



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

**ANNUAL REPORT
2017-18**

STATEMENT OF COMPLIANCE

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

In accordance with Section 63 of the *Financial Management Act 2006*, I have pleasure in submitting for your information and presentation to Parliament the Annual Report of the Building and Construction Industry Training Board for the financial year ended 30 June 2018.



Ian C Hill
Chairman
BCIT Board

OVERVIEW

This report describes the function and operations of the Building and Construction Industry Training Board and Fund, outlining outputs, financial results and performance indicators for the year ended 30 June 2018. This and earlier annual reports are available on CTFs website at ctf.wa.gov.au.

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OVERVIEW OF THE CONSTRUCTION TRAINING FUND

Who we are

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

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

As at 30 June 2018, a small team of 20.2 staff service CTF, which is based in Belmont. CTF works closely with stakeholders in the building and construction industry, Department of Training and Workforce Development, State Training Board, registered training providers, local government agencies and secondary schools.

What we do

CTF administers a training levy on building and construction work in Western Australia, except for engineering construction associated with the resources sector.

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

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

Values

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

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

■ *Personal integrity*

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

■ *Relationships with others*

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

■ *Accountability*

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

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

PERFORMANCE HIGHLIGHTS 2017-18

Despite a further decline in building activity across all sectors of the building and construction industry, some reasonable results were achieved during 2017-18. As at July 2018 there were 6,648¹ apprentices in training which was slightly better than at the same time in 2017. However, apprentice commencement numbers have declined significantly so these in-training rates may drop further over the next two years. To address this decline, the Board recently approved a further incentive of \$4,000 on top of the existing \$10,000 subsidy for any new apprentice employed in Construction, Plumbing and Services trades and a \$1,000 bonus for all non-Construction, Plumbing and Services trades including electrical mechanics. This initiative commenced on 1 July 2018 and concludes on 30 June 2020.

As at May 2017, the building and construction industry employed 44% of all Western Australia's apprentices and this industry employs 10% (annualised) of the overall Western Australian workforce. CTF continues to support the industry through its financial subsidies which help keep skill shortages to minimal levels.

Training support outcomes

Program	Number supported	Funding expenditure
Apprentice subsidies	4,885	\$12.49 million
Skills training subsidies	7,814	\$2.79 million
OS&H training subsidies	8,643	\$1.54 million
Vocational Education and Training in Schools (VET), School2Skills and Career Promotion <i>*July – December 2016</i>	2,757 Schools2Skills	\$2.12 million
	162 VET*	
	306 Presentations	

Construction Futures Centre

The new Construction Futures Centre (CFC) was opened by the Hon Sue Ellery MLC, Minister for Education and Training on Tuesday 12 December 2017. This was a tremendous achievement and strongly supported by all key stakeholders in the building and construction industry. The CFC exhibits utilise virtual reality; augmented reality; gaming technology; computer simulation; and audio-visual material as well as static displays to highlight the breadth and depth of careers available for both men and women in this industry. To date, the CFC has had 1,700 visitors and a further 700 visitors have booked a visit.

Ongoing initiatives

During the year CTF has provided ongoing funding support for:

- Awareness training for depression and suicide prevention (Mates-in-Construction).
- Awareness training for the prevention of abuse of alcohol and drugs.
- Employment of women and Aboriginal and Torres Strait Islanders in apprenticeships and traineeships

¹ Note: not all employers who employ an apprentice claim the \$10,000 CTF subsidy. This accounts for the discrepancy between the number of apprentices in training (6,648) and apprentice subsidies (4,885).

Career information and school support

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

- 153,968 visits to No Limits and BCITF information websites.
- 2,757 school students in Schools2Skills work transition programs.
- 162 students funded to undertake VET programs as part of their Western Australian Certificate of Education (WACE).
- 306 career presentations and expos undertaken.

Research / Construction Training Council

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

- Asbestos awareness
- Factors affecting an apprentices' choice of trade
- Business skills training for apprentices in their final year
- Is there a need for a waterproofing qualification in Western Australia

Total CTF administration costs

Administration costs for 2017-18 were maintained at a level which was like previous years. Administration costs were \$2.40 million out of a total expenditure \$21.76 million. Consequently, all current programs were able to be maintained and supported during the financial year because these costs were kept to a minimum.

CHAIRMAN'S OVERVIEW

Construction industry activity: 2017-18

The transition from construction phase to production in the resource sector had a flow on effect across all three sectors of the building and construction industry. As at June 2018, the following seasonally adjusted figures show total building approvals (dwelling units) fell 9.2%, down from 20,204 to 18,345. Building approvals for houses decreased by 9.3%, down from 14,980 to 13,594 and overall dwelling commencements as at March 2018 fell from 20,987 to 18,897, down 10.0%. The commercial and civil construction sectors also remained subdued. This downturn in activity was reflected in both CTFs revenue and expenditure patterns.

Despite this, by closely monitoring industry activity and predicting trends, the Board has been able to set budgets accordingly. The revenue achieved for the year of \$25.9 million was \$2.4 million or 9.2% below the budget of \$28.35 million, due to the ongoing decline in new housing in the residential sector. Expenditure of \$22.2 million was \$5.8 million or 20.7% under the budget of \$28.0 million. This was due to a larger than expected decline in apprentice commencements. Combined, this equated to 1,608 fewer subsidy claims paid in 2017-18 compared to 2015-16. CTFs new online claims process being launched in August-September 2018 is expected to cut red tape and make it easier for employers to make claims.

Training support programs

CTF expended \$12.4 million in financial support for the employment of apprentices and \$4.3 million in supplementary skills training. In 2017-18, participation in additional industry skills and occupational safety and health training both decreased compared to 2016-17. This probably reflects the slow down across the industry. Understandably during tough economic conditions, qualified tradespersons who are in the main subcontractors, concentrate on securing ongoing work as opposed to spending time undertaking training.

It is estimated there are approximately 17,000 construction industry employees currently working on resource infrastructure construction projects and with the recent announcements in the media about new mines or the expansions of existing mining operations, this is expected to increase significantly over the next few years. If apprentice commencements continue to decline and existing skilled resources within the building and construction industry are attracted back to resource sector projects, then this could see a significant shortfall in skilled workers available in the building and construction sector. In addition, if supplementary skills training declines further, this could eventuate in a decline in the quality of skills in the industry.

There has been ongoing support for the number of VET students undertaking the construction industry pathways programs. CTF provided support for 162 students up until the completion of the school calendar year in 2017 and supported a further 2,757 students within CTFs Schools2Skills programs.

Resources sector levy and training support

The Government is reintroducing the BCITF levy on the resources sector and it is expected this will commence in October 2018. CTF has commenced undertaking research on identifying new sources of information that will provide much more accurate information on the number and amount of investments including the value of the building and construction being undertaken by resource companies. This will enable CTF to collect the levy much more efficiently. In addition, CTF has already engaged unions and other stakeholders seeking their ideas and suggestions about strategies that could be put in place to increase building and construction apprentice commencements in the resources sector and what other training could be supported and/or funded.

Construction Futures Centre

The Construction Futures Centre (CFC) was opened by the Hon Sue Ellery MLC, Minister for Education and Training, on 12 December 2017. A coordinator was appointed to manage the CFC and to work closely with stakeholders in the building and construction industry, the VET sector and secondary schools to encourage them to visit and utilise. To date, over 1,400 visitors have visited the Centre with another 700 visitors booked in for a visit to the centre.

Feedback from all industry stakeholders, VET coordinators, teachers and school students has been very positive. The CFC showcases the building and construction industry and highlights the broad career opportunities this sector can provide. Open days have also been arranged where parents can accompany their child on a visit. During these visits, parents sought advice about careers in the industry, apprenticeships and school-based training opportunities funded by CTF.

Board structure

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

Board member profiles

Mr Ian Hill, Chairman

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

Mrs Susan Bailey

Mrs Bailey has worked in the housing construction industry for 36 years. Her experience includes serving as past President of the Housing Industry Association (WA/Asia) and recent experience as a senior executive of the Homestart/JCorp organisation.

Mr Maxwell Rivett

Mr Rivett was a Director/Partner of Cooper and Oxley Builders Pty Ltd where he has worked since 1974. Mr Rivett has been a past president of the Master Builders' Association and Director of Master Builders Australia Incorporated.

Mr Leslie Wellington

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

Ms Kathleen Soumanis

Ms Soumanis is the Director Human Resources for Alcoa Alumina and Alcoa of Australia Limited. Previously she was Workforce Planning and Capability Manager (Engineering) for the Downer Group and prior to that she was the Human Resources Manager – Infrastructure North West for the John Holland Group for six years. Ms Soumanis has held human resource management roles in several large organisations over the past 22 years.

Ms Cheng Rolfe

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

Board appointment and reappointments

The terms of three Board members, Mrs Susan Bailey, Mr Leslie Wellington and Mr Maxwell Rivett expired on 20 June 2018. The Minister requested nominations from industry employer and employee organisations to fill the vacant positions and recommended the re-appointment of Mr Leslie Wellington and the new appointments of Mr Michael McLean and Mr Dean O'Rourke for a period of one year, expiring on 20 June 2019. The Chairman would like to express his sincere thanks to both Mrs Bailey and Mr Rivett for their significant contribution and service over many years to the BCIT Board.

Mr Michael McLean

Mr McLean is currently the Director of the Master Builders Association of WA which he has held for the past 22 years. He is due to retire from his position in December 2018.

Mr Dean O'Rourke

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

Board activities

During the past year the Board met on seven occasions. In March 2018, Board members also participated in an annual strategic planning workshop with approximately 40 industry stakeholders. This workshop assisted the Board to set priorities and strategic program objectives for the future.

The Board relies on four advisory committees to provide advice and information about key training and workforce development issues. These include the Construction Industry Strategic Group, Construction Industry Working Group, Construction Training Delivery Group and Career Promotion Committee.

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

Acknowledgements

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

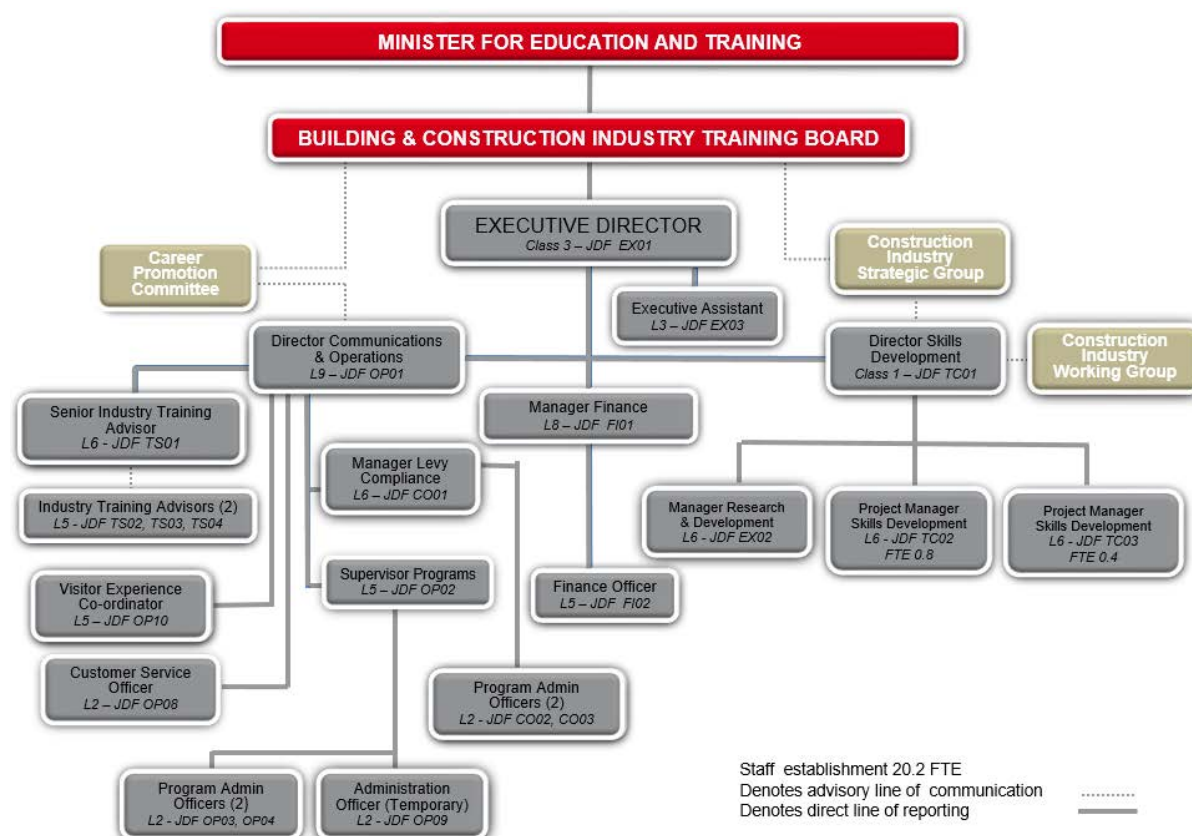
During the year, the Board worked productively with the Hon Sue Ellery MLC, Minister for Education and Training and the staff in her office.

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



Ian C Hill
Chairman
Building and Construction Industry Training Board

ORGANISATIONAL STRUCTURE



SENIOR OFFICERS

Mr Alan Jackson – Executive Director

Mr Alan Jackson has been employed by the Construction Training Fund since February 2016. He has been an Executive Director in the public sector for the past 17 years in the Department of Treasury and Finance and the Department of Commerce. Prior to this, he held senior management roles for 22 years in the private, training and education sectors.

Mr Alan Davis – Director Skills Development

Mr Davis has been employed by the Construction Training Fund since 2009. He has over 30 years' experience in the delivery and management of VET programs.

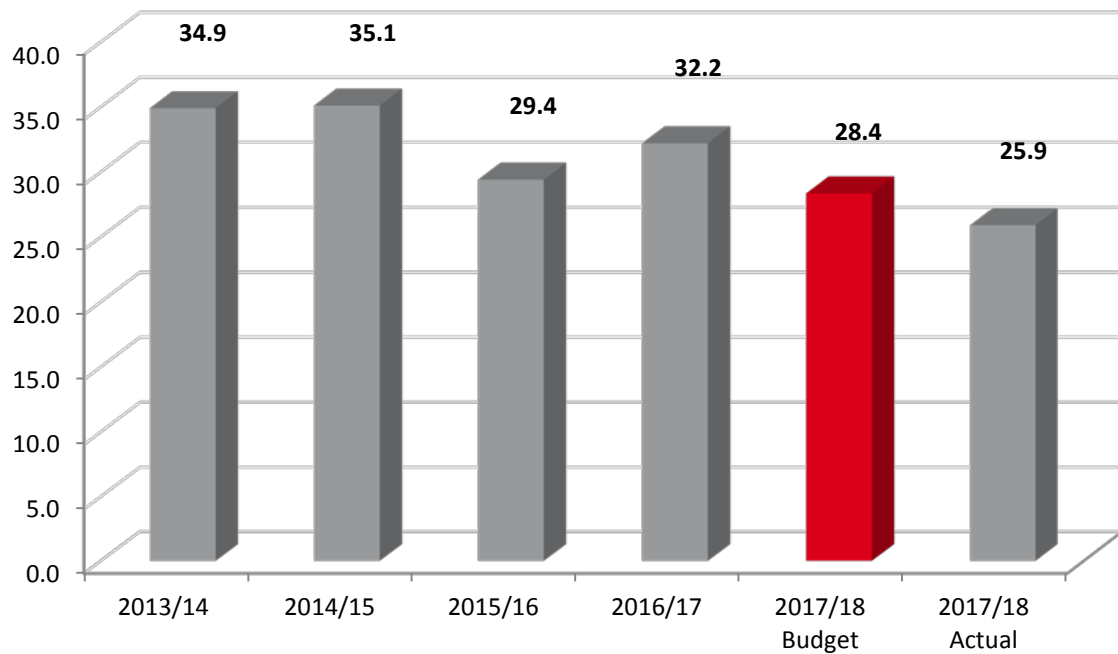
Mr Eamon Moore - Director Communications and Operations

Mr Moore has been employed within the Construction Training Fund since 2004 and his previous experience includes over 21 years in the education and private sectors.

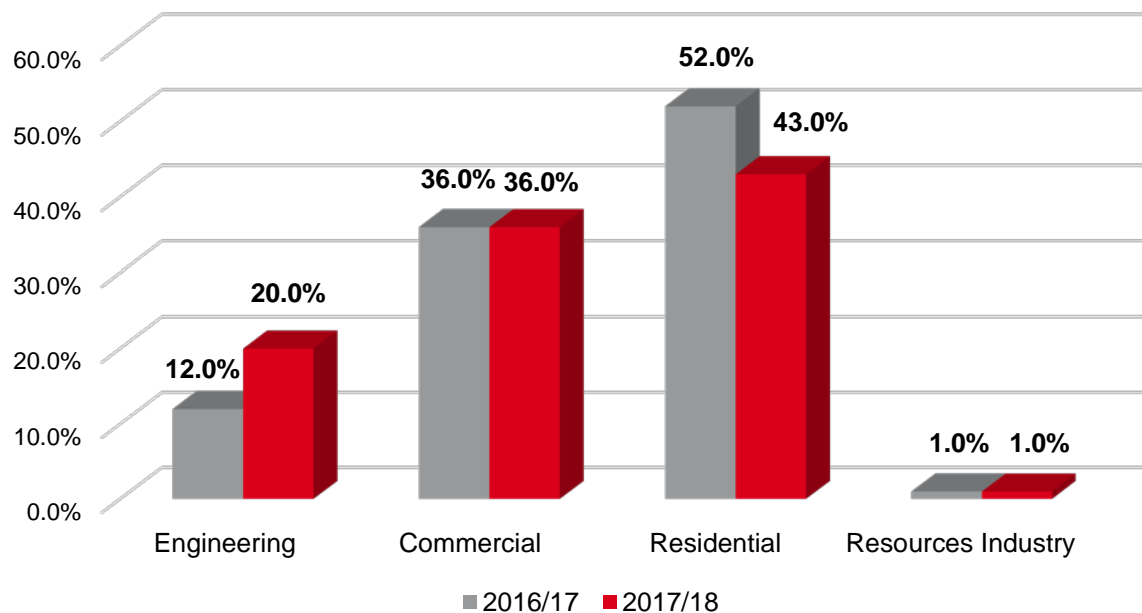
AGENCY PERFORMANCE

Income of \$25.9 million was \$2.35 million below the 2017-18 Operational Plan budget of \$28.35 million.

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



Industry sector revenue



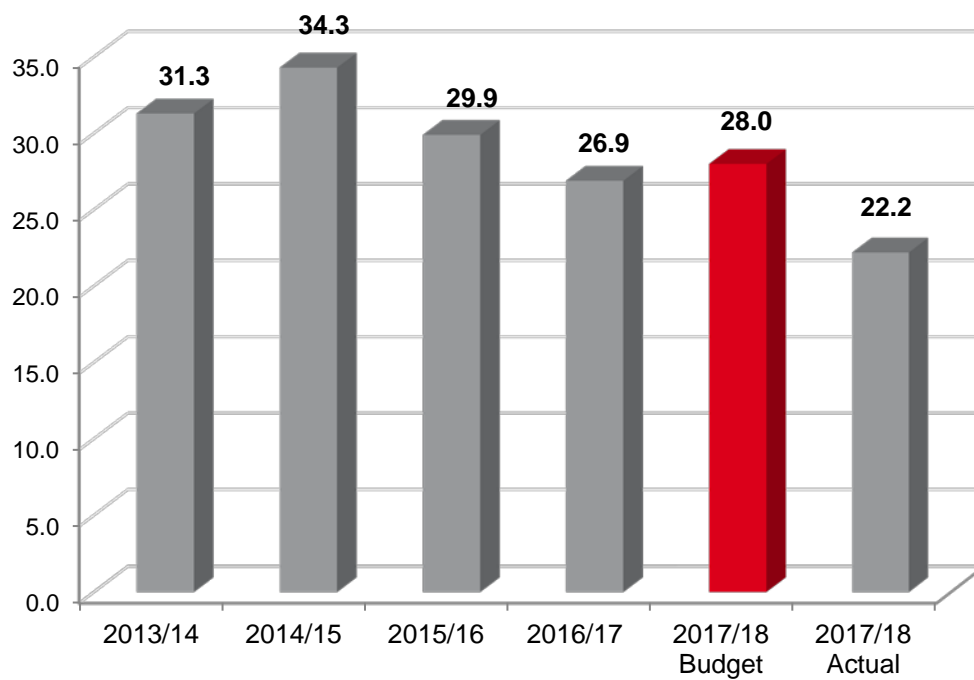
Residential construction continued to decline by a further 9% due to the ongoing slowdown in new housing commencements.

AGENCY PERFORMANCE

Expenditure results

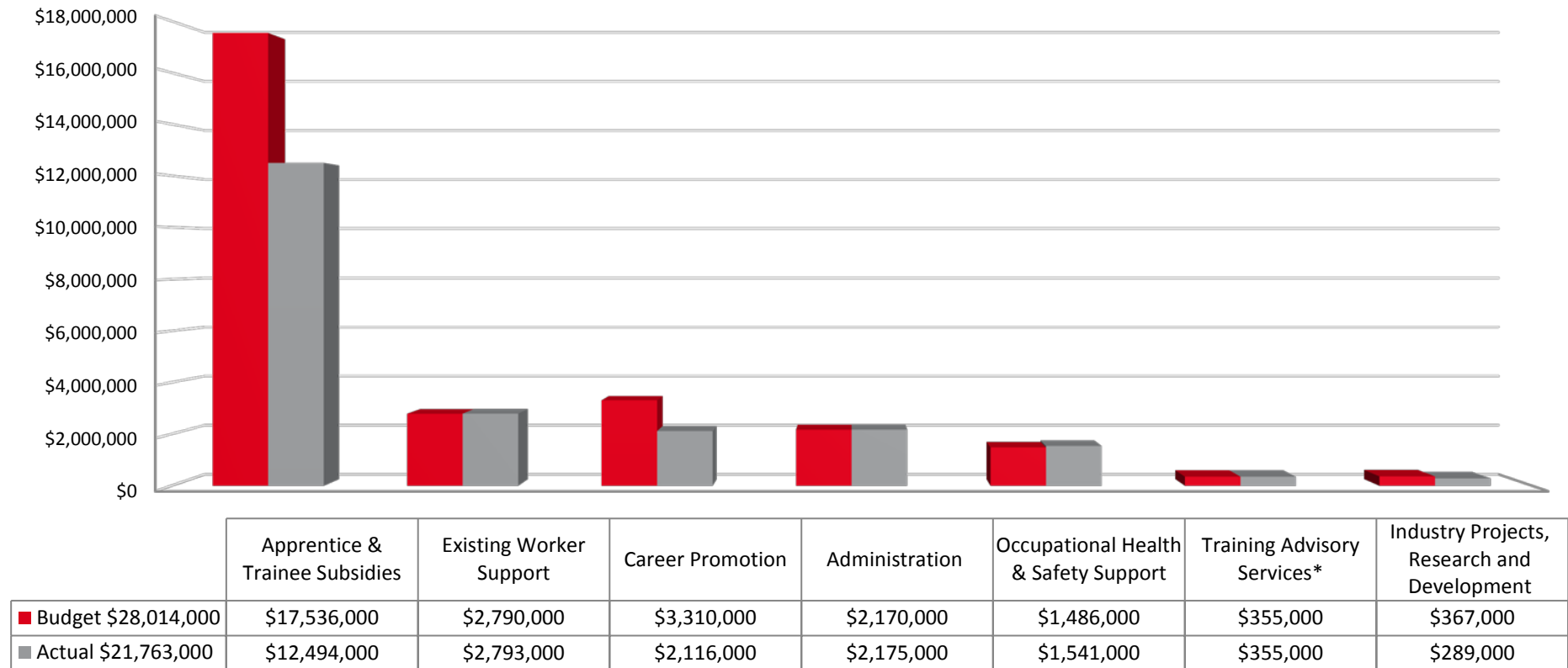
Expenditure of \$22.2 million was \$5.8 million below the 2017-18 Operational Plan budget of \$28.0 million.

Annual expenditure



AGENCY PERFORMANCE

2018 Program expenditure against budget



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

AGENCY PERFORMANCE

Legislative changes

The government announced its intention to reintroduce the BCITF levy on resource sector construction projects. The Department of Training and Workforce Development (DTWD) has been the lead agency in managing the consultation and negotiations with the resources sector and these have been underway for some months. In addition, DTWD formed an inter-agency consultative group comprising representatives from the Departments of Premier and Cabinet; Treasury; Mines, Industry Regulation and Safety; Jobs, Tourism, Science and Innovation; and CTF. The role of this group has been to consider all the issues pertaining to the reintroduction of the BCITF levy on the resources sector. The Government is planning to introduce amendments to the *Building and Construction Industry Training Fund and Levy Collection Regulations 1991* in Parliament sometime in the third quarter of 2018. CTF has commenced analysis to identify more reliable sources of information that will make it easier to identify resource sector decisions on building and construction to make the levy collection process easier. CTF has also commenced discussions with unions and other stakeholders seeking their views about how to increase building and construction apprentice commencements in the resources sector and what other training could be supported and/or funded. At this time, no other changes were made to the *Building and Construction Industry Training Fund and Levy Collection Act 1990* or the Regulations during the year. The *Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2015* was tabled in Parliament in June 2015 and is still awaiting approval, however, the reintroduction of the BCITF levy on the resources sector has taken priority over this.

The Bill proposes to make the following amendments:

- Changing the objectives of the legislation by removing reference to supporting an improvement in the quality of training and replacing it with promotion and facilitation of training.
- Giving the Building and Construction Industry Training Board formal responsibility to provide advice to the Minister for Education and Training on employment issues relating to the construction industry.
- Shifting provisions for establishment of a threshold level relating to application of the training levy on variations in the value of construction after completion of work from the Act to the Regulations.

Administrative changes and activities

Changes to support programs

Program subsidy changes included:

- Funding to support the delivery of VET programs ceased in December 2016, however, a new Scholarship program commenced in 2018. CTF is providing funds for the delivery of industry supported construction Certificate II qualifications for up to 200 Year 11 students. The scholarship program includes a high level of engagement with parents and schools; industry mentoring, additional training and support for students and supervised work experience placement. The aim is to ensure all participating students are offered an apprenticeship upon completion on this program.
- The career information and school support program continued to expand to respond to growth in demand.

Apprenticeship / traineeship subsidies program

Support for employers

Employers are paid a grant depending on the term of indenture to subsidise the employment of apprentices. The base grant for most construction trades is \$10,000. Additional supplements of up to 20% of the base grant are paid to employers who hire female and regionally based apprentices and 30% of the base grant is paid to employers who engage Indigenous apprentices. The Board recently approved an increase of a further \$4,000 for all building trades and \$1,000 for electrical mechanics. The base employer subsidy for a building trade apprentice will now be \$14,000 for any new apprentice engaged in 2018-19 and 2019-20.

Outcomes

During the twelve months to May 2018 there was a 6.72% decrease in electrical apprentice commencements and a 15.93% decrease in building and construction apprentices. From May 2017 to May 2018, there has been a combined decline (building and construction and electrical) of 11.66% in apprentice commencements in line with a reduction in new construction activity, particularly in the residential sector. There are still currently 6,648 apprentices in training (including electrical) which was a slight increase on 2017 which supports the smaller percentage reductions in apprentice commencements compared to 2017.

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

Apprentice training subsidies	Number	Expenditure
Direct indenture	3,021	\$8,794,000
Group training*	1,274	\$3,275,000
SUB TOTALS	4,295	\$12,069,000

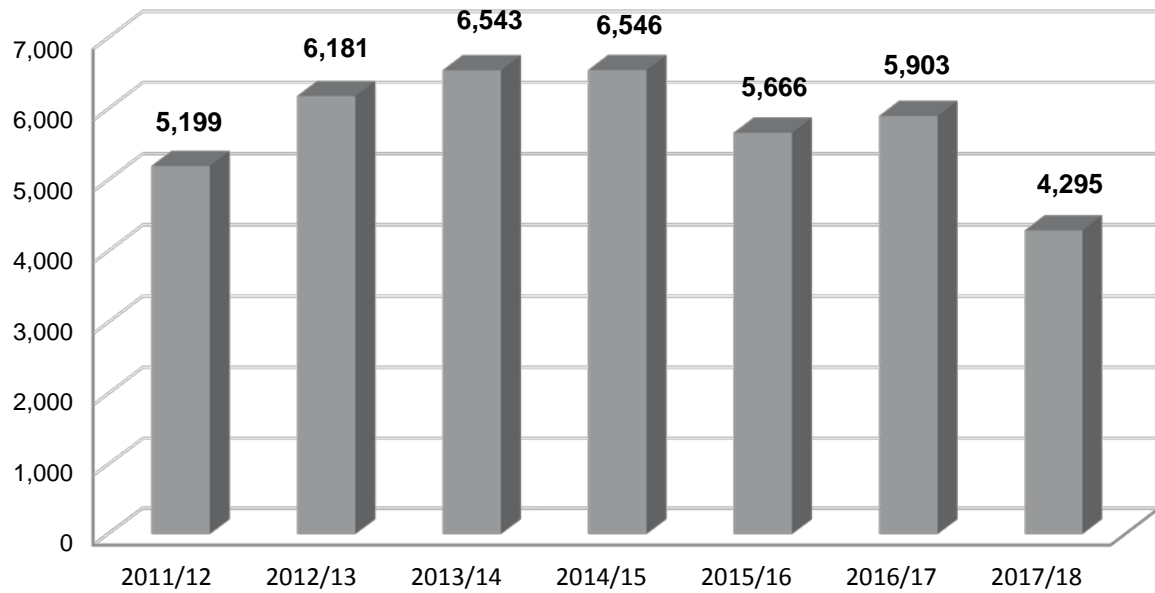
Support programs		
Bonus trade and other subsidies	248	\$282,000
Employment of female apprentice/trainee bonus	33	\$20,000
Pre-apprenticeship Scholarships	240	\$60,000
Indigenous bonus	69	\$63,000
TOTALS	4,885	\$12,494,000

**Average per month, 2017-18 FY*

Apprenticeship / traineeship subsidies program

CTF expended \$12.1 million on apprenticeship subsidies during the year which was \$4.4 million less than in 2016-17.

Number of apprentice subsidies provided



Supplementary skills and occupational safety and health program

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

CTF recognises nearly 300 short training courses delivered by private registered training providers (RTPs), including occupational and trade licences and occupational safety and health.

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

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

Higher qualifications

CTF supports industry workers that complete Certificate IV qualifications in Occupational Safety and Health, Builder's Registration and Project Management. This year CTF provided 69 subsidies for these higher-level qualifications, with an expenditure of \$79,096.

Recognition of prior learning (RPL)

During the year, CTF provided 11 subsidies at a cost of \$3,312 to support existing construction industry workers to gain trade qualifications and recognition.

Outcomes

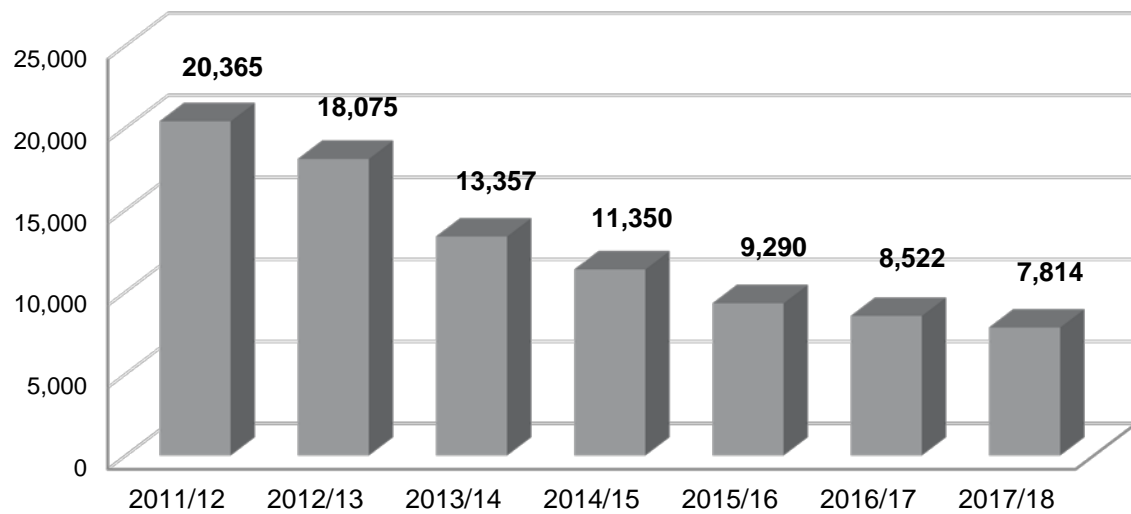
Existing worker support	Number	Expenditure
Supplementary skills	7,014	\$2,444,000
Occupational and trade licences	731	\$270,000
Higher qualifications	69	\$79,000
Total	7,814	\$2,793,000

Occupational safety and health	8,643	\$1,541,000
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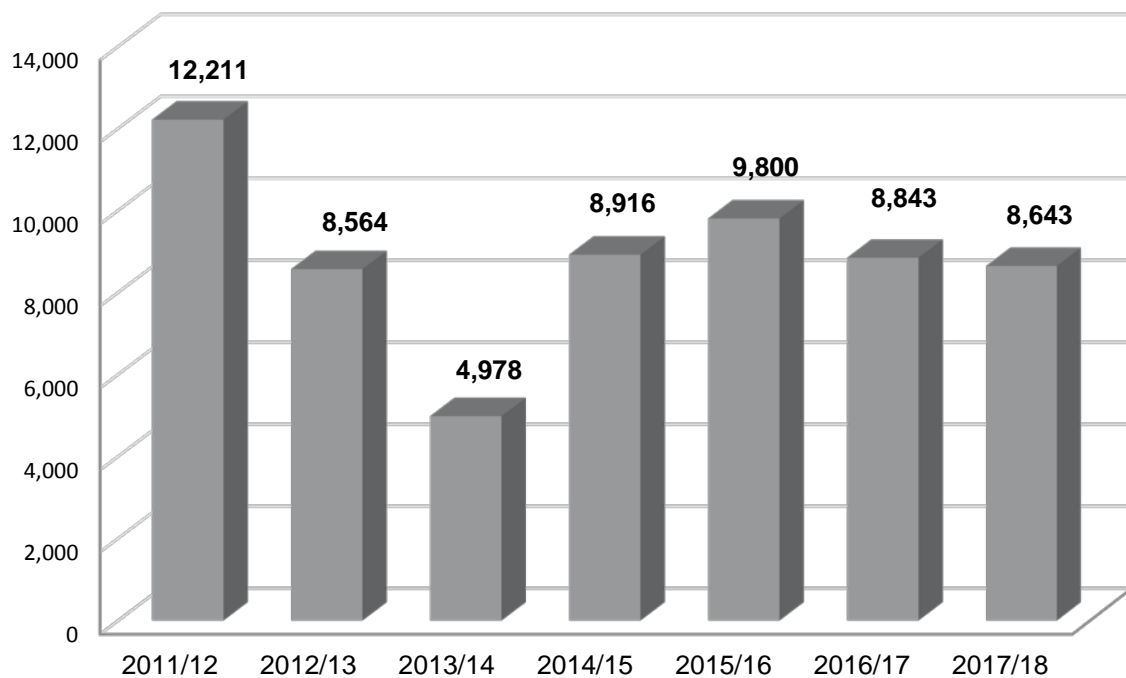
The 16,457 supplementary skills and occupational safety and health subsidies provided in 2017-18 was 5.2% lower than last year. Skills training decreased, and it is assumed this is due to the tighter market conditions.

Supplementary skills and occupational safety and health program

Number of supplementary skills training subsidies



Number of occupational safety and health training subsidies



Career promotion and Schools2Skills program

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

What we do

CTF promotions and field services achieve this objective through:

- Managing two websites www.bcitf.org and www.nolimits.com.au for information about CTF and information on careers.
- Conducting specific campaign advertising in television, radio, press and digital media, promoting careers in the industry.
- Advertising in magazines developed by industry stakeholders and associations and unions (e.g. MBA, HIA, MPA, CCF, CFMEU etc.) promoting CTFs support programs
- Providing information brochures regarding support programs and careers.
- Attending public, industry and school-based careers expos and industry forums.
- Funding industry-based awards which promote excellence in training.
- Conducting visits to employers of new apprentices on construction sites to provide information and guidance.

In addition, CTFs Schools2Skills program promotes career opportunities in the industry across the education sector by:

- Liaising with district and regional Department of Education, Catholic Education and Independent Schools to promote VET courses and training.
- Conducting in-school presentations to students and educators about career opportunities.
- Promoting VET qualifications to secondary students, parents and educators.
- Funding Try-a-Trade programs for students in Years 9 & 10.
- Subsidising the cost of personal protective equipment for students enrolled in recognised VET qualifications for site-based work experience.
- Funding scholarships for students who complete VET and pre-apprenticeship qualifications.

The delivery costs of VET programs are funded by Government, however, between 2013 and the end of 2016, the Board provided funding for delivery of new construction VET qualifications where demand for these qualifications exceeded funding allocated by the Government.

A new Scholarship Program launched in January 2018 with 162 students enrolled in industry endorsed construction VET qualifications, which are fully funded by CTF and designed to produce 'industry ready' graduates.

Career promotion and Schools2Skills program

Outcomes

- Funded 1,416 Year 9 and 10 students to complete Try-a-Trade courses.
- Provided \$150 to 683 Year 11 and 12 students in VET construction qualifications for personal protection equipment (PPE).
- Funded delivery of training for 162 students in VET qualifications between January to June 2018.
- Funded 192 pre-apprenticeship scholarships.
- Delivered 306 school-based presentations to students.
- Attendance at 98 career expos.
- 1,510 visits to employers of new apprentices and trainees.
- 153,968 visits to CTF websites.
- Following its official opening in December 2017, the Construction Futures Centre has been visited by 1,176 people, including groups from:
 - > 26 schools
 - > 12 industry associations
 - > 8 education professional groups

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

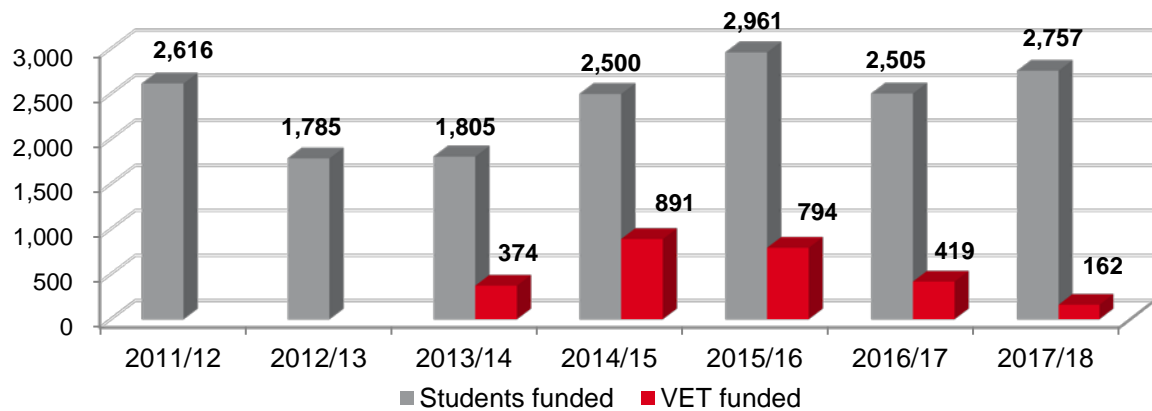
- i) the high retention rates of secondary students in Years 11 and 12; and
- ii) the growth in these students doing construction related VET qualifications at school.

CTF expended \$2,176,000 on the Career Promotion and Schools2Skills program in 2017-18 which represents 10.0% of total expenditure.

Career promotion and Schools2Skills program

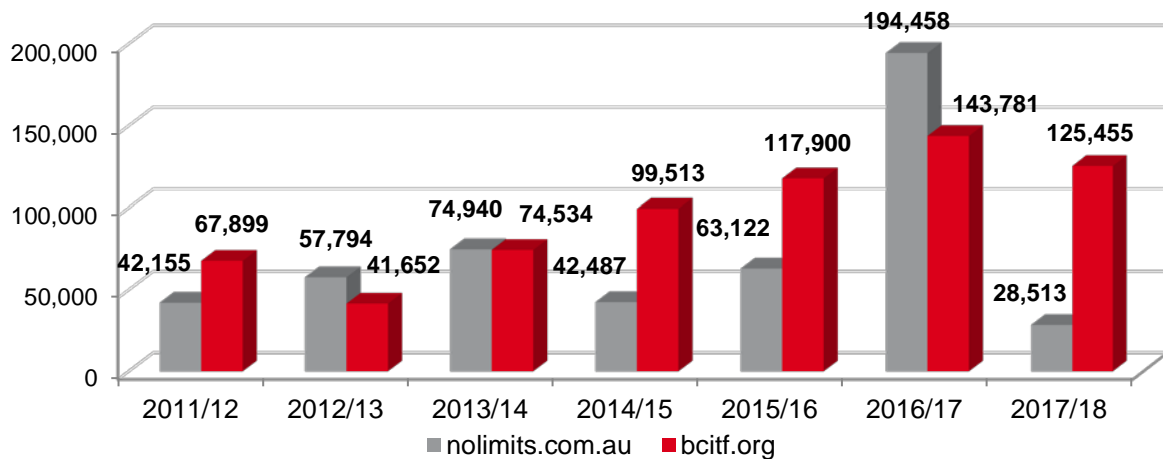
Students supported

CTF supported a total of 2,919 students in 2017-18.



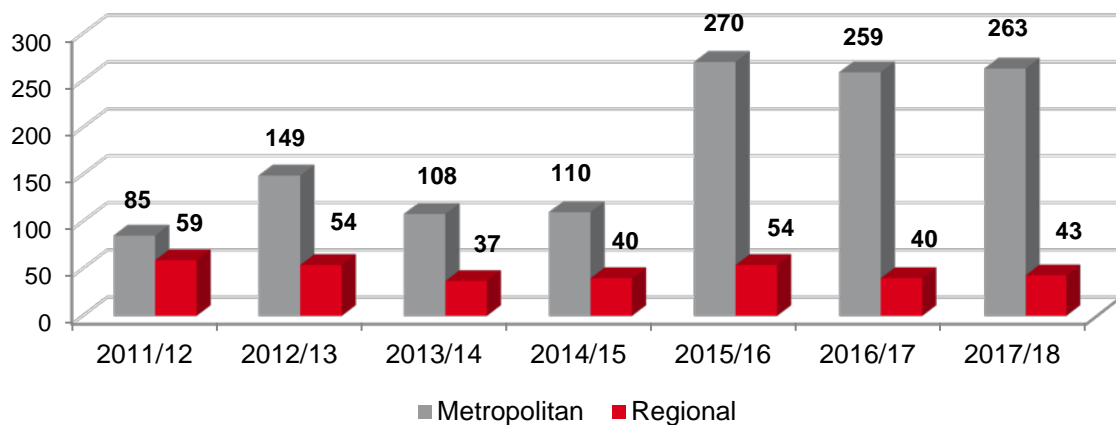
Website visits

CTF received 153,968 visits to its information websites in 2017-18.



School presentations and careers expos

CTF conducted a total of 306 school presentations and career expos in 2017-18.



Research and development program

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

- Published regular Construction Industry Snapshots.
- Contributed to the annual key performance indicators.
- Collaborated with industry, RTOs and the Asbestos Free Tasmania Foundation, to develop a set of free asbestos awareness teaching resources, that are relevant to Western Australia. These resources provide support to lecturers at RTOs delivering the Certificate II in Occupational Safety and Health to VET students, pre-apprentices and apprentices. The resources are to be used on a not for profit basis only.
- Produced a two-hour PowerPoint presentation called 'Becoming your own Boss' – A Small Business Guide for Final Year Trade Apprentices'. The presentation provides lecturers in RTOs with a tool to support final year trade apprentices with 'business awareness' information prior to entering the industry as sub-contractors.
- Developed, in collaboration with industry, a set of specialist waterproofing skills that can be delivered by RTOs to:
 - › Existing tradespeople in the construction industry.
 - › Apprentices in the 'Wet Trades' which can provide a dual outcome i.e. an apprenticeship and a specialist Waterproofing Statement of Attainment. There are two sets of specialist units, one for residential and one for commercial.

Motivators and influences that affect apprentices' decisions to enter a specific trade

This desktop research project was initiated by the BCIT Board, to determine if there was any evidence to demonstrate why an apprentice selects a specific construction trade. The research examined papers from several countries, Australia, United Kingdom, Canada and New Zealand. Although the research established that there was limited information relating to why an apprentice chooses one specific trade over another, it was universally acknowledged across the chosen research papers, that the biggest influences in a student choosing to enter a trade pathway are:

- Student
- Parents/guardians
- Teachers
- Career advisors
- Relatives and friends

Industry Training Council

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

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

- Providing advice to the DTWD on the proposed changes to the industry's 'White Card'.

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

A State Training Plan for 2019–2022 was revised and submitted to the STB. The plan highlights the labour market conditions, industry development issues, new and emerging technologies and the Construction Futures Centre which is helping to highlight the variety of occupations and career pathways within the industry.

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

The Australian Industry and Skills Committee confirmed the membership of the new Construction Industry Reference Committee in 2017. Membership of the committee includes the Director, Skills Development from the Construction Training Council in Western Australia.

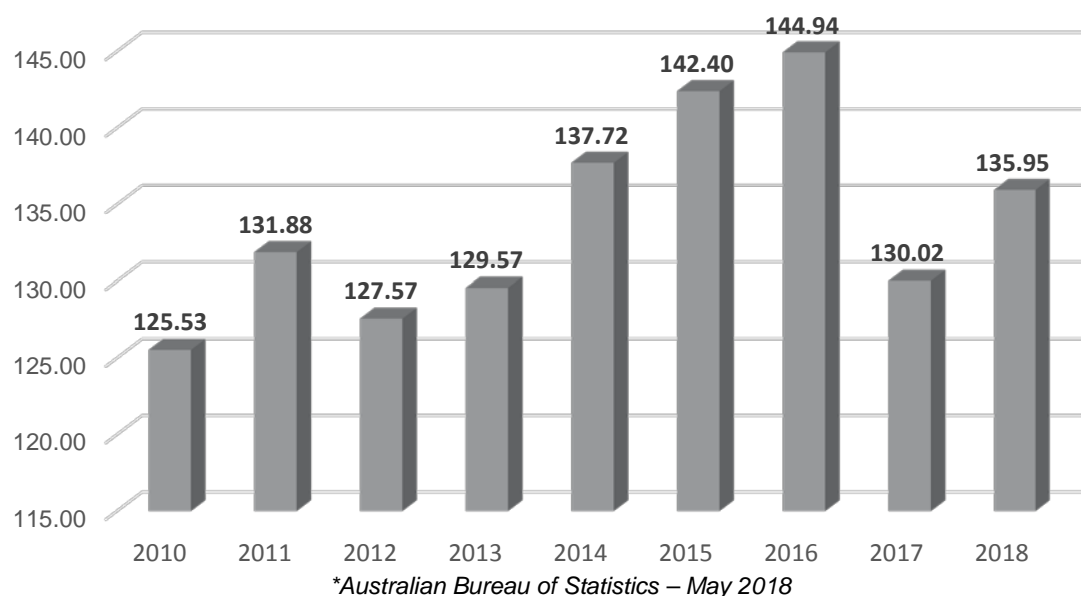
Number employed – construction industry Western Australia

The following graph shows the annualised average growth of employment in the construction industry over the last ten years to May 2018. The industry employs 10.2% of the Western Australian workforce.

However, in the last twelve months to May 2018, the industry experienced an overall decrease in full and part-time workers of 19,130 (13.3%).

Employed in Western Australian construction industry

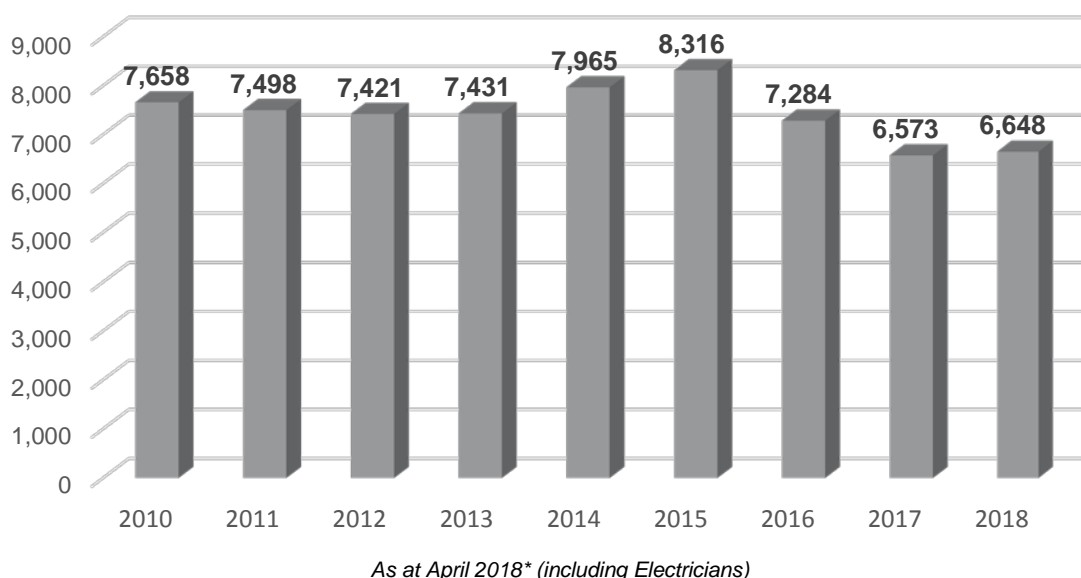
(000's) – Annualised average



The annualised growth in the industry is at a higher rate than all industries combined. In the past ten years, while the construction industry workforce has increased by 8.7%, the Western Australian workforce has increased by 12.9%.

Apprentices 'in training' over past ten years

The construction industry has a reliance on apprenticeships to help meet skills demand and employs almost 44% (as at February 2018) of all apprentices, including electrical, in Western Australia. The following graph shows the fluctuation of construction apprenticeships over the past ten years.



The 'training rate', which is the apprentice to tradesperson ratio, is currently 9.9% and when trainees are included is 11.2%.

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

SIGNIFICANT ISSUES IMPACTING THE AGENCY

Summary

CTF finished the year with an operating surplus of \$2.816 million and an overall surplus of \$0.186 million after expenditure of \$2.720 million on the Construction Futures Centre (CFC) and \$0.923 million revaluation of land. Net assets increased from \$23.3 million to \$26.2 million. As at April 2018, the construction industry has had a 15.9% decrease in construction apprentice commencements and a 6.7% decrease in electrical with a combined decrease of 11.7%.

The 2018-19 Operational Plan will maintain all the existing subsidy programs that were in operation in 2017-18, however, the Board recently approved the addition of further incentives for employers to encourage them to engage a new apprentice in 2018-19 and 2019-20. The normal subsidy of \$10,000 has been increased by a further \$4,000 for all building trades and an additional \$1,000 for electrical mechanics.

CTFs new online claim and payment portal is being launched in late August 2018. This will assist employers, GTOs and RTOs to make claims online as well as making it easier for Local Government Authorities and building companies to process their levy payments online. This will significantly reduce red tape while making all dealings with CTF much more efficient and user friendly. All payments and claims can be made using any mobile device.

The Board will also be closely monitoring CTFs revenue projections due to the decline in building activity, particularly in residential construction. In addition, the Board will be tracking apprentice commencements and the numbers of apprentice completions closely. Direct indenture apprentices make up a significant proportion of the apprentices which are currently engaged by host employers and supported by CTF.

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

Construction Futures Centre

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

Planned operations for 2018-19

The Minister for Education and Training, the Hon Sue Ellery MLC, approved the Construction Training Fund's Operational Plan for 2018-19 in June 2018. Below is a summary as submitted to the Minister.

Operational Plan – 1 July 2018 to 30 June 2019

Income	Projected 2017-18 \$	Budget 2018-19 \$
Levy income net of refunds	25,800	27,000
Other income	394	352
Interest income	351	380
TOTAL INCOME	26,545	27,732
Expenditure		
Apprentice & Trainee Programs		
Group training schemes	3,350	3,500
Direct indenture	9,500	12,900
Other bonuses and support	405	800
Total Program	13,255	17,200
Supplementary Skills Program		
Construction skills	2,420	2,450
Industry skills/software/occupational licensing/higher qualifications	440	520
Total Program	2,860	2,970
Apprenticeship Articulation and Support Programs		
Vocational Education & Training (VET)	1,000	1,000
School2Skills including Try-a Trade	600	600
Certificate II & pre-apprentice scholarships	60	75
Industry and onsite support, school/parent liaison	700	575
Total Program	2,360	2,250
Occupational Safety & Health Program	1,600	1,600
White Card (course within OS&H)	5	10
Career Promotion		
Advertising – media placement	600	500
Advertising – production, marketing & promotional costs		100
Career expos and excellence awards	100	100
Promotional materials and technologies	250	250
Total Career Promotion	950	950
Training Advisory Services	350	352
Recognition of Prior Learning	5	10
Research and Development	320	337
Industry Support Programs	0	20
Construction Futures Centre		770
Construction Training Fund Administration	2,170	2,100
Total Recurrent Expenditure	23,875	28,569
Capital Expenditure	3,000	0
TOTAL EXPENDITURE	26,875	28,569
INCREASE/(DECREASE) ON CASH HOLDINGS	(330)	(837)
*NET CURRENT ASSETS	15,521	14,684
**NET EQUITY	26,017	25,180

Note:

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

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

PERFORMANCE MANAGEMENT FRAMEWORK

Government goal(s)

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

Agency level government desired outcomes

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

As at March 2018, the Western Australian construction industry contributes approximately 7.8% of the gross state product and employs just 10% of the state's workforce, which includes almost 44% of the state's apprentices.

CTF provides financial support to both employers and workers in the industry to employ and train apprentices, undertake skills enhancement courses and occupational safety and health training. During 2017-18, CTF provided training support in one form or another for approximately 23,300 people. This indicates 19% of the construction industry's workforce participated in some form of training which was subsidised by the training levy.

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

Services

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

STATUTORY AND OBLIGATORY REPORTING

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

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

▪ <i>Auditor General Act 2006</i>	▪ <i>Industrial Relations Act 1979</i>
▪ <i>Building Act 2011</i>	▪ <i>Minimum conditions of Employment Act 1993</i>
▪ <i>Building and Construction Industry Training Fund and Levy Collection Act 1990</i>	▪ <i>Occupational Safety and Health Act 1984</i>
▪ <i>Disability Services Act 1993</i>	▪ <i>Public Sector Management Act 1994</i>
▪ <i>Equal Opportunity Act 1984</i>	▪ <i>State Records Act 2000</i>
▪ <i>Financial Management Act 2006</i>	▪ <i>State Supply Commission Act 1991</i>
▪ <i>Freedom of Information Act 1992</i>	▪ <i>Statutory Corporations (Liability of Directors) Act 1996</i>
▪ <i>Contaminated Sites Act 2003</i>	▪ <i>Salaries and Allowances Act 1975</i>

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

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

Publications

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

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

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

STATUTORY AND OBLIGATORY REPORTING

Contracts with senior officers

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

Ministerial directives

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

The Minister approved the 2018-19 Operational Plan in June 2018. No further ministerial directives were issued.

Legislative review

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

The Minister initiated such a review which was undertaken by an independent chairperson and steering committee of industry representatives. The next review is due in June 2019 for which proceedings have commenced.

Staff development

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

The sum of \$5,962.83 was spent on staff development in 2017-18. New staff members undertake appropriate induction training and existing staff undertake training in accordance with CTFs needs and their personal development requirements.

Major promotional, public relations or marketing activities

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

CTF also promoted the availability of financial subsidies to industry and used various media and marketing strategies including the following information website:

www.ctf.wa.gov.au

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

STATUTORY AND OBLIGATORY REPORTING

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

Total expenditure for 2017-18 was \$478,023			
Agency	Expenditure	Agency	Expenditure
Gatecrasher	\$44,312	Business Promotions	\$4,952
HIA	\$7,650	Dowd Publications	\$1,800
Construction Worker	\$3,750	Master Plumbers/Gas Fitters	\$2,800
Civil Contractors Federation	\$550	Master Painters & Decorators	\$1,760
Business News	\$3,000	Branch Media	\$2,790
Westcare Bassendean	\$642	Student Edge	\$16,450
OK Media	\$39,335	Ark Media	\$8,000
TOTAL \$137,791			
Polling Organisations		Nil	
Direct Mail Organisations		Nil	
Media Advertising Organisations			
Carat Australia Media Services		\$340,232	

Pricing policies on services

CTF does not charge any fees for services it renders, however, the Board entered into a contract with the Department of Training and Workforce Development (DTWD) to deliver training advisory services for the construction industry. The contract for delivery of services is until 30 June 2018. At the time of preparing the 2017-18 Operational Plan, the cost was \$350,000.

Insurance premiums paid to indemnify members of the Board

A directors and officers liability insurance policy were taken out to indemnify members of the Building and Construction Industry Training Board against any liability incurred in undertaking their responsibilities. The amount of the insurance premium in 2017-18 was \$6,447.50.

Freedom of information

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

STATUTORY AND OBLIGATORY REPORTING

Occupational safety, health and injury management

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

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

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

Occupational safety and health policies and processes are reviewed, maintained and documented in CTFs Human Resources Manual provided to all staff and forming part of the induction for all new staff and are used as a reference by all staff.

The policies are reviewed annually as part of a general review of CTFs Human Resources Manual. CTF has an employee assistance program in place. There were no compensation claims processed during the year.

CTFs occupational safety and health statistics for 2017-18 are shown below:

Occupational Safety and Health Statistics	2017-18 Target	2017-18 Actual
Number of fatalities	0	0
Lost time injury / diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within (i) 13 weeks; (ii) 26 weeks	Greater than or equal to 80% within 26 weeks	N/A
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	Greater than or equal to 60%	60%

Disability access and inclusion plan

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

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

STATUTORY AND OBLIGATORY REPORTING

Recordkeeping plans

Records management framework

CTF is committed to maintaining record keeping practices consistent with the *State Records Act 2000*. The current record keeping plan was reviewed in 2013 and approved by the State Records Commission for five years in March 2014 and has approval for continuation until March 2019.

Evaluation and review of efficiency and effectiveness of systems

During 2015-16 the CTFs record keeping processes were reviewed by the State Records Office and some processes updated. A further review by the State Records Office is scheduled in late 2018. The CTF has also undertake a major transition of all its business processes during 2017-18. CTF transitioned to Office365 to be able to utilise Software-as-a-Service and Infrastructure-as-a-Service to mitigate disaster recovery and business continuity. All business processes were reviewed, and new streamlined processes were designed to deliver these using Microsoft Dynamics365 and Financials-for-Office365 using an online portal. Microsoft SharePoint will also be used to manage the document and records management requirements of CTF. Phase One of the portal rollout has gone live and Phase Two will go-live in September 2018. This will reduce red tape and enable stakeholders to make payments and claims using any mobile device.

Offsite storage and disposal

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

Electronic records management

All incoming, outgoing and significant internal documents are being saved electronically into the electronic records management system.

Induction and training

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

Sustainability code of practice

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

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

STATUTORY AND OBLIGATORY REPORTING

Compliance with public sector standards and ethical codes

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

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

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

Compliance issues

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

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

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

Compliance issues

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

Action to monitor and ensure compliance with CTF code of conduct

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

Compliance issues

There has been no evidence of non-compliance with CTFs code of conduct. The corporate executive has a Public Interest Disclosure Policy and supports disclosures being made by staff. The Executive Director will take all reasonable steps to provide protection to any member of staff who makes a disclosure. CTF provides guidelines to staff wishing to make a public interest disclosure. In 2017-18 there were no public interest disclosures about the activities of CTF or issues raised about breaches of the code of conduct.

Corporate governance framework

CTFs governance framework is based on the Public Sector Commissioner's Good Governance Guide. The Board undertook a review of its performance against the guide during the previous financial year and undertook some corporate governance training during the year to meet the development needs of members.

STATUTORY AND OBLIGATORY REPORTING

Government and public sector relationships

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

Management and oversight

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

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

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

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

Organisational structure

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

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

Operations

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

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

People

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

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

STATUTORY AND OBLIGATORY REPORTING

Other disclosures and legal compliance

Finance

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

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

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

Communication

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

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

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

Risk management

CTF identifies and manages its risk through a Risk Management Plan. During 2017-18 the risk base system provided by Risk Cover was decommissioned and replaced by a web-based system supported by Risk Wizard. Information from the risk base system was transferred to Risk Wizard prior to its decommissioning.

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

STATUTORY AND OBLIGATORY REPORTING

Construction Training Fund staff profile

	Full Time Permanent	Full Time Contract	Part Time Permanent	TOTAL FTE
2016-17	17	1	1 @ .9 FTE 2 @ .6 FTE	20.1
2017-18	17	2	1 @ 0.4 FTE 1 @ 0.8 FTE	20.2
As at 30 June 2018				



Our Ref: 5512-04

7th Floor, Albert Facey House
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Chairman
Building and Construction Industry Training Board
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PERTH WA 6849

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Dear Sir

**FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2018**

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

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

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

The date that agencies provided their financial statements to Audit has been recorded for purposes of reporting to Parliament. I advise that the date recorded for the receipt of your financial statements was 23 July 2018.

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

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

Feel free to contact me on 6557 7635 if you would like to discuss any matters concerning the audit.

Yours faithfully



YUSOOF ARIFF
ASSISTANT DIRECTOR
FINANCIAL AUDIT
23 August 2018

Attach



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Report on the Financial Statements

Opinion

I have audited the financial statements of the Building and Construction Industry Training Board which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Building and Construction Industry Training Board for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Board for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the Building and Construction Industry Training Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Board's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Building and Construction Industry Training Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2018.

The Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error. In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board.

That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2018 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
13 August 2018

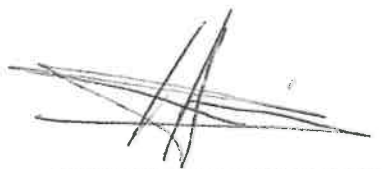
BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Performance Indicators

For the year ended 30 June 2018

CERTIFICATION OF PERFORMANCE INDICATORS

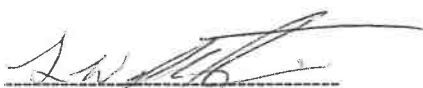
We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the performance of the Building and Construction Industry Training Board for the financial year ended 30 June 2018.



Ian Hill
Chairman
For the BCIT Board

20/8/18

Date



Les Wellington
Board Member
For the BCIT Board

20/8/18

Date

William Buck



KEY EFFECTIVENESS PERFORMANCE INDICATORS

Mission

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

Government goal(s)

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

Agency level Government desired outcome(s)

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

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

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

Number of apprentices and trainees	2017-18	2016-17	2015-16
Apprentices and trainees in training (includes electricians) as at April 2018 Source: Department of Training and Workforce Development ¹	7,358	7,902	9,061
Number of tradespeople	2017-18	2016-17	2015-16
Tradespeople in industry (includes electricians) Source: ABS ²	65,500	79,200	75,100
	2017-18	2016-17	2015-16
Training Rate ³ Source: Derived	11.2%	9.9%	12.1%
Target : *	15.0%	15.0%	15.0%

The training rate has risen to 11.2% from 9.9% in the previous year. However, there has been a decrease of 6.9% in apprentices and trainees in the year to April 2018 coupled with a decrease of 13,700 tradespeople in the year to May 2018.³ The decrease in tradespeople is mainly due to the economic downturn which has resulted in the decline of residential and non-residential buildings being constructed.

*National research based on age distribution in the workforce has confirmed that industry needs to train at a training rate of 15% to replace tradespeople leaving the industry through normal circumstances such as retirement. The training rate is the percentage of active apprentices and trainees compared to employed tradespeople in the industry.

¹ Due to data collection lag this is latest available powerbi data as at April 2018

² Australian bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly May 2018

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

KEY EFFECTIVENESS PERFORMANCE INDICATORS

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

Number of People		2017-18	2016-17	2015-16
Workers in industry trained with CTF support (as at June 2018)	-	16,388	17,278	18,633
Source: CTF				
Number of workers		2017-18	2016-17	2015-16
Number of workers in the industry* (actual employed at end of May 2018)	-	103,284	122,125	112,168
Source: ABS ⁴				
Percentage	Target	2017-18	2016-17	2015-16
Training rate ⁵	20%	15.9%	14.5%	16.6%
Source: Derived				

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

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

The ‘training rate’ in KPI 1.2 shows an increase on 2016-2017. The number of workers in the industry has decreased by 15.4% with the number of workers in the industry that are supported by CTF decreasing by 5.2%. This reflects the reduction in the number of apprentices in the industry and therefore the funding provided to employers of the apprentices.

*As at May 2018 there were 124,890 workers employed in the construction industry however, the “number of workers in the industry” includes the engineering construction workforce within the mining sector and is estimated to be 17.3% of the construction workforce.⁶ These workers are not entitled to access subsidies from CTF but are included as workers in the industry. Therefore, the engineering construction workforce within the mining sector is excluded from the above tables to reflect the true workforce eligible for CTF support.

The number of people receiving training support has decreased by 1,340 since 2016-17. This may be attributed, in part, to construction workers returning to traditional sectors of the construction industry who may have already undertaken supplementary skills training. This situation may improve when there is an upturn in the industry, as existing workers may not see the value of upskilling when opportunities to utilise those new skills are limited in the current economic climate.

⁴ Australian Bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly May 2018

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

⁶ WA Prospect Magazine March to May 2018

KEY EFFECTIVENESS PERFORMANCE INDICATORS

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

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

Name: *Building worker satisfaction levels*

Source: *Satisfaction surveys of workers*

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2017-18	2016-17	2015-16	2014-15
9,690	9,690	9,453	80%	97.6%	97.5%	97.5%	95.1%

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

Methodology of survey – building worker satisfaction levels

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

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

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

There were 204 responses (2.1%) in the mid-range where the respondent was neither satisfied nor dissatisfied. A further 33 respondents (0.3%) indicated some degree of dissatisfaction.

To ensure that the satisfaction level was consistent across training providers, a random sample across nine private RTPs with 3,408 responses was considered.⁸ The percentage of overall satisfaction was 98.7% with a confidence interval of 0.26 and a level of confidence of 99%.⁹ A second random survey was also undertaken, using nine different RTPs with 2,721 responses, to compare satisfaction levels; the result was a difference of .08% between the two sets of sample RTPs.

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

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

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

⁸ The responses in this survey were received up to 7 June 2018

⁹ <http://www.surveymonkey.com/esscalc.htm> - to determine confidence interval

KEY EFFECTIVENESS PERFORMANCE INDICATORS

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

Name: Employer satisfaction levels

Source: Satisfaction survey of employers

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2017-18	2016-17	2015-16	2014-15
1,511	1,511	1,451	80%	96%	93%	94%	93%

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

Methodology of survey – employer satisfaction levels

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

The responses to the claim form surveys were entered into CTFs CRM database and satisfaction percentages were derived from these results.¹⁰

There was a 2.8% increase in the number of employers surveyed compared to 2016-2017 and the satisfaction levels increased by 3%. Satisfaction levels were calculated on a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied and was derived from the question “How would you rate your level of satisfaction with the subsidised training undertaken by your employee/s?” Response levels 4 - 5 were included as positive responses in the result.

Based on the sample of 1,511 responses there were 1,451 satisfied responses and the percentage of overall satisfaction was 96% with a confidence interval of .26 at a level of confidence of 99%.¹¹

There were 58 responses (3.8%) in the mid-range where the respondent was neither satisfied nor dissatisfied. A further 2 respondents (0.1%) indicated some level of dissatisfaction.

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

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

KEY EFFICIENCY PERFORMANCE INDICATORS

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

2017-18	2016-17	2015-16	2014-15
11.03%	9.04%	8.40%	6.62%

Although there has been a 1.99% increase in the administration cost as a percentage of total expenditure in 2017-18, it should be noted that actual administration expenditure for the year remained constant at \$2.4 million. This figure is slightly above the target set by the Board of 10%, and due to a significant reduction in total expenditure, falling from \$26.9 million in 2016-17 to \$22.2 million in 2017-18, with expenditure on grants and subsidies being the major contributor.

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.”

2017-18	2016-17	2015-16	2014-15
\$73.66	\$47.91	\$49.53	\$59.37

Specific administration costs represented as a cost per apprentice or trainee increased in 2017-18 from \$47.91 to \$73.66. This figure is well above the four year average benchmark of \$53.00, and due to a decrease in the number of subsidies paid from 5,903 in 2016-17 to 4,295 in 2017-18, additional costs associated with the depreciation of buildings and the revaluation of land. Land was valued by Landgate at \$923k less than the original purchase price. If the depreciation and revaluation expenses were removed from the calculations the figure would reduce to \$51.18.

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.”

2017-18	2016-17	2015-16	2014-15
\$25.28	\$21.55	\$18.60	\$16.05

Specific administration costs represented as a cost per person supported to undertake skills training or vocational education increased in 2017-18 from \$21.55 to \$25.28. This figure is well above the four year average benchmark of \$19.00, and due to the number of subsidies paid during the year falling from 17,265 in 2016-17 to 16,388 in 2017-18, additional costs associated with the depreciation of buildings and costs associated with the revaluation of land. Land was valued by Landgate at \$923k less than the original purchase price. If the depreciation and revaluation expenses were removed from the calculations the figure would reduce to \$17.47.

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

FINANCIAL STATEMENTS

For the year ended 30 June 2018

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Building and Construction Industry Training Board have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2018 and the financial position as at 30 June 2018.

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



Mark Lukan
Chief Finance Officer

20/8/18

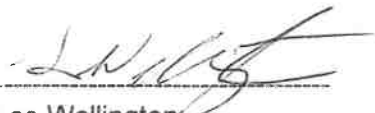
Date



Ian Hill
Chairman
For the BCIT Board

20/8/18

Date



Les Wellington
Board Member
For the BCIT Board

20/8/18

Date

William Buck



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Index of Notes to the Financial Statements
For the year ended 30 June 2018

Financial report for the year ended 30 June 2018

The Board has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2018 which provides users with the information about the Board's stewardship of resource entrusted to it. The financial information is presented in the following structure:

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Financial report for the year ended 30 June 2018

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BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2018

	Notes	2018 (\$'000)	2017 (\$'000)
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	2,461	2,373
Supplies and services	3.3	400	330
Depreciation expense	5.1.1	443	15
Accommodation expenses	3.3	266	274
Grants and subsidies - programs	3.2	1,468	1,877
Grants and subsidies - training expenditure	3.2	16,825	21,648
Other expenses	3.3	343	370
Total cost of services		22,206	26,887
Income			
Revenue			
Levy fees	4.2	25,197	31,388
Interest revenue	4.3	354	371
Other revenue	4.4	394	427
Total revenue		25,945	32,186
Total income other than income from State Government		25,945	32,186
NET COST OF SERVICES		3,739	5,299
Income from State Government			
Service appropriation	4.1	-	-
Services received free of charge	4.1	-	-
Total income from State Government		-	-
SURPLUS FOR THE PERIOD		3,739	5,299
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in land revaluation		(923)	-
Total other comprehensive income		(923)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,816	5,299

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



William Buck

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	2018 (\$'000)	2017 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	16,251	14,245
Receivables	6.1	96	180
Other assets	6.2	999	1,426
Total Current Assets		<u>17,346</u>	<u>15,851</u>
Non-Current Assets			
Property, plant and equipment	5.1	<u>9,919</u>	<u>8,565</u>
Total Non-Current Assets		<u>9,919</u>	<u>8,565</u>
TOTAL ASSETS		<u><u>27,265</u></u>	<u><u>24,416</u></u>
LIABILITIES			
Current Liabilities			
Payables	6.3	36	31
Employee related provisions	3.1(b)	286	296
Other liabilities	6.4	<u>583</u>	<u>602</u>
Total Current Liabilities		<u>905</u>	<u>929</u>
Non-Current Liabilities			
Employee related provisions	3.1(b)	<u>197</u>	<u>140</u>
Total Non-Current Liabilities		<u>197</u>	<u>140</u>
TOTAL LIABILITIES		<u><u>1,102</u></u>	<u><u>1,069</u></u>
NET ASSETS		<u><u>26,163</u></u>	<u><u>23,347</u></u>
EQUITY			
Accumulated surplus		<u>26,163</u>	<u>23,347</u>
TOTAL EQUITY		<u><u>26,163</u></u>	<u><u>23,347</u></u>

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



William Buck

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Notes	Accumulated surplus (\$'000)	Total Equity (\$'000)
Balance at 1 July 2016		18,048	18,048
Surplus		5,299	5,299
Other Comprehensive Income		-	-
Total comprehensive income for the period		<u>5,299</u>	<u>5,299</u>
Balance at 30 June 2017		<u>23,347</u>	<u>23,347</u>
Balance at 1 July 2017		23,347	23,347
Surplus		3,739	3,739
Other Comprehensive Income		(923)	(923)
Total comprehensive income for the period		<u>2,816</u>	<u>2,816</u>
Balance at 30 June 2018		<u>26,163</u>	<u>26,163</u>

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

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Notes	2018 (\$'000)	2017 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		-	-
Capital appropriations		-	-
Net cash provided by State Government		<u>-</u>	<u>-</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(2,404)	(2,409)
Supplies and services		(604)	(542)
Accommodation		(214)	(275)
Grants and subsidies - programs recurrent		(1,399)	(1,966)
Grants and subsidies - training expenditure recurrent		(16,911)	(21,717)
GST payments on purchases		(220)	(473)
Receipts			
Levies from project owners		25,448	31,201
Interest received		345	396
Other receipts		394	427
GST receipts from taxation authority		291	388
Net cash provided by operating activities	7.1.2	<u>4,726</u>	<u>5,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(2,720)	(4,622)
Net cash used in investing activities		<u>(2,720)</u>	<u>(4,622)</u>
Net increase in cash and cash equivalents		2,006	408
Cash and cash equivalent at the beginning of the period		14,245	13,837
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1.1	<u><u>16,251</u></u>	<u><u>14,245</u></u>

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

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2018

1. Basis of preparation

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

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

These annual financial statements were authorised for issue by the Accountable Authority of the Board on 1 September 2018.

Statement of compliance

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

- 1) The *Financial Management Act 2006 (FMA)*
- 2) The Treasurer's Instructions (**the Instructions or TI**)
- 3) Australian Accounting Standards (**AAS**) including applicable interpretations
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

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

Basis of preparation

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

Judgements and estimates

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

2. Board outputs

How the Board operates

This section includes information regarding the nature of funding the Board receives and how this funding is utilised to achieve the Board's objectives.

Board objectives

Note
2.1

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2018

2.1 Board objectives

Mission

The Building and Construction Industry Training Board continues with the following statement during the 2017/2018 financial year as its official Mission Statement:

"Supporting the demands of the Building and Construction Industry for skilled workers"

The key objectives of the Board are:

- To support apprentices and other entry level training
- To raise the profile and awareness of the building and construction industry as a multifaceted career opportunity, particularly focussing on young people, their parents and educators
- To support training for those already qualified to work in the industry
- To support training in occupational health and safety and technology
- To support the recognition of prior learning (RPL)
- To support innovations in training and research relating to the levels of competency in, and the training needs of, the industry.

The Board is fully self-funded through the Building and Construction Industry Training Fund and Levy Collection Act 1990.

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

Services

The Board provides the following service:

Service 1: Financial and information support

Financial and information support is provided for employment and training in the building and construction industry.

The Board is responsible for delivering one service as set out above. All income, expenditure, assets and liabilities are in relation to delivery of this service.

3. Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2018 (\$000)	2017 (\$000)
Employee benefits expenses	3.1(a)	2,461	2,373
Employee related provisions	3.1(b)	483	436
Grants and subsidies	3.2	18,293	23,525
Other expenses	3.3	1,010	974

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3.1(a) Employee benefits expenses

	2018 (\$000)	2017 (\$000)
Wages and salaries	2,264	2,180
Superannuation – defined contribution plans ^(a)	197	193
Total employee benefits expenses	2,461	2,373

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

Wages and salaries

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

Superannuation

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

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

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

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

3.1(b) Employee related provisions

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

	2018 (\$000)	2017 (\$000)
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	159	128
Long service leave ^(b)	125	166
	<u>284</u>	<u>294</u>
<u>Other provisions</u>		
Employee on costs ^(c)	2	2
Total current employee related provisions	286	296

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
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Non-current

Employee benefits provisions

Long service leave ^(b)	196	140
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Other provisions

Employee on costs ^(c)	1	-
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Total non-current employee related provisions	197	140
--	------------	------------

Total employee related provisions	483	436
--	------------	------------

(a) Annual leave liabilities:

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 (\$000)	2017 (\$000)
Within 12 months of the end of the reporting period	95	77
More than 12 months after the end of the reporting period	64	51
	<u>159</u>	<u>128</u>

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

(b) Long service leave liabilities:

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

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

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 (\$000)	2017 (\$000)
Within 12 months of the end of the reporting period	116	110
More than 12 months after the end of the reporting period	206	196
	<u>322</u>	<u>306</u>

The long service leave liabilities are 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.

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(c) Employment on-costs:

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

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 3.3 (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'.

	2018 (\$000)	2017 (\$000)
<u>Employment on-costs provision</u>		
Carrying amount at start of period	2	1
Additional/(reversals of) provisions recognised	-	1
Carrying amount at end of period	2	2

Key sources of estimation uncertainty – long service leave

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

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

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

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

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

3.2 Grants and subsidies

	2018 (\$000)	2017 (\$000)
<u>Recurrent</u>		
Programs	1,468	1,877
Training	16,825	21,648
Total grants and subsidies	18,293	23,525

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

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

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3.3 Other expenses

	2018	2017
	(\$000)	(\$000)
Supplies and services		
Communications	74	60
Consultants	72	77
Consumables	67	46
Professional Services	70	52
Travel	15	18
Other	102	78
Total supplies and services expense	400	330
Accommodation expenses		
Lease rentals	131	211
Rates and taxes	45	39
Repairs and maintenance	14	5
Cleaning	38	8
Other	38	11
Total accommodation expenses	266	274
Other expenses		
Board costs	168	163
Levy collection fee	139	168
Other	36	39
Total other expenses	343	370
Total other expenses	1,010	974

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Accommodation expenses

Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

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

Other expenses

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

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at Note 3.1(b) employee related provisions and are not included in employment on-costs.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2018

4. 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	2018 (\$000)	2017 (\$000)
Income from State Government	4.1	-	-
Levy fees	4.2	25,197	31,388
Interest revenue	4.3	354	371
Other	4.4	394	427

4.1 Income from State Government

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

4.2 Levy fees

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

4.3 Interest revenue

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

4.4 Other

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

5. 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	2018 (\$000)	2017 (\$000)
Property, plant and equipment	5.1	9,919	8,565

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5.1 Property, plant and equipment

Year ended 30 June 2017	Land (\$'000)	Buildings (\$'000)	Exhibits (\$'000)	Furniture & Equipment (\$'000)	Computer Hardware & Software (\$'000)	Total (\$'000)
1 July 2016						
Gross carrying amount	3,673	260	-	500	264	4,697
Accumulated depreciation	-	-	-	(495)	(244)	(739)
Accumulated impairment loss	-	-	-	-	-	-
Carrying amount at start of period	3,673	260	-	5	20	3,958
Additions	-	4,129	418	69	6	4,622
Transfers(a)	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-
Impairment losses(b)	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Carrying amount at 30 June 2017	3,673	4,389	418	69	(10)	(15)
						8,565

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

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

Information on fair value measurement is provided in Note 8.3.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2018

5.1 Property, plant and equipment (Cont)

Year ended 30 June 2018	Land (\$'000)	Buildings (\$'000)	Exhibits (\$'000)	Furniture & Equipment (\$'000)	Computer Hardware & Software (\$'000)	Total (\$'000)
1 July 2017						
Gross carrying amount	3,673	4,389	418	569	270	9,319
Accumulated depreciation	-	-	-	(500)	(254)	(754)
Accumulated impairment loss	-	-	-	-	-	-
Carrying amount at start of period	3,673	4,389	418	69	16	8,565
Additions	-	364	1,730	312	314	2,720
Transfers(a)	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	(923)	-	-	-	-	(923)
Impairment losses(b)	-	-	-	-	-	-
Depreciation	-	(119)	(250)	(61)	(13)	(443)
Carrying amount at 30 June 2018	2,750	4,634	1,898	320	317	9,919
Gross carrying amount	2,750	4,753	2,148	386	584	10,621
Accumulated depreciation	-	119	250	67	267	703
Accumulated impairment loss	-	-	-	-	-	-

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

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

Information on fair value measurement is provided in Note 8.3.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
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Initial recognition

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

Subsequent measurement

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

- land, and
- buildings

Land is carried at fair value.

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

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

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

Land and buildings were revalued as at 1 July 2017 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2018 and recognised for land at 30 June 2018. In undertaking the revaluation, fair value was determined by reference to market values for land: \$2,750,000 (2017: 3,673,000).

No revaluation adjustment was made for buildings in the first year as they are a new construction, which have been put to use in the current reporting period. The Board considers that the value ascribed to buildings at the last reporting period would not have materially changed at the end of the current financial year.

5.1.1 Depreciation and impairment

Change for the period

	2018	2017
	(\$000)	(\$000)
<u>Depreciation</u>		
Buildings	119	-
Exhibits	250	-
Furniture & equipment	61	5
Computer hardware & software	13	10
Total depreciation for the period	443	15

As at 30 June 2018 there were no indications of impairment to property, plant or equipment.

All surplus assets at 30 June 2018 have either been classified as assets held for sale or have been written off.

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Finite useful lives

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

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

Asset	Useful life: years
Building	20 to 40 years
Plant and equipment	10 to 15 years
Office equipment	5 years
Software ^(a)	3 to 5 years

(a) Software that is integral to the operation of related hardware.

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

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

Impairment

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

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

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

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

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

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

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
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6. 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	2018 (\$000)	2017 (\$000)
Receivables	6.1	96	180
Other current assets	6.2	999	1,426
Payables	6.3	36	31
Other liabilities	6.4	583	602

6.1 Receivables

	2018 (\$000)	2017 (\$000)
Current		
Receivables	-	27
Interest receivables	47	38
GST receivables	49	114
Balance at end of period	96	180

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

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

6.2 Other assets

	2018 (\$000)	2017 (\$000)
Current		
Accrued levy income	969	1,365
Prepayments	30	61
Balance at end of period	999	1,426

6.3 Payables

	2018 (\$000)	2017 (\$000)
Current		
Trade payables	36	31
Balance at end of period	36	31

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

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Notes to the Financial Statements
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6.4 Other liabilities

	2018	2017
	(\$000)	(\$000)
<u>Current</u>		
Accrued training expenses	381	467
Accrued expenses	202	135
Balance at end of period	583	602

Accrued salaries of \$41,101 (2017: \$35,815) as included in accrued expenses represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Board considers the carrying amount of accrued salaries to be equivalent to its fair value.

7 Financing

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

	Notes
Cash and cash equivalents	7.1
Reconciliation of cash	7.1.1
Reconciliation of net cost of services to operating activities	7.1.2
Commitments	7.2
Non-cancellable operating lease commitments	7.2.1
Capital commitments	7.2.2

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	2018	2017
	(\$000)	(\$000)
Cash and cash equivalents	16,251	14,245
Balance at end of period	16,251	14,245

For the purpose of the statement of cash flows, cash and cash equivalents 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.

7.1.2 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	Notes	2018	2017
		(\$000)	(\$000)
Net cost of services		2,816	5,299
Non-cash items			
Depreciation	5.1.1	443	15
Land revaluation		923	-
(Increase)/decrease in assets			
Current receivables		84	(37)
Other current assets		427	(47)

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
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For the year ended 30 June 2018

	Notes	2018 (\$000)	2017 (\$000)
Increase/(decrease) in liabilities			
Current payables		5	(3)
Current provisions		(10)	(12)
Other current liabilities		(18)	(200)
Non-current provisions		57	15
Net GST receipts/(payments)		9	63
Change in GST receivables/payables		(9)	(63)
Net cash provided by operating activities		4,726	5,030

7.2 Commitments

7.2.1 Non-cancellable operating lease commitments

	2018 (\$000)	2017 (\$000)
Commitments for minimum lease payments are payable as follows:		
Within 1 year	23	142
Later than 1 year and not later than 5 years	28	13
Later than 5 years	-	-
	<u>51</u>	<u>155</u>

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

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

7.2.2 Capital commitments

	2018 (\$000)	2017 (\$000)
Capital expenditure commitments, being contracted Capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	151	1,972
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>151</u>	<u>1,972</u>

The Board entered into a number of contracts for the design and construction of exhibits and interactive displays in the Construction Futures Centre. All works have been completed however a contingency has been held pending completion of any rectification work.

The Board has entered into a contract to convert all existing manual business processes to on-line using Microsoft Dynamics 365.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2018

8. Risks and Contingencies

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

	Note
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by the Board are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations resulting in financial loss to the Board.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 8.1(c) 'Financial instruments disclosures' and Note 6.1 'Receivables'.

Credit risk associated with the Board's financial assets is minimal because the main receivable is the amounts receivable for services interest. For receivables other than Government, the Board trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due. The Board is exposed to liquidity risk through its trading in the normal course of business. The Board has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments. The Board does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e), the Board is not exposed to interest rate risk because apart from cash and cash equivalents it has no borrowings.

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Notes to the Financial Statements
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(b) Categories of 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:

	2018	2017
	(\$000)	(\$000)
Financial assets		
Cash and cash equivalents	16,251	14,245
Receivables	47	65
Other assets	969	1,365
Total financial assets	17,267	15,675
Financial liabilities		
Financial liabilities measured at amortised cost	619	633
Total financial liabilities	619	633

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

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
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(c) Financial instrument disclosures

Aging analysis of financial assets

	Carrying amount \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 month \$000	1 - 3 months to 1 year \$000	3 months to 1 year \$000	1 - 5 months \$000	More than 5 years \$000	
2018								
Cash and cash equivalents	16,251	16,251	-	-	-	-	-	-
Receivables (a)	47	47	-	-	-	-	-	-
Other assets	969	969	-	-	-	-	-	-
	17,267	17,267	-	-	-	-	-	-
2017								
Cash and cash equivalents	14,245	14,245	-	-	-	-	-	-
Receivables (a)	65	65	-	-	-	-	-	-
Other assets	1,365	1,365	-	-	-	-	-	-
	15,675	15,675	-	-	-	-	-	-

The amount of receivables excludes the GST recoverable from the ATO (statutory receivables).

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Notes to the Financial Statements
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(d) Liquidity Risk and Interest Rate Exposure

The following table details the Board's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses the carrying amount of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Interest rate exposure			Nominal Amount	Maturity Date				
		Carrying amount	Fixed interest rate	Variable interest rate		Up to 1 month	1 - 3 months	3 months to 1 year	1 - 2 years	>5 years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2018										
Financial Assets										
Cash and cash equivalents	1.50	3,303	-	3,303	3,303	3,303	-	-	-	-
Cash and cash equivalents	2.55	12,948	12,948	-	12,948	-	12,948	-	-	-
Receivables		47	-	-	47	-	-	-	-	-
Other assets		969	-	-	969	-	-	-	-	-
		17,267	12,948	3,303	1,016	3,303	12,948	-	-	-
Financial Liabilities										
Payables		36	-	-	36	-	-	-	-	-
Other liabilities		583	-	-	583	-	-	-	-	-
		619	-	-	619	-	-	-	-	-

The amounts disclosed are the contracted undiscounted cash flows of each class of financial liability at the end of the reporting period.

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(d) Liquidity Risk and Interest Rate Exposure (cont)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Interest rate exposure				Nominal Amount	Maturity Date				
		Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing		Up to 1 month	1 - 3 months	1 - 2 years	2 - 5 years	>5 years
		\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
2017											
Financial Assets											
Cash and cash equivalents	1.50	1,311	-	1,311	-	1,311	1,311	-	-	-	-
Cash and cash equivalents	2.55	12,934	12,934	-	-	12,934	-	12,934	-	-	-
Receivables		65	-	-	65	65	-	-	-	-	-
Other assets		1,365	-	-	1,365	1,365	-	-	-	-	-
		15,675	12,934	1,311	1,430	15,675	1,311	12,934	-	-	-
Financial Liabilities											
Payables		31	-	-	31	31	-	-	-	-	-
Other liabilities		602	-	-	602	602	-	-	-	-	-
		633	-	-	633	633	-	-	-	-	-

The amounts disclosed are the contracted undiscounted cash flows of each class of financial liability at the end of the reporting period.

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(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2018	Carrying amount \$000	-100 basis points Surplus \$000	+100 basis points Surplus \$000
Financial Assets			
Cash and cash equivalents	16,251	(163)	163
Total Increase/(Decrease)	16,251	(163)	163

2017	Carrying amount \$000	-100 basis points Surplus \$000	+100 basis points Surplus \$000
Financial Assets			
Cash and cash equivalents	14,245	(142)	142
Total Increase/(Decrease)	14,245	(142)	142

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8.2 Contingent assets and liabilities

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

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

8.2.1 Contingent assets

No contingent assets exist for the year ended 30 June 2018.

8.2.2 Contingent liabilities

During the 2017/18 year \$25.75 million dollars was collected as levies. Under the Act, these are payable before the commencement of construction and are refundable wholly or in part if the construction is not completed. The proportion representing incomplete work is not known and according to past experience the amount of the refunds in proportion to the total amount collected is relatively insignificant and in the year ended 30 June 2018 amounted to \$0.551m being 2.14% of the amount received. No other contingent liabilities have since come to our knowledge.

8.3 Fair value measurements

				Fair Value at end of period
2018	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	(\$000)
Assets measured at fair value:				
Land (Note 5.1)	-	2,750	-	2,750
Buildings (Note 5.1)	-	4,634	-	4,634
2017	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Fair Value at end of period (\$000)
Assets measured at fair value:				
Land (Note 5.1)	-	3,673	-	3,673
Buildings (Note 5.1)	-	4,389	-	4,389

There were no transfers between Level 1, 2 or 3 during the current and previous periods.

Valuation techniques to derive Level 2 fair values

Level 2 fair value of Land has been derived using the market approach. Market evidence of sales prices of comparable land in close proximity is used to determine price per square metre.

No revaluation adjustment was made for buildings in the first year as they are a new construction, which have been put to use in the current reporting period. The Board considers that the value ascribed to buildings at the last reporting period would not have materially changed at the end of the current financial year.

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9. Other disclosures

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

	Notes
Events occurring after the end of the reporting period	9.1
Future impact of Australian Accounting Standards not yet operative	9.2
Key management personnel	9.3
Related party transactions	9.4
Related bodies	9.5
Affiliated bodies	9.6
Special purpose accounts	9.7
Remuneration of auditors	9.8
Supplementary financial information	9.9
Explanatory statement	9.10

9.1 Events occurring after the end of the reporting period

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

9.2 Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements' or by an exemption from TI 1101. Where applicable, the Board plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	Financial Instruments	1 Jan 2018
	This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.	
	The Board has assessed that there is no material impact arising from this standard.	
AASB 15	Revenue from Contracts with Customers	1 Jan 2019
	This Standard establishes the principles that the Board shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.	
	The Board's income is principally derived from levy collections which will be measured under AASB 1058 and will be unaffected by this change. However, the Board has not yet determined the potential impact of the Standard on 'other revenue'. In broad terms, it is anticipated that the terms and conditions attached to these revenues will have no material impact on the Board's Financial Statements.	

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AASB 16	Leases	1 Jan 2019
	<p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, the Board anticipates that the application will not materially impact the Financial Statements.</p>	
AASB 1058	Income of Not-for-Profit Entities	1 Jan 2019
	<p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an agency. The Board anticipates that this Standard will not be applicable.</p>	
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]	1 Jan 2018
	<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Other than the exposures to AASB 9 noted above, the Board is only insignificantly impacted by the application of the Standard.</p>	
AASB 2014-1	Amendments to Australian Accounting Standards	1 Jan 2018
	<p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. These changes have no impact as Appendix E has been superseded and the Board was not permitted to early adopt AASB 9.</p>	
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 Jan 2018
	<p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Board has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 Jan 2018
	<p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Board has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 Jan 2018
	<p>This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.</p>	

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AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 1 Jan 2018

This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Board has not yet determined the application or the potential impact when the deferred AASB 15 becomes effective from 1 January 2019.

AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities 1 Jan 2018

This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard.

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities 1 Jan 2019

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

9.3 Key management personnel

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

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

Compensation Band (\$)	2018	2017
220,001 – 230,000	1	-
220,001 – 230,000	-	1
210,001 – 220,000	1	1
190,001 – 200,000	1	1
40,001 – 50,000	1	1
10,001 – 20,000	6	6
	2018	2017
	(\$000)	(\$000)
Short-term employee benefits	698	701
Post-employment benefits	74	73
Other long-term benefits	6	(12)
Termination benefits	-	-
Total compensation of senior officers	778	762

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

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9.4 Related party transactions

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

Related parties of the Board include:

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

Significant Transactions with Government-related entities

In conducting its activities, the Board is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government;
- superannuation payments to GESB;
- lease rentals payments to State Fleet;
- insurance payments to Riskcover; and
- remuneration for services provided by the Auditor General (Note 9.8).

The Board had the following significant transactions with government entities during the reporting period.

	2018 (\$000)	2017 (\$000)
Department of Training and Workforce Development ^(a)	350	350
Government Employees Superannuation Board ^(b)	150	136
Riskcover ^(c)	38	20
State Fleet ^(d)	36	44

(a) The provision of strategic information and advice on Vocational Education and Training (VET) industry needs.

(b) Staff superannuation

(c) Insurance

(d) Motor vehicles

The transactions and results of the related bodies have been included in the financial statements.

Material transactions with other related parties

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

9.5 Related bodies

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

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9.6 Affiliated bodies

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

9.7 Special purpose accounts

World skills account

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

	2018 (\$000)	2017 (\$000)
Balance at start of period	-	-
Receipts	42	-
Payments	-	-
Balance at end of period	42	-

9.8 Remuneration of auditors

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

	2018 (\$000)	2017 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	34	37

9.9 Supplementary financial information

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

9.10 Explanatory statement

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$14.4 million for the Statements of Comprehensive Income.

9.13.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Actual 2017 \$000	Variance between estimate and actual \$000	Variance between actual results for 2018 and 2017 \$000
Employee benefits expenses						88
Supplies and services		2,480	2,461	2,373	19	70
Depreciation expenses		395	400	330	-5	428
Land revaluation		480	443	15	37	923
Accommodation expenses		-	923	-	(923)	(8)
Grants and subsidies - programs recurrent		280	266	274	14	(409)
Grants and subsidies - training expenditure recurrent		2,210	1,468	1,877	742	(4,823)
Other expenses		21,812	16,825	21,648	4,987	(27)
Total cost of services		28,014	23,129	26,887	4,885	(3,758)
Revenue						
Levy receipts		27,680	25,197	31,388	2,483	(6,191)
Interest revenue		300	354	371	(54)	(17)
Other revenue		370	394	427	(24)	(33)
Total Income		28,350	25,945	32,186	2,405	(6,241)
SURPLUS FOR THE PERIOD						
		336	2,816	5,299	2,480	(2,483)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		336	2,816	5,299	2,480	(2,483)

Variance between estimate and actual

There were no variances greater than 5% and \$14.4 million.

Variance between actual results for 2018 and 2017

There were no variances greater than 5% and \$14.4 million.