

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 30 June 2003

C O N T E N T S	P A G E N O
• DIRECTORY	2
• BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD	3
• STRUCTURE OF BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD AND FUND AS AT 30TH JUNE 2003	5
• BOARD MEMBERSHIP	6
• THE YEAR IN REVIEW	7
• INCOME & EXPENDITURE ESTIMATES 2003/04	8
• PERFORMANCE INDICATORS OPINION OF THE AUDITOR GENERAL	9
• CERTIFICATION OF PERFORMANCE INDICATORS.....	9
• PERFORMANCE INDICATORS	10
• STATUTORY AND OTHER INFORMATION	13
• FINANCIAL STATEMENTS STATEMENT OF CERTIFICATION	16
• FINANCIAL STATEMENTS OPINION OF THE AUDITOR GENERAL	17
• FINANCIAL STATEMENTS OF THE BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD FOR THE YEAR ENDED 30TH JUNE 2003	18

DIRECTORY

Registered Office of the Building and Construction Industry Training Board and the Building and Construction Industry Training Fund.

Office Address: Business Centre Building
1st Floor/55 Salvado Road
SUBIACO WA 6008

Postal Address: PO Box 746
Wembley WA 6913

Telephone: (08) 9381 3900

Facsimile: (08) 9388 8902

Director: Russell Cooper (Acting)

Internal Auditors: Deloitte Touche Tohmatsu

External Auditors: The Auditor General for Western Australia

Business Hours: 8.30 am to 5.00 pm Monday to Friday

Publications: Information brochures, reports and other material explaining the operation of the BCITB are available from the office.

Website: www.bcitf.org

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

The Building and Construction Industry Training Fund (BCITF) was established on 1 July 1991 by the *Building and Construction Industry Training Fund and Levy Collection Act 1990* which was proclaimed on that date. The Building and Construction Industry Training Board (BCIT Board), also established by the Act, has primary responsibility for collecting a levy on construction work in Western Australia and for establishing strategies, policies and programs to use the funds raised to support training outcomes in the building and construction industry.

The BCITF levy is currently set at 0.182% of the value of construction work for all projects carried out in Western Australia with the exception of:

- Work which is \$20,000 or less in value;
- Work which is maintenance or repairs of a routine or a minor nature carried out by employees for an employer who is not substantially engaged in the building and construction industry; and
- Work which is specifically exempted within the Act.

Current exemptions from the Act were established by amendment proclaimed on 31 January 1995. Construction work in certain areas of agriculture, the resources sector and government work where the work is carried out by government are exempt from the levy. Building and construction industry participants working in industry sectors exempt from the levy and government employees cannot claim BCITF financial assistance for their training needs.

The amendment Act proclaimed in April 1999 contains further provision for exemptions from the levy but the Board has yet to establish and recommend to the Minister suitable exemption criteria.

Operating Framework

The BCIT Board is responsible for establishing an annual Operational Plan. The Operational Plan sets the framework for the Board's support for training within the industry over a period of a financial year. Operational Plans require Ministerial approval prior to implementation.

In establishing Operational Plans for submission to the Minister, the Board considers the broad range of training needs within the industry. These include:

- apprenticeships and other forms of entry level training;
- supplementary or skills enhancement training for those already working in the industry;
- training in technology appropriate to the industry;
- training to meet occupational safety and health requirements;
- recognition, for the purposes of employment in the industry, of people with existing skills and knowledge;
- the quality of training and the accreditation standing of courses relevant to the industry.

Primary Responsibilities of the Board

The role of the Board is to:

- establish the strategic and policy framework for use of the Fund to achieve the objectives of the Act;
- establish an annual Operational Plan and implement the plan as approved by the Minister;
- guide the operations of the Secretariat to ensure efficient collection of the BCITF levy and cost effective management of funding programs;
- assist industry to meet its identified training needs;
- continually evaluate the Fund's performance.

The Secretariat

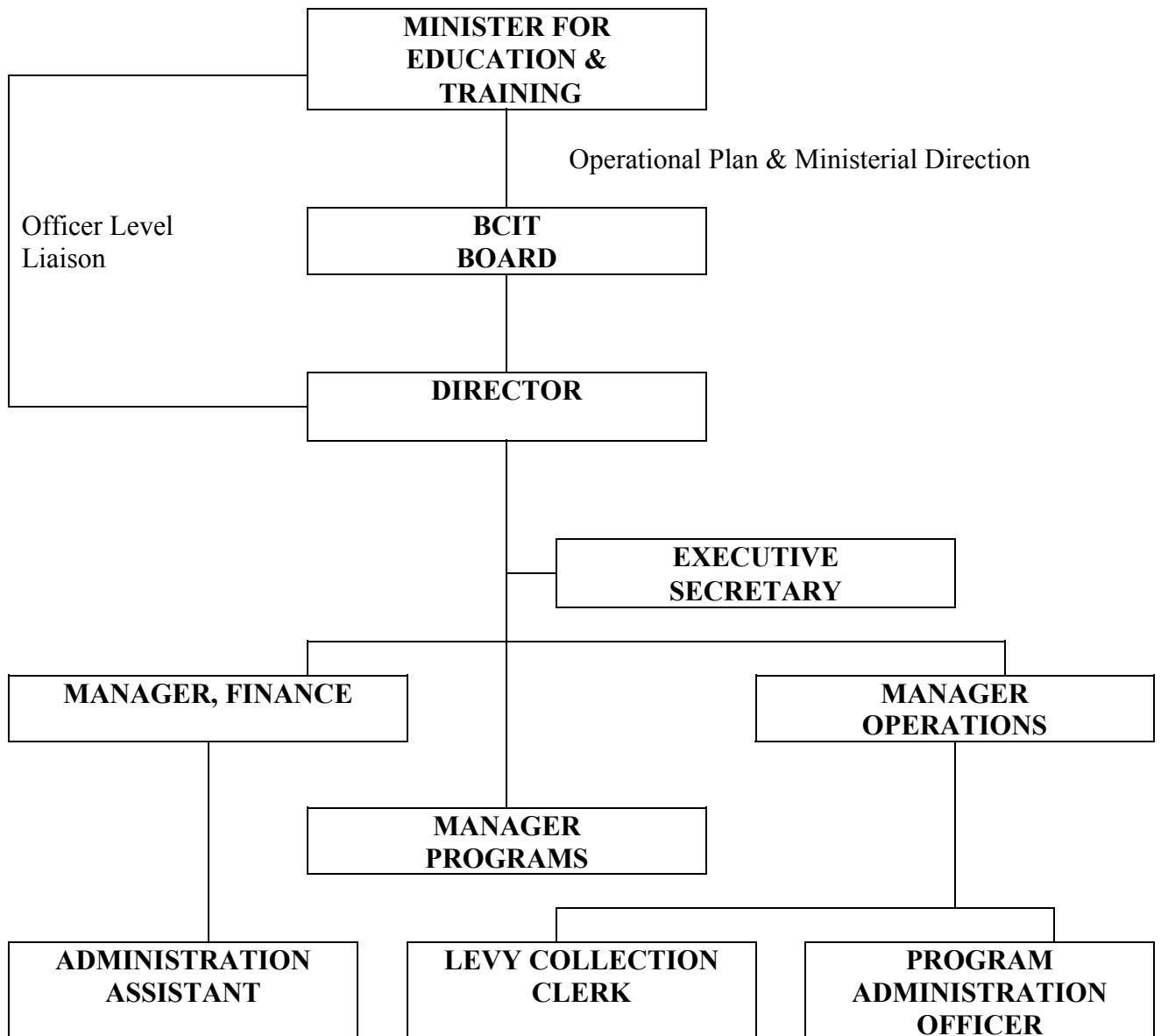
The BCIT Board has authority under the Act to employ staff to assist it to meet the objectives of the Act.

The Board has established a secretariat as its operational body to work with the network of organisations and individuals with an interest in training within the building and construction industry in Western Australia.

The primary operational responsibilities of the secretariat are to:

- manage and implement the operational plan determined by the Board and approved by the Minister;
- advise the Board on current and emerging issues for training within the industry;
- develop strategy and policy options for consideration by the Board;
- promote the work of the Board to the industry and the community;
- recommend appropriate research and development tasks to the Board;
- propose cost effective methods for achieving the objectives of the Act and implementing the strategies and policies put in place by the Board; and
- liaise with stakeholders locally and nationally.

**THE BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND
STRUCTURE at 30th June 2003**



**BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND
STAFF STRUCTURE AS AT 30TH JUNE 2003**

Operational Staff:

Acting Director, Russell Cooper	(F)
Manager Operations, Russell Cooper - Covering	(F)
Manager, Finance, Howard Hughes – Contract	(P)
Manager Programs, Heidi Schmidt	(F)
Administration Assistant, Jenny Le Caudey	(F)
Executive Secretary, vacant	(F)
Program Administration Officer, Andrew Kirei	(F)
Levy Collection Clerk, - Sonia Christos – Temp	(P)

F = Full Time ; P = Part Time

The Mission and Objectives of the Board

During the 2002/03 year the Board's mission statement was:

to assist the Building and Construction industry to have available an adequate number of appropriately trained people.

A change in emphasis in the Board's forward vision includes the need to address quality in training and funding program performance and outcomes directed towards facilitating an appropriate skills balance within the industry. The mission statement recognises the opportunities provided by the amendment Act 1998. It also sets the platform for a focus on skill needs in Western Australia within the context of the national training framework for the building and construction industry.

BOARD MEMBERSHIP

During 2002/03 the Board has continued to meet on a regular monthly schedule.

Scheduled meetings 12

Board members are appointed by the Minister.

BOARD MEMBERSHIP AT 30 JUNE 2003

Members	Meetings Attended
Garry Spencer (Chairman)	11
Len Hitchen	10
Mark Smith	10
Kevin Watson	11
Ian Kuba	11
Peter Lee	10

All of the above Members resigned from the Board effective on 30th June 2003.

YEAR IN REVIEW

The past year has seen the BCITF focus on achieving outcomes required by industry resulting in further improvements to program and funding structures, greater diversity in training supported and increased industry participation in skills training.

In developing its Operational Plan for 2002/03, the Board gained significant industry input into its direction and priorities through an extensive consultation process. From this feedback the Board identified priorities for action in 2002/03:

The continuation of the new Construction Skills and Industry Skills Programs saw the allocation for funding support for skills training increased by 28% to \$1.3 million. as a result, there was a significant increase in the number of courses available to industry, more training providers offering a more diverse range of courses with higher participation rates in the workforce.

STRATEGIC ISSUES – The BCIT Board’s Forward Strategies for 2002/2003

The Board continues to operate under the Strategic Plan framework established for the Fund in the first half of 2000. The mission of the Building and Construction Industry Training Fund is:

‘To assist the building and construction industry to have available an adequate number of appropriately trained people.’

To achieve this mission, three key strategies have been identified with initiatives under each strategy to be implemented in partnership with industry and government:

- **Strategy 1, Career Opportunity** - focuses on improving perceptions of the industry as a career choice, delivering effective and flexible entry level programs in shorter timeframes, and improving the retention rate of people in the industry.
- **Strategy 2, Provision of Skills** - focuses on having the required number of appropriately skilled people available to meet local demand and to contribute to industry effectiveness and productivity.
- **Strategy 3, Training Awareness** - focuses on promoting and encouraging training, increasing the commitment to training by employers and builders, and achieving effective two-way communication between the Board, industry and the community.

INCOME AND EXPENDITURE ESTIMATES 2003/04

The Minister has deferred the approval of an Operational Plan (OP) for the twelve month period from 1 July 2003 to 30 June 2004.

An Interim Operational Plan was approved for the first three months of the financial year to provide time for the new Board to review the full year Operational Plan. The estimates for the three month period are based on the Budget for the 2002/03 financial year

INTERIM OPERATIONAL PLAN (1 JULY 2003 TO 30 SEPTEMBER 2003)

INCOME

Levy Receipts (net)	1,963,000
Interest Income	91,500
TOTAL INCOME	<u>2,054,500</u>

TRAINING EXPENDITURE

Group Training Schemes	908,000
Direct Indenture	438,000
Construction/ Industry Skills	398,750
Competency Assessment	18,750
Total Training Expenditure	<u>1,763,500</u>

PROGRAMS AND COMPLIANCE

Industry Initiatives Program	110,000
BCITF Program	37,500
Levy & Act & Compliance	7,500
Random Audit Program	12,500
Total Projects and Compliance	<u>167,500</u>

ADMINISTRATION

Administration – BCITF	190,457
Total Administration	<u>190,457</u>

TOTAL EXPENDITURE	<u>2,121,457</u>
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Deficit Funded From Reserves	(66,957)
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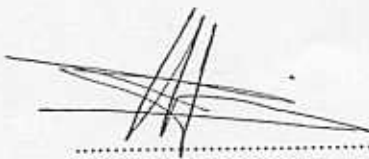
**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

PERFORMANCE INDICATORS

For the year ended 30 June 2003

Certification of Performance Indicators

We hereby certify that the Performance Indicators 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 year ending 30 June 2003. Proper records exist to validate the performance outcomes.



Mr Ian Hill
Chairman
for the BCIT Board



BCIT Board Member

Dated: 28 day of AUGUST 2003



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Building and Construction Industry Training Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended June 30, 2003.

Scope

The Board's Role

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

DDR PEARSON
AUDITOR GENERAL
October 31, 2003

PERFORMANCE INDICATORS

The Building and Construction Industry Training Board's (BCITB's) statements relating to mission, objectives and performance indicators for the 2002/03 year are summarised in this section.

Levy collection and program funding outcomes for the year have resulted in continuing improvement in performance since 1996/97 which was the first year the Board operated with performance measures.

1

BCITB Mission

For the 2002/03 financial year, the BCITB operated under the following Mission Statement :

to assist the Building and Construction industry to have available an adequate number of appropriately trained people.

2

The Building & Construction Industry Training Fund and Levy Collection Act 1990 - Outcomes

- To increase the number of skilled persons in the building and construction industry.

3

Objectives of the Building & Construction Industry Training Board

- To meet the needs of the building & construction industry in terms of skilled people, having regard to the fluctuations in demand occurring as a result of the business cycle.
- To meet the needs of the building & construction industry in terms of skilled people arising from increasing demand due to population growth.
- To meet the needs of the building & construction industry in terms of skilled people arising from normal inflows and outflows of labour.
- To increase the level of skills in the industry, in particular multi skilling, management skills and new technological skills.

4

Performance Outcome - To increase the number of skilled persons

Note: To increase the number of skilled persons in the industry identified as apprentices, trades persons, business managers and construction workers. Increasing skills means increasing the number of skilled people and increasing the skill levels

Effectiveness Indicators

A1. The relative number of apprentices trained in the current year compared to the level of apprentices in the year prior to the commencement of the scheme (1990).

A2. The number of BCITB apprentices gaining trade certificate status per year relative to the number of West Australian's employed in the construction industry.

Efficiency Indicators development programs.

B1. The average cost per person of training trades apprentices during the year.

B2. The average cost of training other non trades related persons during the year.

PERFORMANCE INDICATORS

	2002/03	2001/02	2000/01
Effectiveness Indicators			
A1. Relative no. of apprentices trained for the year Vs no. prior to Scheme commencement.	1.46	1.28	1.28
A2. No. of apprentices qualifying relative to the number of West Australians employed in the construction industry.	9.5	11.0	10.5
Efficiency Indicators			
B1. The administration cost per person of training trades apprentices during the year.	\$170	\$301	\$301
B2. The administration cost of training persons in non trades related skills.	\$7.99	\$12.53	\$10.77

COMMENTS

A1 In the year prior to the commencement of the BCITB (1989/1990) 1580 apprentices were in training compared with 2311 in 2002/03. This ratio shows an improvement or deterioration in the number of apprentices in training during the year.

A2 This ratio indicates that apprenticeship completions were 9.5 apprentices per one thousand persons employed in the Western Australian building and construction industry.

B1 This indicator measures the administration costs of training support for a total of 2,311 apprentices during the year.

B2 This indicator measures the administration costs of training support for 12,132 persons in non trade related training courses during the year. The cost per person fell by \$4.54 which arose due to a 20% increase in participating trainees and lower administration costs for the Fund.

STATUTORY AND OTHER INFORMATION

Staffing

The number of employees as at 30th June 2003. 30 June 2002

Operational Staff

Approved FTE	7.4	7.4
Full-time	4.0	5.0
Part-time	1.2	1.2

Full-time Equivalent = 5.2

Staffing Policies

Staffing policies, including recruitment procedures, are consistent with Public Sector Standards and a comprehensive human resources manual is maintained. Industrial relations procedures are defined in the human resources manual. The training requirements of all staff are reviewed every six months and multi skilling within the office is encouraged.

The Board is a signatory to the GOSAC Award. Permanent staff are covered by the GOSAC Award in terms of salary and leave conditions.

Worker's compensation cover is held through Riskcover Insurance. There were no claims during the year.

Ministerial Directions

During the year, the Board received a Ministerial direction to adopt an Interim Operational Plan for the first three months of the 2003/04 financial year in lieu of the full year plan presented.

FREEDOM OF INFORMATION

The BCIT Board did not receive any Freedom of Information application during the year.

EEO

At 30 June 2003 the Board employed three women and three men.

PUBLIC SECTOR STANDARDS - RECRUITMENT SELECTION

There were no resignations or recruitment of staff during the year. One redundant position resulted in a redeployment within the public sector. The Board adheres to the employment principles documented in human resource guidelines provided under the Public Sector Management Act 1994.

STATEMENT OF COMPLIANCE WITH RELEVANT WRITTEN LAW

ENABLING LEGISLATION

The Administration of the Building and Construction Industry Training Fund is controlled by the Building and Construction Industry Training Board, both of which have been established under the '*Building and Construction Industry Training Fund and Levy Collection Act of 1990*'.

LEGISLATION ADMINISTERED

Apart from the Act, the Board administers the '*Building and Construction Industry Training Fund and Levy Collection Regulations of 1991*'.

LEGISLATION IMPACTING ON FUND ACTIVITIES

In the performance of its functions, the BCIT Board complies with the following relevant written laws.

Anti Corruption Act 1988.

Building and Construction Industry Training Fund Levy Collection Act 1990.

Commercial Arbitration Act 1984.

Copyright Act 1968.

Electoral Act 1907

Equal Opportunity Act 1994.

Financial Administration and Audit Act 1985.

Freedom of Information Act 1992.

Fringe Benefits Tax Act 1986.

Industrial Relations Act 1979 (Employment Act).

Library Board of Western Australia Act 1951-1983

Local Government Act 1960.

Occupational Health, Safety and Welfare Act 1984.

Public and Bank Holidays Act 1972.

Public Sector Management Act 1994.

A New Tax System (Goods & Services Tax) Act 1999.

Statutory Corporations (Liability of Directors) Act 1996.

Superannuation Guarantee (Administration) Act 1992.

Vocational Education and Training Act 1996.


Workers Compensation and Rehabilitation Act 1981.

Work Place Agreement Act 1993.

**PUBLIC SECTOR STANDARDS IN HUMAN RESOURCE MANAGEMENT
COMPLIANCE REPORTING REQUIREMENTS 2002/2003**

1. The Board has complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the code of conduct in the administration of the Building and Construction Industry Training Fund.
2. The Board has put in place procedures designed to ensure such compliance and has conducted appropriate internal assessments to satisfy the Board that the statement made in (1) above is correct.
3. The Board maintained a close liaison with the secretariat during the year and no complaints or grievances were raised. Mechanisms are in place to ensure that any matters of concern raised by staff are dealt with promptly and fairly and in accordance with Public Sector Standards.

Signed on behalf of the Board


Ian Hill
Chairman

FINANCIAL RESULTS

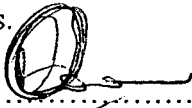
Levy receipts in the ordinary course of business were \$968,000 higher this financial year with \$9.9 million collected. The increase was due to strong activity in the housing sector where levy collections were \$0.97 million or 13% higher than the previous year. This came as a result of the building activity flowing from the Federal Government's first home owners scheme and strong investor interest. The commercial and engineering sectors also contributed to robust growth in the industry and levy collections in these sectors were up by 3% and 18% respectively.

Interest income was \$132,000 higher due to an increased level of funds invested and stable interest rates. Funds invested rose by almost \$3 million during the year ending with a balance of over \$11 million.

Total administration expenses for the Fund were 33% lower than the previous period and 36% below budgeted expenditure. This was due mostly to position vacancies continuing throughout the year. Administration costs were 5% of net levy income.

Training expenditure was up by 11% on the previous year despite relatively low growth in apprentice numbers employed by group training schemes. Strong growth in support to employers of directly indentured apprentices continued throughout the year with total payments up by \$344,000 to \$2.1 million. This follows greater awareness of BCITF support programs following increased marketing activities. Demand for skills training remained buoyant with expenditure increasing by 20% with over 12,000 industry workers attending training courses.

Principal Accounting Officer


Russell Cooper

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

FINANCIAL STATEMENTS

For the year ended 30 June 2003

STATEMENT OF CERTIFICATION

The accompanying financial statements of the Building and Construction Industry Training Board have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the period ending June 30, 2003 and the financial position as at June 30, 2003.

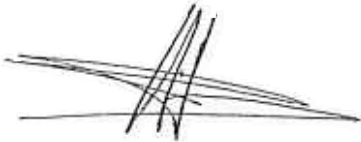
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Principal Accounting Officer

28-8-2003

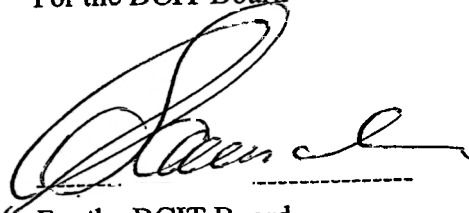
Date



For the BCIT Board

28-8-2003

Date



For the BCIT Board

28-8-2003

Date



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion,

- (i) the controls exercised by the Building and Construction Industry Training Board provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Board at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Board's Role

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
October 31, 2003

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD (BCITB)
Statement of Financial Performance
for the year ended 30 June 2003

	Note	2002/2003 (\$'000)	2001/2002 (\$'000)
REVENUE			
Revenue from operating activities			
Net levy receipts	10	9,811	8,833
Revenue from non-operating activities			
Interest revenue	2	493	361
Total revenue from ordinary activities		<u>10,304</u>	<u>9,194</u>
EXPENSES			
Expenses from ordinary activities			
Employee expenses	3	238	424
Supplies and services	4	40	56
Depreciation expense	5	20	29
Administration expenses	6	122	172
Accommodation expenses	7	51	48
Other expenses from ordinary activities	8	<u>20</u>	<u>7</u>
Total expenses before grants & subsidies		491	736
Grants and subsidies			
BCITF programs	9	193	377
Training expenditure	11	<u>6,705</u>	<u>6,025</u>
Total grants & subsidies		6,898	6,402
Total expenses from ordinary activities		<u>7,389</u>	<u>7,138</u>
Net Profit		<u><u>2,915</u></u>	<u><u>2,056</u></u>
Total changes in equity other than those resulting from transactions with WA State Government as owners			
		<u><u>2,915</u></u>	<u><u>2,056</u></u>

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

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Statement of Financial Position
as at 30 June 2003

	Note	2002/2003 (\$'000)	2001/2002 (\$'000)
CURRENT ASSETS			
Cash assets	12	478	792
Receivables	13	91	65
Other financial assets	14	11,198	8,233
Other assets	15	<u>1,090</u>	<u>805</u>
Total Current Assets		<u>12,857</u>	<u>9,895</u>
NON-CURRENT ASSETS			
Plant, equipment and vehicles	16	<u>21</u>	<u>39</u>
Total Non-Current Assets		<u>21</u>	<u>39</u>
Total Assets		<u>12,878</u>	<u>9,934</u>
CURRENT LIABILITIES			
Payables	17	451	423
Provisions	18	<u>26</u>	<u>16</u>
Total Current Liabilities		<u>477</u>	<u>439</u>
NON CURRENT LIABILITIES			
Provisions	18	<u>14</u>	<u>23</u>
Total Non-Current Liabilities		<u>14</u>	<u>23</u>
Total Liabilities		<u>491</u>	<u>462</u>
Net assets		<u>12,387</u>	<u>9,472</u>
EQUITY			
Retained profits	24	<u>12,387</u>	<u>9,472</u>
Total Equity		<u>12,387</u>	<u>9,472</u>

The Statement of Financial Position 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 2003

	Note	2002/2003 (\$'000) Inflows (Outflows)	2001/2002 (\$'000) Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Levies from project owners		9,524	8,844
Interest received		495	366
GST receipts from taxation authority		688	599
		<u>10,707</u>	<u>9,809</u>
Payments			
Employee costs		(239)	(451)
Supplies and services		(39)	(59)
GST payments on purchases		(714)	(585)
Program expenditure		(208)	(425)
Training expenditure		(6,663)	(6,015)
Other payments		(191)	(247)
		<u>(8,054)</u>	<u>(7,782)</u>
Net cash provided by operating activities	19	<u>2,653</u>	<u>2,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of non current assets		(2)	(3)
Net cash (used in) investing activities		<u>(2)</u>	<u>(3)</u>
Net increase in cash held		2,651	2,024
Cash assets at the beginning of the financial year		<u>9,025</u>	<u>7,001</u>
Cash assets at the end of the financial year	20	<u>11,676</u>	<u>9,025</u>

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

1. Statement of Accounting Policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the preceding year.

(a) General

- (i) The financial statements are prepared in accordance with the Financial Administration and Audit Act 1985.
- (ii) Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles.
- (iii) The accrual basis of accounting is being applied.
- (iv) The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

(b) Depreciation of non-current assets

All non current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation is provided for on the straight line method, using rates which are reviewed annually. Useful lives for each class of depreciable assets are:

Office furniture and equipment	5 years
Computer equipment	3 years
Motor Vehicles	4 years

(c) Employee entitlements

(1) Annual leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when liabilities are settled.

(2) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future salary levels including relevant on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

30 June 2003

government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(3) Superannuation

No staff are members of State superannuation funds, however the Board complies with Commonwealth legislation by making contributions according to individual requirements. Contributions are paid to selected superannuation funds complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

(d) Revenue

The principal revenue is levy collection based on the value of that construction work in accordance with Section 21 of the Building and Construction Industry Training Fund and Levy Collection Act of 1990. Revenue is recognised on receipt from project owners and in respect of collection agents, when the levy is received by the agent. Estimates of funds held by agents at the end of the reporting period is recognised as income for the period. Levy receipts are shown net of refunds : 2003: \$256,613 (2002 : \$339,812).

Other revenue is described in the operating statement.

(e) Receivables and Payables

Accounts receivables are recognised as being due for settlement no more than 30 days from the date of recognition.

Accounts payable, including accruals not yet billed, are recognised when the economic entity becomes obliged to make future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 30 days.

(f) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following bases:

- Monetary financial assets and liabilities are not traded in an organised financial market, consequently the carrying amounts of accounts receivable, accounts payable and accruals approximates net fair value.
- With leave liabilities - current risk adjusted market rates.

(g) Income Tax

The BCITB has been exempted from Income Tax under the provisions of paragraph 23(d) of the Income Tax Assessment Act.

(g) Leased Assets

The Board has entered into an operating lease agreement for the rent of the office building where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating lease. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(h) Comparative Information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and disclosures.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2003

	2002/2003	2001/2002
	(\$'000)	(\$'000)
2 Interest revenue		
Interest earned on bank current accounts plus investments by way of term deposits and bank accepted bills.	<u>493</u>	<u>361</u>
3 Employee expenses		
Salaries & wages	158	329
Other employee costs	67	99
Superannuation	14	19
Change in annual leave entitlements	2	(14)
Change in long service leave entitlements	<u>(3)</u>	<u>(9)</u>
	<u>238</u>	<u>424</u>
These employee expenses include superannuation, payroll tax, worker's compensation premiums and other employment on-costs associated with		
4 Supplies and services		
Bank charges	2	3
Communications costs	13	19
Consumables	20	24
Other supplies & services	<u>5</u>	<u>10</u>
	<u>40</u>	<u>56</u>
5 Depreciation expense		
Office furniture and equipment	10	13
Computer equipment	3	9
Motor vehicles	<u>7</u>	<u>7</u>
	<u>20</u>	<u>29</u>
6 Administration expenses		
Accounting & audit fees	23	22
Board costs	74	79
Insurance & legal fees	25	58
Other expenses	<u>13</u>	<u>13</u>
	<u>122</u>	<u>172</u>
7 Accommodation expense		
Rent, outgoings & cleaning	<u>51</u>	<u>48</u>
8 Other expenses		
Travel costs	<u>20</u>	<u>7</u>
9 BCITF - Programs		
Industry Communication and Liaison	1	20
Industry Initiatives Fund	160	169
Youth Induction Program	0	142
Competency Assessment	25	26
BCITF Programs	9	19
Other expenses	<u>(2)</u>	<u>1</u>
	<u>193</u>	<u>377</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2003**

	2002/2003 (\$'000)	2001/2002 (\$'000)
10 Levy receipts		
Levy receipts	9,899	8,931
Less: Levy collection fees	<u>(88)</u>	<u>(98)</u>
Net levy receipts	<u>9,811</u>	<u>8,833</u>
 Gross levy receipts by sector		
 Housing	5,994	5,328
Commercial	2,324	2,259
Engineering construction	<u>1,581</u>	<u>1,344</u>
	<u>9,899</u>	<u>8,931</u>
 11 Training expenditure		
Sector :		
 Housing	3,920	3,647
Commercial	2,340	2,017
Engineering construction	<u>445</u>	<u>361</u>
	<u>6,705</u>	<u>6,025</u>
 12 Cash assets		
Bank accounts	458	772
Funds on deposit	<u>20</u>	<u>20</u>
	<u>478</u>	<u>792</u>
 13 Receivables		
Trade debtors	2	2
GST receivable	<u>89</u>	<u>63</u>
	<u>91</u>	<u>65</u>
 Credit Risk - The Board does not have any significant exposure to any individual customer or counterparty. There are no major concentrations of credit risk in the Board's receivables		
 Net Fair Value - The Board considers the carrying amount of accounts receivable approximates their net fair value.		
 14 Other Financial Assets		
Term Deposits	<u>11,198</u>	<u>8,233</u>
 15 Other assets		
Prepayments	-	1
Accrued levy income	1,088	801
Interest receivable	<u>2</u>	<u>3</u>
	<u>1,090</u>	<u>805</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2003

	2002/2003 (\$'000)	2001/2002 (\$'000)
16 Plant, equipment and vehicles		
Computers & Equipment - at cost	114	115
Accumulated Depreciation	<u>(106)</u>	<u>(95)</u>
	<u>8</u>	<u>20</u>
Motor Vehicles - at cost	27	27
Accumulated Depreciation	<u>(14)</u>	<u>(8)</u>
	<u>13</u>	<u>19</u>
	<u>21</u>	<u>39</u>

	Computers & Equipment		Motor Vehicles		Total Non Current Assets	
	2002/03 (\$000)	2001/02 (\$000)	2002/03 (\$000)	2001/02 (\$000)	2002/03 (\$000)	2001/02 (\$000)
Opening Cost	114	122	27	27	141	149
Additions	2	3	-	-	2	3
Disposals	(2)	(10)	-	-	(2)	(10)
Closing Cost	114	115	27	27	141	168
Opening Accum Depn	(95)	(83)	(7)	(1)	(102)	(84)
Depn Charge	(13)	(22)	(7)	(7)	(20)	(29)
Depn Write Back	2	10	-	-	2	10
Closing Accum. Depn	(106)	(95)	(14)	(8)	(120)	(103)
Carrying amount at end of year	8	20	13	19	21	39

17 Payables		
Trade payables	34	33
Other payables - Training commitments	<u>417</u>	<u>390</u>
	<u>451</u>	<u>423</u>

The BCITB considers the carrying amount of accounts payable approximates their net fair value.

18 Provisions		
Current		
Annual leave	10	12
Long service leave	<u>16</u>	<u>4</u>
	26	16
Non current		
Long service leave	<u>14</u>	<u>23</u>
	<u>40</u>	<u>39</u>

The Board considers the carrying amount of employee entitlements approximates the net fair value.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2003

	2002/2003 (\$'000)	2001/2002 (\$'000)
19 Reconciliation of net cash provided by operating activities to net profit		
Net cash from operating activities as per Statement of Cash Flows	2,653	2,027
Reconciling items :		
Depreciation	(20)	(29)
Increase/ (decrease) in accounts receivable	26	(14)
Increase/ (decrease) in accrued income	284	(18)
Increase/ (decrease) in prepayments	(1)	1
Decrease / (increase) in accounts payable	1	8
Decrease/ (increase) in accrued expenditure	(27)	57
Decrease/ (increase) in employee entitlements	(1)	24
Net profit as per statement of financial performance	<u>2,915</u>	<u>2,056</u>

20 Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and investments in money market instruments. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash assets	478	772
Other financial assets (term deposit)	11,198	8,253
Cash assets as per statement of cash flows	<u>11,676</u>	<u>9,025</u>

21 Remuneration of Accountable Authority and Senior Officers

The BCITB (Accountable Authority) resolved that members would be

for the members are	<u>66</u>	<u>76</u>
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or due and receivable for the financial year, falls within the following bands:

	2002/2003	2001/2002
\$0 - \$10,000	5	5
\$10,000 - \$20,000	-	-
\$20,000 - \$30,000	1	1

included by the Authority in respect of members of the Accountable Authority.

The total fees, salaries, superannuation and other benefits received or due and receivable for the financial year by Senior Officers other than members of the accountable authority, from the statutory or any related body.	<u>91</u>	<u>190</u>
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BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2003

21 Remuneration of Accountable Authority and Senior Officers (cont'd)

The number of senior officers other than members of the Accountable Authority, whose total of fees, salaries and other benefits received or due and receivable for the financial year, falls within the following bands :

	2002/2003	2001/2002
\$80,000 - \$90,000	-	1
\$90,000 - \$100,000	1	1

incurred by Authority in respect of senior officers other than senior officers reported as members of the Accountable Authority.

	2002/2003	2001/2002
	(\$'000)	(\$'000)
22 Remuneration of Auditor		
The total of fees paid or due and payable for the external audit for the financial year is as follows :		
Fees to the Office of the Auditor General for the external audit.	<u>17</u>	<u>17</u>

23 Explanatory statement

(a) Comparison of actual results with those of the preceding year

revenue and expenditure and the corresponding item of the considered to be those greater than 10% and \$10,000.

	2002/2003	2001/2002	Variation	note
	<u>Actual</u>	<u>Actual</u>	<u>\$'000</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
REVENUE				
Levy receipts - gross	9,899	8,931	968	(1)
Less Collection Fees	(88)	(98)	10	
Interest	493	361	132	(2)
	<u>10,304</u>	<u>9,194</u>	<u>1,110</u>	
EXPENDITURE				
Employee costs	238	424	(186)	(3)
Administration	122	172	(50)	(4)
Accommodation Expense	51	48	3	
Supplies & Services	40	59	(19)	(5)
Depreciation	20	29	(9)	
Other expenses	20	7	13	
BCITF - programs	193	377	(184)	(6)
Training expenditure	6,705	6,025	680	(7)
	<u>7,389</u>	<u>7,141</u>	<u>248</u>	

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2003****23 Explanatory statement (cont'd)**

- (1) The housing sector was stronger than anticipated during the year with the primary driver being investors. Consequently, levy collections in the housing sector finished 25% ahead of budget. The commercial and engineering sectors were in line with budget.
- (2) Net cash reserves increased by \$2.6 million during the period. Interest income was \$132,000 higher than the previous year due to higher cash balances and stable interest rates.
- (3) Employee cost were 48% below budget as a result of position vacancies during the year.
- (4) Administration expenses decreased over the previous year on lower accounting and board fees.
- (5) Similarly, supplies & services were lower than expected.
- (6) Expenditure on BCITF programs fell as a result of winding up of the Youth Induction program.
- (7) Training expenditure did not meet expectations due in part to high level of building activity which curtailed the amount of time available for training. Group training schemes experienced some growth in apprentice numbers and expenditure was in line with budget. In contrast, direct employers of apprentices were in demand and numbers grew significantly with the budget fully expended.

(b) Comparison of Estimates and Actual Results

Section 42 of the Financial Administration and Audit Act requires statutory authorities to prepare annual budget estimates.

Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results.

Significant variations are considered to be those greater than 10% of budget and \$10,000.

were drawn from the Operational Plan endorsed by the Minister for Training during the course of the year to 30 June 2003.

	<u>Budget</u> \$'000 2002/2003	<u>Actual</u> \$'000 2002/2003	<u>Variation</u> \$'000	
REVENUE				note
Levy receipts - Net	7,852	9,811	1,959	1
Interest	366	493	127	2
EXPENDITURE				
Employee costs	460	236	224	3
Legal fees	20	5	15	4

- 1 Both the housing and commercial sectors outperformed expectations and levy collections were 25% above budget. The first home buyers incentives, subdued interest rates and investors contributed to this result.
- 2 Interest income was 36% higher than the previous year due to stable interest rates on higher funds invested.
- 3 Several position vacancies during the year accounted for the shortfall in employee costs.
- 4 Legal fees were short of budget due to a low level of compliance activity relative to other years.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2003**

	2002/2003	2001/2002
	(\$'000)	(\$'000)
24 Retained Profits		
Opening balance	9,472	7,416
Net profit	<u>2,915</u>	<u>2,056</u>
Closing balance	<u>12,387</u>	<u>9,472</u>

25 Lease commitments

The BCITB operating lease commitments as at 30 June 2003 were limited to the leasing of premises.

Commitments within 1 year are	\$33,425
Commitments greater than 1 year and less than 5 years are	nil

The lease is for a period of 18 months and expires on 30 June 2004.

26 Capital Commitments

There were no capital commitments at year end.

27 Contingent liabilities

The Building & Construction Industry Training Fund & Levy Collection Act 1990 contains a sunset clause which provides for the closure of the Fund and the cessation of levy collections as at 30th June 2004. The Fund will commence the winding up of its operations on 1st July 2004. The Fund has forward commitments for training expenditure for group training schemes to 30th June 2004 and to employers of directly indentured apprentices until June 2006.

In the event that there is no amendment to the sunset clause, the Fund will have forward commitments estimated at \$5.35 million at the date of closure. This amount would be payable only to employers of directly indentured apprentices and there would be no ongoing liability to group training schemes as they are funded on an annual budget.

During the 2002/2003 year \$9.9 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 30th June 2003 amounted to approximately \$256,613 being 2.6% of the amount received. No other contingent liabilities have since come to our knowledge.

There are no known legal claims pending by third parties against the BCITB other than those matters referred to our lawyers or insurers in the normal course of business for which we consider there are no significant liabilities.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2003

28 Interest Rate Risk

The BCITB's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments as at 30th June 2003 are :

	Effective	Floating	Interest rate maturities		Total
	Weighted average	interest rate	1year or less	non interest	
	interest rate %	\$000's	\$000's	\$000's	
Assets					
Bank account	4.08		458		458
Bank bills	4.43		11,198		11,198
Term Deposit	4.58		20		20
Accounts receivable				91	91
Accrued income				1,090	1,090
Total financial assets		-	11,676	1,181	12,857
Liabilities					
Accounts payable				33	33
Accrued salaries				1	1
Accrued training expenditure				417	417
Employee entitlements				40	40
Total financial liabilities		-		491	491
Net Financial Assets		-	11,676	690	12,366

Interest Rate Risk - 2001/02 Comparative Table

The BCITB's exposure to interest rate risk as at 30th June 2002 was:

	Effective	Floating	Interest rate maturities		Total
	Weighted average	interest rate	1year or less	non interest	
	interest rate	\$000's	\$000's	\$000's	
Assets					
Cash at bank	3.47		772		772
Bank bills	4.17		8,233		8,233
Term Deposit	4.60		20		20
Accounts receivable				66	66
Accrued income				804	804
Total financial assets			9,025	870	9,895
Liabilities					
Accounts payable				33	33
Accrued salaries				-	-
Accrued Expenditure				390	390
Employee entitlements				39	39
Total financial liabilities				462	462
Net Financial Assets			9,025	408	9,433

Credit Risk

All financial assets are unsecured.

There are no amounts owing by Government agencies.

There are no exposures to foreign exchange contracts or to any other type of financial instruments or contracts.

29 Events occurring after Reporting Date

There have been no significant events occurring since reporting date.

30 Affiliated bodies

There are no bodies associated with the BCITB which would constitute that of

31 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 FAAA.

32 Losses, gifts and write offs of property

There were no material losses, gifts or write offs of public property.