses	2.1(a)	3,799	3,228
Grants and subsidies	2.2	35,785	29,575
Supplies and services	2.3	1,933	1,327
Accommodation expenses	2.3	235	190
Depreciation and amortisation expenses	4.1, 4.2	868	862
Finance costs	6.2	2	2
Other operating expenses	2.3	947	362
Total cost of services		43,569	35,546
Income			
Levy fees	3.1	39,486	45,833
Interest revenue	3.2	44	140
Other revenue	3.3	486	47
Total income		40,016	46,020
NET COST OF SERVICES		(3,553)	10,474
Income from State Government			
Resources received	3.4	17	-
Total income from State Government		17	-
SURPLUS / (DEFICIT) FOR THE PERIOD		(3,536)	10,474
OTHER COMPREHENSIVE INCOME			
<i>Items not reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(3,536)	10,474

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 2022

	NOTES	2022 (\$000)	2021 (\$000)
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	38,878	40,424
Restricted cash and cash equivalents	6.1	36	-
Receivables	5.1	1,125	1,544
Other current assets	5.2	57	12
Total current assets		40,096	41,980
Non-current assets			
Property, plant and equipment	4.1	6,853	6,815
Right-of-use assets	4.2	45	61
Total non-current assets		6,898	6,876
TOTAL ASSETS		46,994	48,856
LIABILITIES			
Current Liabilities			
Payables	5.3	2,405	1,264
Employee related provisions	2.1(b)	480	530
Lease liabilities	6.2	13	9
Other provisions	5.4	674	53
Total current liabilities		3,572	1,856
Non-current liabilities			
Employee related provisions	2.1(b)	161	191
Lease liabilities	6.2	32	44
Total non-current liabilities		193	235
TOTAL LIABILITIES		3,765	2,091
NET ASSETS		43,229	46,765
EQUITY			
Contributed equity		-	-
Reserves		-	-
Accumulated surplus		43,229	46,765
TOTAL EQUITY		43,229	46,765

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 2022

	Contributed equity (\$000)	Reserves (\$000)	Accumulated surplus (\$000)	Total equity (\$000)
Balance at 1 July 2020			36,291	36,291
Surplus/(deficit)	-	-	10,474	10,474
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	10,474	10,474
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriation	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
TOTAL	-	-	-	-
Balance at 30 June 2021	-	-	46,765	46,765
Balance at 1 July 2021				
Surplus/(deficit)	-	-	(3,536)	(3,536)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(3,536)	(3,536)
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriation	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
TOTAL	-	-	-	-
Balance at 30 June 2022	-	-	43,229	43,229

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

Statement of Cash Flows

For the year ended 30 June 2022

	NOTES	2022 (\$000)	2021 (\$000)
Cash flows from operating activities			
Receipts			
Levy received from project owners		38,795	45,837
Interest received		44	147
GST receipts from taxation authority		1,125	-
Other receipts		41	47
Payments			
Employee benefits		(3,858)	(2,974)
Grants and subsidies		(34,570)	(29,878)
Supplies and services		(1,391)	(1,187)
Accommodation		(234)	(189)
Finance costs		(2)	(2)
Other operating payments		(437)	(360)
GST payments on purchases		(562)	(609)
Net cash provided by/(used in) operating activities		(1,049)	10,832
Cash flows from investing activities			
Payments			
Purchase of non-current assets		(433)	(246)
Net cash used in investing activities		(433)	(246)
Cash flows from financing activities			
Payments			
Principal elements of lease payments		(28)	(26)
Net cash used in financing activities		(28)	(26)
Net increase/(decrease) in cash and cash equivalents		(1,510)	10,560
Cash and cash equivalents at the beginning of the period		40,424	29,864
Cash and cash equivalents at the end of the period	6.1	38,914	40,424

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 2022

1. Basis of preparation

The Building and Construction Industry Training Board (the 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 30 September 2022.

Statement of Compliance

These general purpose financial statements are prepared in accordance with:

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

The FMA and TIs 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).

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and

- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief from presenting comparatives for:

- Property, Plant and Equipment reconciliations;
- Intangible Asset reconciliations; and
- Right-of-Use Asset reconciliations.

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

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:

	NOTES
Employee benefits expense	2.1(a)
Employee related provisions	2.1(b)
Grants and programs	2.2
Other operating expenditure	2.3

2.1(a) Employee benefits expense

	2022 (\$000)	2021 (\$000)
Employee benefits	3,074	2,600
Termination payment	100	-
Superannuation – defined contribution plans	317	247
Other employee related expenses	308	381
Total employee benefits	3,799	3,228
Add : AASB 16 Non-monetary benefits	10	19
Less : Employee contributions (per note 3.3 Other revenue)	(5)	(4)
Net employee benefits	3,804	3,243

Employee Benefits: include salaries, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as cars and free or subsidised goods or services) for employees.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Board is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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, predominantly relate to the provision of vehicle benefits are measured at the cost incurred by the Board.

Employee Contributions: contributions made to the Board by employees towards employee benefits that have been provided by the Board. This includes both AASB-16 and non-AASB 16 employee contributions.

Notes to the Financial Statements

For the year ended 30 June 2022

2.1(b) Employee related provisions

	2022 (\$000)	2021 (\$000)
Current		
Employee benefits provisions		
Annual leave	218	333
Long service leave	259	194
Other provisions		
Employee on-costs	3	3
Total current employee related provisions	480	530
Non-current		
Employee benefits provision		
Long service leave	160	190
Other provisions		
Employee on-costs	1	1
Total non-current employee related provisions	161	191
Total employee related provisions	641	721

Provision is made for benefits accruing to employees in respect of 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.

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.

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

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

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

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'.

Employee on-costs provision

	2022 (\$000)	2021 (\$000)
Carrying amount at start of period	4	2
Additional/(reversals of) provisions recognised	-	2
Carrying amount at end of period	4	4

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.

- 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 programs

	2022 (\$000)	2021 (\$000)
Recurrent		
Apprentice & Trainee Programs	29,219	15,039
Supplementary Skills	1,948	1,461
Apprenticeship Articulation	1,859	1,948
Occupational Health & Safety	1,671	1,552
Careers Promotion	656	457
Other Bonuses & Support	382	503
Building and Construction Industry COVID-19 Support Payments	50	8,615
Total recurrent grants and programs	35,785	29,575

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.

The Board pays wage subsidies to employers in building and construction for apprentices and trainees. Grants and subsidies are recognised as an expense in the reporting period in which they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2022

2.3 Other operating expenditure

	2022 (\$000)	2021 (\$000)
Supplies and services		
Consultants	766	601
Professional services	483	386
Computer maintenance	265	115
Subscriptions	132	83
Minor equipment purchases	74	17
Communications	60	57
Consumables	59	30
Travel	25	17
Other	69	21
Total supplies and services	1,933	1,327
Accommodation expenses		
Cleaning	95	86
Repairs and maintenance	59	29
Rates and taxes	44	41
Other	37	34
Total accommodation expenses	235	190
Other operating expenses		
Employment on-costs	532	20
Board costs	200	196
Sponsorship	79	-
Levy collection fee	72	80
Other	64	66
Total other operating expenses	947	362

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The prior period comparative has been reclassified, with legal fees and stationery now classified as supplies and services.

Accommodation expenses are recognised as an expense in the reporting period in which they are incurred. Where an accommodation expense relates to the replacement of a significant component of an asset, the cost is capitalised and depreciated.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Employee on-cost includes workers' compensation insurance and a provision for payroll tax, see note 5.4. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

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	2022 (\$000)	2021 (\$000)
Building and Construction Industry Training Levy	3.1	39,486	45,833
Interest revenue	3.2	44	140
Other revenue	3.3	486	47
Total income		40,016	46,020
Income from State Government	3.4	17	-
Total income from State Government		17	-

3.1 Building and Construction Industry Training Levy

	2022 (\$000)	2021 (\$000)
Building and Construction Industry Training Levy	40,648	46,784
Levy refunds	(1,162)	(951)
Total Building and Construction Industry Training Levy collected	39,486	45,833

The *Building and Construction Industry Training Fund 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. A levy of 0.2% is applied to the total construction value of the project.

The levy is a contract with a customer under AASB 15. Levy revenue is recognised in full upon receipt from project owners or an authorised collection agent. An estimate of funds held by agents at the end of the reporting period is recognised as income for the period. The Board uses historical experience in the timing of returns from agents to estimate the value of the levy income receivable at the end of the reporting period.

The *Building and Construction Industry Training Fund Levy Collection Act 1990* provides for the Board to issue a refund where the value of construction works varies \$25,000 or more from the original estimate. Disclosure of Board judgements in estimating the provision for levy refunds is included at note 5.4 Other provisions.

3.2 Interest revenue

The Board receives interest from funds held in short-term deposits. Interest revenue is recognised as it accrues.

Notes to the Financial Statements

For the year ended 30 June 2022

3.3 Other revenue

	2022 (\$000)	2021 (\$000)
Asset revaluation increment, reversing decrement	445	-
World Skills – Special Purpose Account ^(a)	36	-
Employee contributions ^(b)	5	-
	486	-

(a) World Skills Account has been reclassified from monies held in trust to a special purpose account, which results in the funds being reclassified from a liability to a revenue.

(b) Income received by the Board from subleasing of right-of-use assets relates to lease payment received from operating leases. The Board has leased a number of right-of-use assets from State Fleet, which it subleases out to employees at a subsidised rate. Information on the Board's leasing arrangements with State Fleet can be found in note 2.1(a).

3.4 Income from State Government Appropriation received during the period:

The Building and Construction Industry Training Board is funded through the collection of the Building and Construction Industry Training levy and receives no State Government appropriation.

Resources received from other public sector entities during the period:

	2022 (\$000)	2021 (\$000)
State Solicitors Office – legal advice	17	-
	17	-

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
Property, plant and equipment	4.1
Right-of-use assets	4.2

Building and Construction Industry Training Board

Notes to the Financial Statements

For the year ended 30 June 2022

4.1 Property, plant and equipment

	Land (\$000)	Building (\$000)	Exhibits (\$000)	Furniture & equipment (\$000)	Computer hardware (\$000)	Works in progress (\$000)	Total (\$000)
1 July 2021							
Gross carrying amount	2,609	3,163	2,896	443	672	-	9,783
Accumulated depreciation	-	(432)	(1,668)	(296)	(572)	-	(2,968)
Accumulated impairment loss	-	-	-	-	-	-	-
Carrying amount at start of period	2,609	2,731	1,228	147	100	-	6,815
Additions	-	24	-	300	-	109	433
Transfers ^(a)	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1)	-	(1)
Revaluation increment ^(b)	131	314	-	-	-	-	445
Impairment losses ^(c)	-	-	-	-	-	-	-
Depreciation	-	(79)	(576)	(95)	(89)	-	(839)
Carrying amount at 30 June 2022	2,740	2,990	652	352	10	109	6,853
Gross carrying amount	2,740	3,417	2,896	738	645	109	10,545
Accumulated depreciation	-	(427)	(2,244)	(386)	(635)	-	(3,692)
Accumulated impairment loss	-	-	-	-	-	-	-

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

(b) Recognised in the Statement of Comprehensive Income. The land and building revaluation increments reversed prior year decrements expensed to the Statement of Comprehensive Income.

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

Notes to the Financial Statements

For the year ended 30 June 2022

4.1 Property, plant and equipment (continued)

Initial recognition

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, 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
- building

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate) 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 valued as at 1 July 2021 by Landgate. The valuations were performed during the year ended 30 June 2022 and recognised at 30 June 2022. In undertaking the revaluation, fair value was determined by reference to market values for land: \$2,740,000 (2021: \$2,610,000) and buildings: \$2,990,000 (2021: \$2,850,000). As at 30 June 2022, there were no indications of impairment to property, plant and equipment. The carrying amounts in respect to Land and Buildings at 30 June 2021 were not adjusted to market value as the adjustment was not considered material.

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. The exceptions to this rule include assets held for sale and land.

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
Building	40 years
Exhibits	5 years
Furniture & equipment	5 years
Computer hardware	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, which is considered to have an indefinite life, is 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.

4.1 Property, plant and equipment (continued)

Impairment

Non-financial assets, including items of infrastructure, 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 and 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 agency, 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.

4.1.1 Depreciation and impairment charge for the period

	2022 (\$000)	2021 (\$000)
Depreciation		
Exhibits	576	522
Furniture & equipment	95	77
Computer hardware	89	124
Building	79	119
Total depreciation for the period	839	842

All surplus assets at 30 June 2022 have either been classified as assets held for sale or have been written-off.

Notes to the Financial Statements

For the year ended 30 June 2022

4.2 Right-of-use assets

	2022 (\$000)
Vehicles	
Carrying amount at beginning of period	61
Extension of lease term	13
Impairment losses	-
Impairment losses reversed	-
Depreciation	(29)
Net carrying amount	45

The Board leases vehicles. The lease contracts are typically made for fixed periods of 1-6 years.

Initial recognition

At the commencement date of the lease, the Board recognises right-of-use assets and a corresponding lease liability for most leases. The right-of-use assets are measured at cost comprising of:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

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

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.

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
Receivables	5.1
Other assets	5.2
Payables	5.3
Other provisions	5.4

5.1 Receivables

	2022 (\$000)	2021 (\$000)
Current		
Accrued levy income	1,044	887
GST receivable	80	643
Interest receivables	1	2
Levy receivables	-	12
Allowance for impairment of levy receivables	-	-
Total current receivables	1,125	1,544

Accrued levy income represents funds held by collection agents but not yet remitted. Prior period was reclassified from other current assets to receivable.

Levy 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 impairment of levy receivables** is raised using a forward looking expected credit loss approach. During the year there were no levy receivables that became uncollectable and the Board do not have a history of uncollectable amounts, therefore the expected credit loss has been determined to be nil.

Notes to the Financial Statements

For the year ended 30 June 2022

5.2 Other assets

	2022 (\$000)	2021 (\$000)
Current		
Prepayments	57	12
Balance at end of period	57	12

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2022 (\$000)	2021 (\$000)
Current		
Accrued training expenses	1,658	445
Trade payables	501	230
Accrued expenses	142	506
Accrued employee benefits	104	83
Balance at end of period	2,405	1,264

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 20 days.

Accrued employee benefits represent the amount due to staff but unpaid at the end of the reporting period. Accrued employee benefits are settled within a fortnight after the reporting period. The Board considers the carrying amount of accrued employee benefits to be equivalent to its fair value.

5.4 Other provisions

	2022 (\$000)	2021 (\$000)
Current		
Levy refund	170	53
Payroll tax	504	-
Total current provision	674	53

5.4.1 Movement in provisions

	2022 (\$000)	2021 (\$000)
Provision for levy refund		
Carrying amount at start of period	53	-
Utilisation of provisions	(53)	-
Additional provision recognised	170	53
Carrying amount at end of period	170	53

Provision for levy refunds

The *Building and Construction Industry Training Fund Levy Collection Act 1990* provides for the Board to issue a refund where the value of construction works varies \$25,000 or more from the original estimate.

	2022 (\$000)	2021 (\$000)
Provision for payroll tax		
Carrying amount at start of period	-	-
Additional provision recognised	504	-
Carrying amount at end of period	504	-

Provision for payroll tax

The Board has been advised by RevenueWA that it is subject to payroll tax. The Board has lodged an exemption which is under consideration by the Commissioner of State Revenue. If no exemption is granted the Board maybe liable for up to 5 years of retrospective payroll tax.

Notes to the Financial Statements

For the year ended 30 June 2022

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
Lease liabilities	6.2
Capital commitments	6.3

6.1 Cash and cash equivalents

	2022 (\$000)	2021 (\$000)
Current		
Cash and cash equivalents	38,878	40,424
Balance at the end of the period	38,878	40,424
Restricted cash and cash equivalents		
Non-current		
World skills account	36	-
Balance at the end of period	36	-
Total cash and cash equivalents	38,914	40,424

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted 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.

6.2 Lease liabilities

	2022 (\$000)	2021 (\$000)
Current	13	9
Non-current	32	44
Total lease liabilities	45	53

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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 Board exercising an option to terminate the lease.
- 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).

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.

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

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.

This section should be read in conjunction with note 4.2.

Lease expenses recognised in the Statement of Comprehensive Income

	2022 (\$000)	2021 (\$000)
Lease interest expense	2	2
Expenses related to variable lease payments not included in lease liabilities	-	-
Total lease expense	2	2

6.3 Capital commitments

	2022 (\$000)	2021 (\$000)
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	-	214
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
Total capital commitments	-	214

Notes to the Financial Statements

For the year ended 30 June 2022

7. Financial instruments and contingencies

This note sets out the key risk management policies and measurement techniques of the Board.

	NOTES
Financial instruments	7.1
Contingent assets and liabilities	7.2

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:

	2022 (\$000)	2021 (\$000)
Financial assets		
Cash and cash equivalents	38,914	40,424
Financial assets at amortised cost ^(a)	-	12
Total financial assets	38,914	40,436
Financial liabilities		
Financial liabilities at amortised cost ^(b)	2,450	1,317
Total financial liabilities	2,450	1,317

(a) The amount of Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of Financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

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 the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

No contingent assets exist for the year ending 30 June 2022.

7.2.2 Contingent liabilities**Levy Refunds**

The *Building and Construction Industry Training Fund Levy Collection Act 1990* provides for the Board to issue a refund where the value of construction works varies \$25,000 or more from the original estimate. Due to significant uncertainty within the building and construction industry the Board is unable to make a reliable estimate of the value and timing of prior year refunds which have not been notified to the Board at the date of this Report.

Due to current operating conditions within the building and construction industry, such as labour and material supply constraints, inflationary pressure and tightening monetary policy, the Board cannot measure the probable economic outflow with sufficient reliability of levy refunds collected in prior years that are subsequently refunded to project owners.

Eligible Grant Payments

A primary goal of the Board is the payment of grants, subsidies and other benefits to individuals and employers who are able to demonstrate primary and substantial, direct involvement on relevant projects in Western Australia's construction industry, specifically in on-site construction, installation and/or fabrication activities. Board policy allows claims to be honoured up to five years after eligibility can be established.

At reporting date the Board is liable to make payment to an indeterminant number of claimants who met all eligibility requirements up to five years before the reporting date, however will only submit a claim after the reporting date. At this time the Board is unable to reasonably measure the amount or timing of any outflows from these claims.

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 reporting date	8.1
Key management personnel	8.2
Related party transactions	8.3
Related bodies	8.4
Affiliated bodies	8.5
Money held in trust	8.6
Remuneration of auditors	8.7
Supplementary financial information	8.8

8.1 Events occurring after reporting date

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

8.2 Key management personnel

The Board has determined key management personnel to include cabinet ministers 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:

(a) For the accountable authority:

Compensation band (\$)	2022	2021
40,001 - 50,000	1	1
10,001 - 20,000	8	7
1 - 10,000	-	2
	2022 (\$000)	2021 (\$000)
Total compensation for the accountable authority	196	172

The total compensation includes superannuation expense incurred by the Board.

Notes to the Financial Statements

For the year ended 30 June 2022

8.2 Key management personnel (continued)

(b) For Key Management Personnel, who were part of the executive management of the authority:

Compensation band (\$)	2022	2021
240,001 - 250,000	1	-
210,001 - 220,000	1	-
190,001 - 200,000	-	2
180,001 - 190,000	1	1
160,001 - 170,000	-	1
150,001 - 160,000	1	-
110,001 - 120,000	1	-
60,001 - 70,000	-	1
	2022 (\$000)	2021 (\$000)
Total compensation for the executive management team	908	806

No Key Management Personnel are members of the Pension Scheme.

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

Material transactions with 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.

8.4 Related bodiesThere are no bodies associated with the Board which would constitute that of a related body according to the disclosure requirements of the *Financial Management Act 2006*.**8.5 Affiliated bodies**There are no bodies associated with the Board which would constitute that of an affiliated body according to the disclosure requirements of the *Financial Management Act 2006*.

8.6 Special Purpose Account

World Skills account

The purpose of the account is to hold funds on behalf of the now deregistered Tilers WA Inc on agreement that the Board apply the funds for the sole benefit of assisting tiling apprentices to meet expenses related to the World Skills Championship competitions.

	2022 (\$000)	2021 (\$000)
Balance at start of period	36	36
Receipts	-	-
Payments	-	-
Balance at end of the period	36	36

The World Skills Account has been reclassified from monies held in trust to a special purpose account during 2021-22.

8.7 Remuneration of auditors

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

	2022 (\$000)	2021 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	58	62

8.8 Supplementary financial information

(a) Write-offs

During the financial year, nil (2021: nil) was written off from the Board's asset register under the authority of the accountable authority, Minister or Executive Council.

(b) Losses through theft, defaults and other causes

During the financial year, nil (2021: nil) losses of public money and public and other property resulted from theft, default or other causes.

(c) Gift of public property

During the financial year, nil (2021: nil) gifts of public property were made.

Notes to the Financial Statements

For the year ended 30 June 2022

9. Explanatory statement

9.1 Explanatory statement (controlled operations)

This explanatory section explains variations in the financial performance of the Agency undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the dollar aggregate of:

- Total Cost of Services based on the lower of the estimate or the prior year actual for the Statements of comprehensive income and Statement of cash flows; and
- Total Assets based on the lower of the estimate or the prior year actual for the Statement of financial position.

9.1.1 Statement of Comprehensive Income variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between results for 2022 and 2021 (\$000)
Expenses						
Employee benefits expenses	a	3,974	3,799	3,228	(175)	571
Grants and subsidies	1,b	28,159	35,785	29,575	7,626	6,210
Supplies and services	c	2,074	1,933	1,327	(141)	606
Accommodation expenses		317	235	190	(82)	45
Depreciation and amortisation expenses		997	868	862	(129)	6
Finance costs		3	2	2	(1)	-
Other operating expenses	2,d	483	947	362	464	585
Total cost of services		36,007	43,569	35,546	7,562	8,023
Income						
Levy fees	e	36,650	39,486	45,833	2,836	(6,347)
Interest revenue		144	44	140	(100)	(96)
Other revenue	3,f	-	486	47	486	439
Total income		36,794	40,016	46,020	3,222	(6,004)
NET COST OF SERVICES		787	(3,553)	10,474	(4,340)	(14,027)
Income from State Government						
Resources received		-	17	-	17	17
Total income from State Government		-	17	-	17	17
SURPLUS / (DEFICIT) FOR THE PERIOD		787	(3,536)	10,474	(4,323)	(14,010)
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		787	(3,536)	10,474	(4,323)	(14,010)

9.1.1 Statement of Comprehensive Income variances (continued)

Major Estimate and Actual (2022) Variance Narratives

- 1) Grants and subsidies were \$7.6 million (27.1%) above estimate due to a significant increase in eligible apprentices and trainees engaged in training subsidised by CTF. This increase was the result of Commonwealth and State economic stimulus packages creating a significant pipeline of work for the industry and the Commonwealth Government's implementation of a 50% wage subsidy for businesses that employed new apprentices.
- 2) Other operating expenses exceeded estimate by \$464,000 (96.1%) due to providing for a \$504,000 payroll tax liability which is pending the Commissioner of State Revenue's determination if the Board meets an exemption criteria for payroll tax.
- 3) Other revenue exceeded estimate by \$486,000 largely due to a \$445,000 revaluation increment of land and building classified as income.

Major Actual (2022) and Comparative (2021) Variance Narratives

- a) Employee benefits expense increased by \$571,000 (17.7%) due to a restructure effective from 1 July 2021, which established a number of permanent positions to meet additional demand for grants and service delivery roles to support the CTF's mission to improve skills within the building and construction industry.
- b) Grants and subsidies increased by \$6.2 million (21%) due to the acquittal of new incentives such as the Trade Bonus and an increase in eligible apprentices and trainees engaged in training subsidised by the CTF.
- c) The increase in supplies and services expenditure by \$606,000 (45.7%) was largely attributable to professional services engaged to review and advise CTF management on improvements to IT systems and the internal control environment.
- d) Other operating expenses comparative increased by \$585,000 due to providing for a \$504,000 payroll tax liability which is pending the Commissioner of State Revenue's determination if the Board meets a payroll tax exemption criteria.
- e) The decrease in levy fees by \$6.3 million (13.8%) was largely attributable to a decrease in leviable building and construction activity compared with 2021 and due to several significant levy refunds for cancelled projects.
- f) Other revenue increased by \$439,000 (934%) due to a revaluation increment of CTF land and buildings classified as income.

Notes to the Financial Statements

For the year ended 30 June 2022

9.1.2 Statement of financial position variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between results for 2022 and 2021 (\$000)
ASSETS						
Current Assets						
Cash and cash equivalents		37,937	38,878	40,424	941	(1,546)
Restricted cash and cash equivalents		-	36	-	36	36
Receivables		1,030	1,125	1,544	95	(419)
Other current assets		12	57	12	45	45
Total current assets		38,979	40,096	41,980	1,117	(1,884)
Non-current assets						
Property, plant and equipment		7,527	6,853	6,815	(674)	38
Right-of-use assets		81	45	61	(36)	(16)
Total non-current assets		7,608	6,898	6,876	(710)	22
TOTAL ASSETS		46,587	46,994	48,856	407	(1,862)
LIABILITIES						
Current Liabilities						
Payables		1,766	2,405	1,264	639	1,141
Employee related provisions		530	480	530	(50)	(50)
Lease liabilities		3	13	9	10	4
Other provisions	1,a	53	674	53	621	621
Total current liabilities		2,352	3,572	1,856	1,220	1,716
Non-current liabilities						
Employee related provisions		191	161	191	(30)	(30)
Lease liabilities		59	32	44	(27)	(12)
Total non-current liabilities		250	193	235	(57)	(42)
TOTAL LIABILITIES		2,602	3,765	2,091	1,163	1,674
NET ASSETS		43,985	43,229	46,765	(756)	(3,536)
EQUITY						
Contributed equity		-	-	-	-	-
Reserves		-	-	-	-	-
Accumulated surplus		43,985	43,229	46,765	(756)	(3,536)
TOTAL EQUITY		43,985	43,229	46,765	(756)	(3,536)

9.1.2 Statement of financial position variances (continued)

Major Estimate and Actual (2022) Variance Narratives

- 1) Other provisions were \$621,000 (1171.7%) above estimate due to the Board being advised by RevenueWA that it is currently liable for payroll tax, however the Board has lodged an exemption which is under consideration by the Commissioner of State Revenue. If the exemption is not granted the Board has provided for a \$504,000 liability.

Major Actual (2022) and Comparative (2021) Variance Narratives

- a) Other provisions were \$621,000 (1171.7%) above the comparative due to the Board being advised by RevenueWA during 2021-22 that that it is currently liable for payroll tax, however the Board has lodged an exemption which is under consideration by the Commissioner of State Revenue. If the exemption is not granted the Board has provided for a \$504,000 liability.

Notes to the Financial Statements

For the year ended 30 June 2022

9.1.3 Statement of cash flows variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between results for 2022 and 2021 (\$000)
Cash flows from operating activities						
Payments						
Employee benefits	a	(3,642)	(3,858)	(2,974)	(216)	(884)
Grants and subsidies	b	(32,349)	(34,570)	(29,878)	(2,221)	(4,692)
Supplies and services	1	(2,125)	(1,391)	(1,187)	734	(204)
Accommodation		(232)	(234)	(189)	(2)	(45)
Finance costs		(4)	(2)	(2)	2	-
Other operating payments		(347)	(437)	(360)	(90)	(77)
GST payments on purchases		(300)	(562)	(609)	(262)	47
Receipts						
Levy received from project owners	c	36,650	38,795	45,837	2,145	(7,042)
Interest received		40	44	147	4	(103)
GST receipts from taxation authority	2,d	300	1,125	-	825	1,125
Other receipts		-	41	47	41	(6)
Net cash provided by/(used in) operating activities		(2,009)	(1,049)	10,832	960	(11,881)
Cash flows from investing activities						
Payments						
Purchase of non-current assets		(450)	(433)	(246)	17	(187)
Net cash use in investing activities		(450)	(433)	(246)	17	(187)
Cash flows from financing activities						
Payments						
Principal elements of lease payments		(28)	(28)	(26)	-	(2)
Net cash use in financing activities		(28)	(28)	(26)	-	(2)
Net increase/(decrease) in cash and cash equivalents		(2,487)	(1,510)	10,560	977	(12,070)
Cash and cash equivalents at the beginning of the period		40,424	40,424	29,864	-	10,560
Cash and cash equivalents at the end of the period		37,937	38,914	40,424	977	(1,510)

9.1.3 Statement of cash flow variances (continued)

Major Estimate and Actual (2022) Variance Narratives

- 1) Supplies and services were \$734,000 (34.5%) below estimate is primarily due to the lower than anticipated need for professional services to support the Board's organisational restructure that took effect from 1 July 2021.
- 2) GST receipts from the ATO exceeded estimate by \$825,000 (275%) was due to the back payment of unclaimed input tax credits from prior financial years.

Major Actual (2022) and Comparative (2021) Variance Narratives

- a) Employee benefits expense increased by \$884,000 (29.7%) due to a restructure, which established a number of permanent positions to meet additional demand for grants and service delivery roles to support the CTF's mission to improve skills within the building and construction industry.
- b) Grants and subsidies increased by \$4.7 million (15.7%) due to the acquittal of new incentives such as the Trade Bonus and an increase in eligible apprentices and trainees engaged in training subsidised by the CTF. This increase was the result of Commonwealth and State economic stimulus packages creating a significant pipeline of work for the industry and the Commonwealth Government's implementation of a 50% wage subsidy for businesses that employed new apprentices.
- c) Levy receipts decreased by \$7.0 million (15.4%) was largely attributable to a decrease in leviable building and construction activity compared with 2021 and due to several significant levy refunds for cancelled projects.
- d) GST receipts from the ATO increased by \$1.1 million due to the back payment of unclaimed input tax credits from prior financial years.

Key Performance Indicators

1. Effectiveness

Mission

In collaboration with our stakeholders, we offer initiatives to develop and sustain an agile construction workforce; and to advocate construction as a career for all

Government goal

Future jobs and skills

Agency level Government desired outcome(s)

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

Outcome 1 – Programs support an increase in skilled workers in the industry.

KPI 1.1

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

Number of apprentices and trainees		2021-22	2020-21	2019-20
Apprentices and trainees in training ¹ (April each year)		9,912	8,148	6,350
Number of tradespeople		2021-22	2020-21	2019-20
Tradespeople in industry ² (includes electricians)		64,600	65,100	55,800
Percentage	Target	2021-22	2020-21	2019-20
Training rate ³	11.5%	15.3%	12.5%	11.4%

Note: all percentages are rounded to one decimal point

The training rate has increased to 15.3% from 12.5% in the previous year. There has been an increase of 1,764 apprentices and trainees in training in the 12 months to April 2022 with a decrease of 500 tradespeople from May 2021 to May 2022.³

The training rate is calculated by dividing the number of apprentices and trainees in training by the number of tradespeople in the industry. The ABS figures are updated on a quarterly basis in February, May, August and November whereas the apprenticeship and traineeship data is updated by the Department of Training and Workforce Development on a monthly basis. The CTF uses the April apprentice and trainee data and the May ABS data to calculate the training rate.

The minor decrease in tradespeople is likely due to an upturn across the economy and competition for a limited workforce. State and Federal Government incentives, closed borders and a lack of available interstate and international skilled workers for much of the financial year has resulted in an increase in apprenticeship numbers as businesses try to secure skilled employees.

The 11.5% target was set by the Board in 2021, based on an historical review of the training rate, within the context of a volatile economic and employment market.

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		2021-22	2020-21	2019-20
Workers in industry trained with CTF support ⁴ (financial years)		10,733	10,400	16,119
Number of workers		2021-22	2020-21	2019-20
Number of workers in the industry ⁵		127,720	133,210	127,850
Percentage	Target	2021-22	2020-21	2019-20
Training rate ⁶	12%	8.4%	7.8%	12.6%

Note: all percentages are rounded to one decimal point

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

The training rate of 8.4% falls short of the 12% target but is above the 2020-21 training rate of 7.8%.

The CTF issued 10,733 supplementary skills or occupational safety and health training subsidies in the 2021/22 financial year. In May 2022 there were 127,720 workers employed in the Western Australian

construction industry. This figure has remained fairly stable over the last 3 years even as demand for workers has increased. Closed borders, competition from other sectors and record low unemployment levels have limited the growth potential of the construction workforce.

1. Department of Training and Workforce Development, April 2022

2. Australian Bureau of Statistics, Labour Force, Australia, Detailed (EQ8) Quarterly May 2022

3. Training Rate in 1.1 is the ratio of apprentices to tradespeople

4. CTF D365 database

5. Australian Bureau of Statistics, Labour Force, Australia Detailed, Table 5, May 2022

6. Training Rate is the ratio of people trained in Supplementary Skills compared to total eligible people in workforce

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.

# Surveyed	# of responses	Satisfied Responses	Satisfaction Target	2021-22	2020-21	2019-20	2018-19
1,265	1,074	1,034	85%	96.2%	98.9%	94.3%	97.9%

Note: all percentages are rounded to one decimal point

Methodology of survey – worker satisfaction

The indicator relating to 'worker satisfaction' (KPI 2.1) is a measure of the level of satisfaction with short training courses subsidised by CTF through the Supplementary Skills and Occupational Health and Safety programs.

The CTF surveyed recipients in receipt of CTF training subsidies during the 2021-22 financial year.

It should be noted that the training referred to is sourced by participants and delivered by Registered Training Providers (RTPs) and beyond the control of CTF. The target of 85% was set by the BCIT Board in 2021, based on historical results within the Vocational Education and Training sector.

The survey used a five-point Likert scale, ranging from Highly satisfied (5), through to Highly dissatisfied (1). Satisfaction is determined by selecting only the respondents that answered satisfied (4), or highly satisfied (5), in the survey.

To ensure that the satisfaction level was a statistically valid sample consistent across training providers, two random samples across 18 private RTPs was conducted.

KPI 2.2

The proportion of employers surveyed who are satisfied overall with the quality of training supported by the Construction Training Fund

# Surveyed	# of responses	Satisfied Responses	Satisfaction Target	2021-22	2020-21	2019-20	2018-19
2,047	1,856	1,470	80%	79%	83%	93%	98%

Methodology of survey – employer satisfaction

The indicator relating to 'employer satisfaction' (KPI 2.2) is a measure of the level of satisfaction with short training courses subsidised by CTF through the Supplementary Skills and Occupational Health and Safety programs.

The CTF surveyed recipients in receipt of CTF training subsidies during the 2021-22 financial year who self-identified as employers.

It should be noted that the training referred to is sourced by participants and delivered by Registered Training Providers (RTPs) and beyond the control of CTF.

Satisfaction levels are determined with participants completing a survey with a five-point Likert scale

ranging from highly satisfied (5), through to highly dissatisfied (1). Satisfaction is determined by selecting only the respondents that answered satisfied (4), or highly satisfied (5), in the survey.

There were 1,470 responses that answered 4 or 5, and 373 responses in the mid-range (3) where the respondent was neither satisfied nor dissatisfied. Only 13 respondents indicated any level of dissatisfaction (2 or 1).

The target of 80% was set in 2007-08 based on historical results within the Vocational Education and Training sector.

2. Efficiency

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."

2021-22 Target	2021-22	2020-21	2019-20	2018-19
10.0%	13.41%	10.89%	9.10%	12.30%

Total administration costs as a percentage of the Fund's cost of services is 13.41% for the year ended 30 June 2022. This is an increase on the 10.89% result for 2020-21, and over the target of 10% set by the Board when the KPI's were introduced.

The administration expenditure of the Fund rose \$2.07 million (54.9%) from \$3.77 million in 2020-21 to \$5.84 million in 2021-22 due to increase expenditure associated with an organisational restructure including costs related to IT system maintenance.

Total training expenditure increased \$8.61 million (31.7%) to \$35.78 million in 2021-22 from \$27.17 million in 2020-21 primarily driven by a 74.1% increase in apprentices and trainees supported and the increased payment of Trade Bonus for apprentices.

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."

2021-22 Target	2021-22	2020-21	2019-20	2018-19
\$69.00	\$76.29	\$88.76	\$86.66	\$85.10

Specific administration costs represented as a cost per apprentice or trainee subsidised decreased in 2021-22 from \$88.76 to \$76.29. The decrease in cost per apprentice was driven by a 74.1% increase in the number of apprentices and trainees supported with the corresponding total cost to administer claims increasing at a slower rate of 49.6%.

The actual administration cost per apprentice or trainee subsidised of \$76.29 was higher than the \$69.00 target. This reverses the prior year's trend of increasing costs per apprentice driven by the lower marginal cost of each additional apprentice supported despite the overall increase in specific administration cost.

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."

2021-22 Target	2021-22	2020-21	2019-20	2018-19
\$28.00	\$50.96	\$35.10	\$32.46	\$25.28

Specific administration costs represented as a cost per person supported to undertake skills training or vocational education increased in 2021-22 from \$35.10 to \$50.96.

The increase in the cost per person supported was due the number of participants decreasing by 1.7%, due to the high level of activity within the construction industry, which limits the availability of individuals to undertake supplementary training.

The actual administration cost per person supported to undertake skills or vocational training of \$50.96 is well over the target of \$28.00. This is due to the lower number of course participants combined with the increase in the allocation of specific administrative costs of 47.7%, related to with an organisational restructure including costs for IT system maintenance.

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A view from a cable car looking down at a city. In the background, a construction crane is visible against a cloudy sky. The city below is densely packed with buildings and greenery. The cable car's structure, including cables and a control lever, is visible in the foreground.

Other statutory information

Ministerial directions

No Ministerial directives were received during the financial year.

Other financial disclosures

Capital works

Capital project completed

The reconfiguration of the CTF office administration building to accommodate the team on a single level was completed in February 2022. Works also included the reconfiguration of previous office space and the office foyer to improve seminar space and security, final cost of the project was \$310,000.

Capital project incomplete

No other capital projects were commenced during the year.

Employment and industrial relations

Staff Profile (as at 30 June)	2022	2021
Full-time permanent	28	21
Full-time contract	4	2
Part-time contract	3	2
Part-time permanent	1	2
On secondment	1	0
	37	27

Staff development

The CTF has a commitment to the development of its employees. Our strategies are to build a highly skilled, professional and fair workforce with the ability to adapt to changing business technology and the environment.

During the financial year, the CTF team received training in Accountable and Ethical Decision Making; Harnessing the Power of Intercultural Teams; Cultural Awareness and Family and Domestic Violence Awareness training.

Workers Compensation

The CTF processed 1 compensation claim during the financial year. This is consistent with 2020-21.

Governance disclosures

Details of government board and committee remuneration

The Building and Construction Industry Training Board is a body corporate which is responsible for the administration of the training levy and operations of the CTF. The Board has nine members, drawn from key stakeholder bodies prescribed under Section 10(1) of the Building and Construction Industry Training Levy Act 1990. All Board members are appointed by the Minister for Education and Training.

Position	Name	First Appointment Date	Base salary/ sitting fees (\$)	Gross/actual remuneration for FY (\$)
Chair	Mr Reg Howard-Smith	10/03/2020	44,688	44,688
Member	Ms Cheng Rolfe	20/06/2016	19,045	19,045
Member	Mr Dean O'Rourke	1/07/2018	19,045	19,045
Member	Ms Sandra McInnes	21/11/2018	19,045	19,045
Member	Mr Michael Buchan	20/07/2020	19,045	19,045
Member	Mr Stan Liaros	20/07/2020	19,045	19,045
Member	Ms Kate Osborn	20/07/2020	19,045	19,045
Member	Ms Paula West	21/12/2020	19,045	19,045
Member	Mr Steven McCartney	28/06/2021	17,458	17,458
Total (\$)			195,461	195,461

Occupational safety, health and injury management

The CTF is committed to providing a healthy and safe work environment for all employees and visitors. The 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.

The CTF promotes a consultative environment in which management and employees work together to continually improve occupational health and safety practices. During 2021-22, the WH&S, First Aid and Wellness Committee has worked with the CTF Executive and employees to implement recommendations highlighted during an external WH&S Compliance Audit undertaken at the end of 2020.

One of the recommendations from the audit was to review and update the existing Work Health and Safety Policy and Management Plan which incorporates WH&S and Injury Management policies, procedures, and forms. The review and updates were finalised and documents, including minutes of Committee meetings, are stored within the new WH&S section of the CTFs SharePoint system.

Employees are kept regularly informed on any WH&S matters through emails and regular team meetings. During the year, a substantial number of WH&S and Wellness improvements and initiatives were implemented and some of these are highlighted below.

Other statutory information

- Tinting the bottom of the outside windows to reduce heat from the sun during the summer months impacting on employees.
- Employee Wellness Plan.
- Installation of bollards to prevent the blocking of the fire hydrant in the parking bay and in front of the doors to the CTF.
- Amended and updated evacuation diagrams reflecting modifications to the office layout.
- Glass inserts installed to entry doors allowing employees visibility to the other side before opening doors.
- Installation of an external visitor airlock and intercom system for employee security.
- A new fire monitoring system installed with the fire alarm activated through to DFES.

CTF's occupational health and safety statistics for 2021-22 are shown below:

Measures	2020/21	2021/22	Targets	Comments about targets
Number of fatalities	0	0	0	...
Lost time injury and disease incidence rate	0	0	0 or 10% reduction in incidence rate	NA
Lost time injury and severity rate	0	0	0 or 10% reduction in severity rate	NA
Percentage of injured workers returned to work (i) within 13 weeks	N/A	N/A	Greater than or equal to 80%	NA
Percentage of injured workers returned to work (ii) within 26 weeks	N/A	N/A	Greater than or equal to 80%	NA
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years	1 FTE (25%)	**2 FTE	Greater than or equal to 80%	Organisational restructure 2021

WA Multicultural Policy Framework

The CTF has formed a Culture, Diversity and Inclusion Committee to develop policies and processes that will embed diversity within the workplace. The Committee has completed CTF's Multicultural Plan 2021-2024. On 6 August 2021 the Plan was submitted to the Minister for Citizenship and Multicultural Interests.

Disability access and inclusion plan outcomes

The CTF has, through the Culture, Diversity and Inclusion Committee, developed policies and processes that will embed diversity within the workplace. The formulation of a Disability Access and Inclusion Plan will form part of the Committee's work.

Act of grace payments

No act of grace payments were made during the 2021-22 financial year.

Unauthorised use of credit cards

Officers of the CTF hold a corporate credit card where their role necessitates the usage of this facility. Before any card is issued prospective cardholders acknowledge their obligations to comply with the CTF's credit card policy.

No unauthorised use of corporate credit cards occurred during the 2021-22 financial year.

Advertising, market research, polling and direct mail

In accordance with section 175ZE of the Electoral Act 1907, the agency incurred the following expenditure in advertising, market research, polling, direct mail and media advertising. Total expenditure for 2021-22 was \$399,573.33. Expenditure was incurred in the following areas:

Expenditure	Organisation	Amount (\$)
Advertising	Meta - Facebook & Instagram	\$1,851.21
	NAWIC Journal	\$1,735.00
	Prime Creative - Roads and Infrastructure	\$6,750.00
	Prime Creative - Earthmovers and Excavators	\$22,847.00
	MBA Master Builder	\$5,500.00
	CCF Bulletin	\$1,200.00
	Branch Media - CMFEU Construction Worker	\$1,995.00
	Business Promotions Australia (BPA)	\$3,714.00
	Student Edge	\$21,875.00
	HIA Building News	\$10,332.75
	Red Flame Events	\$5,752.50
Market research	Marketforce	\$12,189.69
Polling	-	
Direct mail	Marketforce	\$166.75
Media Advertising	Adv production - Josh Byrne and Associates	\$1,120.00
	Adv Production - Marketforce	\$72,439.30
	Adv Production - Creative ADM	\$7,105.75
	Paid media - Initiative	\$222,999.38
Grand total		\$399,573.33

Compliance with public sector standards and ethical codes

The *Public Sector Management Act 1994* provides the principles of conduct for all public sector bodies and employees. These include compliance with any legislation governing conduct, Public Sector Commissioner's Instructions, Public Sector Standards and Code of Ethics.

The Code of Conduct prescribes mandatory standards of behaviour, conduct and integrity expected of all employees. The Code places an obligation on all employees to take responsibility for their own behaviours, conduct and integrity, to work cooperatively with stakeholders, and to establish a safe and healthy workplace and culture.

The CTF has completed reporting to the Public Sector Commission through the Integrity and Conduct Annual Collection and the Boards and Committees Annual Collection.

Breaches of Standards Review

Number of breaches lodged 0

Number of breaches found 0

Number of multiple breaches 0

Number still under review 0

Indemnity Insurance

The Building and Construction Industry Training Board paid \$10,064 to indemnify any director (as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*) against a liability incurred under sections 13 or 14 of that Act.

Recordkeeping plans

The 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.

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Ph: 61 8 9244 0100

www.ctf.wa.gov.au info@ctf.wa.gov.au

PO Box 303, Cloverdale WA 6985

104 Belgravia Street, Belmont WA 6104

