

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

**ANNUAL REPORT AND
AUDITED FINANCIAL
STATEMENTS**

For the year ended 30 June 2005

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DIRECTORY

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Postal Address:	PO Box 746, Wembley WA 6913
Telephone:	(08) 9381 3900
Facsimile:	(08) 9388 8902
Executive Director:	Ralph Dawson
Internal Auditors:	Deloitte Touche Tohmatsu
External Auditors:	The Auditor General of Western Australia
Business Hours:	8.30 am to 5.00 p.m. Monday to Friday
Publications:	Information brochures, reports and other material explaining the operation of the BCITF are available from the office.
Website:	www.bcitf.org and www.nolimits.org

Enabling Legislation

The Building and Construction Industry Training Board was established in 1991 under Section 6 of the Building and Construction Industry Training Fund and Levy Collection Act 1990.

Responsible Minister

The Hon. Ljianna Ravlich MLA, Minister for Education and Training.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND

MISSION

“Assisting the Building and Construction Industry to have an adequate number of skilled people available”

KEY OBJECTIVES

To improve the quality of training and to increase the number of skilled persons in the Building and Construction Industry by allocation of resources to the following:

- Support apprenticeships and other forms of entry level training.
- 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.
- Support training for those already qualified to work in the industry.
- Support training in occupational safety, health and technology.
- Support the recognition of prior learning
- Support innovations in training and research relating to levels of competency in and the training needs of the industry.

PERFORMANCE HIGHLIGHTS

- Record income of \$14.5million, an increase of 16.7% on 2003/04.
- Record expenditure of \$16.6 million an increase of 57% on 2003/04.
- Subsidies provided for employment of 3,929 apprentices, an increase of 39% on last year.
- Subsidies provided to 10,940 existing workers to upgrade their skills, an increase of 31%.
- Subsidies provided to 12,192 employees to undertake Occupational Health and Safety training, an increase of 58% on 2003/04.
- Scholarships provided for 113 pre-apprentice students.
- Safety training support and work experience support provided for 284 secondary students.
- Career information materials developed and 14,000 copies distributed to schools.
- School visitation program with industry volunteers talking to students and parents established.
- Research undertaken into attrition of workers and barriers to apprenticeships.
- Operating loss of \$2.1 million reducing surplus uncommitted funds to \$9.4 million.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND FUNCTIONS

The Building and Construction Industry Training Fund (BCITF) has been in operation since 1991 and in that time has collected approximately \$119 million in revenue.

Levy Collection

The levy through which funds are collected is 0.182% of the value of construction projects in Western Australia. This equates to approximately \$182 on a project valued at \$100,000.

The bulk of the training levy receipts are paid through Local Government Authorities following the issue of the building license with the remainder paid directly to the BCITF by builders.

Resources received from the industry levy come from all sectors of the industry, including the Housing, Commercial, Civil and Services areas. BCITF policies ensure that employers and workers from those sectors all have access to training support funds.

Distribution of Resources for Training

Since 1991 the BCITF has distributed approximately \$96 million in training support. These resources have supported the employment and training of approximately 24,000 apprentices and trainees and 120,000 industry workers who undertook training programs to update their skills.

During the 2004/05 financial year the BCITF has provided training support for approximately 27,000 people or about 29% of the 93,000 people employed in the Building and Construction Industry in Western Australia.

Apprenticeship and Traineeship Support

Apprentice and traineeship subsidies are provided to employers directly and hirers of apprentices through group training schemes.

Subsidies of up to \$14,500 are provided for apprentices and up to \$5,000 for trainees and are paid in instalments, or in the case of group training schemes, as a monthly payment which is passed on to the hirer in the form of a reduction in the hire out rate of the apprentice.

Skills enhancement support

The BCITF administers a training support program, which provides a subsidy of 80% of the course costs for workers in the industry who undertake short training programs to upgrade their existing skills.

There are over 500 different courses recognised for funding delivered by 50 private training providers, who must be accredited with the Training Accreditation Council.

In this way, the BCITF ensures that the Australian Training Quality Assurance processes apply to training undertaken by industry workers.

Other Support Programs

The BCITF also provides subsidies for Occupational Safety and Health training and undertakes research and development projects. In addition, the BCITF has established a Career Promotion Program to promote career opportunities in the industry to school students, parents and educators.

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 approval by the Minister for Education and Training prior to implementation.

The operational plan for the 2005/06 financial year is summarised at page 16.

Primary Responsibilities of the BCIT Board

The role of the Board is to:

- Establish the strategic and policy framework for the Fund.
- Establish an annual operational plan and implement the plan as approved by the Minister;
- Guide the operations of the BCITF to ensure efficient collection of the BCITF levy and cost effective management of funding programs.

REPORT OF THE CHAIRMAN

The 2004/05 year has been exciting and rewarding for both the Board and the BCITF. The Fund has achieved record results in both revenue collected and expenditure on operations. Strategic decisions implemented earlier by the Board have had a very positive impact resulting in a 60% increase in training support on that delivered in 2003/04.

Growth in People Supported

It is pleasing to report significant growth in support of apprentice employment and training of industry employees.

During the year the Fund provided financial support to over 2,200 employers for a record 3,929 apprentices, which included 1,319 new first year apprentices. This represents a 39% increase in the last 12 months and a 70% increase in the last 2 years.

There has also been a dramatic increase in the number of workers supported to undertake skills upgrading and safety training, increasing from 16,119 last year to 23,132 an increase of 44%.

School to Work Support

The Board believes that the establishment of a co-operative and sustained relationship with schools is the key to success in encouraging more young people to consider careers in the Building and Construction Industry.

A number of initiatives have been implemented including:

- Support for students in “School to Work” Transition Programs
- Scholarships for pre-apprentices who have completed building trades pre-vocational courses.
- Support for safety induction training of school students undertaking structured work place learning.

Career Promotion

During the year the Fund launched a major new Career Promotion Program that involves distribution of high quality information materials to schools. This program includes an innovative system of school visits by industry volunteers, who are giving their time to talk to groups of school students, parents and teachers about the unlimited career opportunities in the Building and Construction Industry.

Research and Training Reform

Other initiatives implemented by the Board include a Research Program that is identifying a range of important issues affecting skills development in the industry. Through this work, the Board has been able to provide timely and relevant advice to Government on issues of strategic importance in training.

BCITF research confirms that the Building and Construction Industry’s workforce is ageing with 37% aged over 45. At the other end of the spectrum, the industry is critically under-

represented in young people with only 13% of its workforce aged between 18 and 28. This is compared to 28% in the male population generally.

The Board is convinced that there has to be significant reform in the apprenticeship system, if it is to remain an effective means of skills development for the Building and Construction Industry.

The Board is considering these issues and contributing to the debate.

Recognition of Contributions

During the year Ms Anna Spadaccini and Mr Philip Warwick left the Board and I acknowledge their strong contribution during a period of significant change. My appreciation is extended to all Board members who have continued their enthusiastic and robust involvement in the strategic management of the Fund.

The strong direction and support provided by the Hon. Alan Carpenter and more recently the new Minister for Education and Training, the Honourable Ljiljana Ravlich has been appreciated, as has the support provided by staff and officers of the Department of Education and Training.

The Board continues to rely heavily on the support of Industry and other stakeholders who work in partnership to ensure that BCITF programs meet our strategic objectives.

The various Industry Associations and employee unions have taken an active role in working with the BCITF and for the first time a Board meeting was held during the month of June, in the regional centre of Geraldton. Following the meeting, Board members participated in a forum with local industry representatives.

This event is a deliberate strategy on the part of the Board to work with all its stakeholders throughout the state and further meetings will be scheduled in the future in different regional centres.

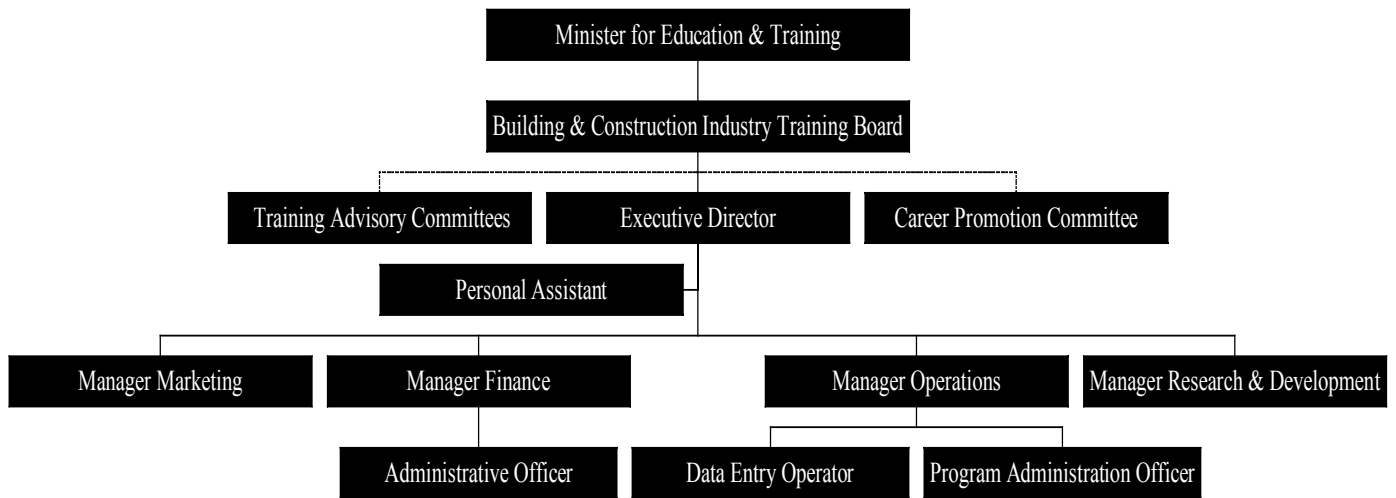
During the year two additional Advisory Committees were established, which join the Career Promotion Committee in providing advice to the Board. Members of these committees are all volunteers and their time and commitment is greatly appreciated and acknowledged as an important part of the Funds success.

Finally, the work of the BCITF staff is acknowledged. The Board is appreciative of the expertise and strong commitment of all staff members who through their work during the year have achieved remarkable results.



Ian C Hill
Chairman BCIT Board

**THE BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND
STRUCTURE at 30th June 2005**



Denotes advisory lines of communication -----
Denotes direct line of authority ———

The Career Promotions Committee provides strategic input to implementation of the Career Promotion Program and advice to the Board.
The Advisory Committees provide input to the Operational Plan, Research Projects and advice to the Board on training issues.

Fund Staff

Executive Director, Ralph Dawson
 Manager Operations, Russell Cooper
 Manager Finance, Howard Hughes
 Manager Research & Development,
 Margo Keating
 Marketing Manager, Eamon Moore
 Administration Officer, Jenny Le Caudey
 Personal Assistant, Samantha Jacobs
 Program Administration Officer,
 Andrew Kirei
 Levy Collection Clerk, Sonia Christos
 Full time equivalent staff establishment (8)

Board Membership

During 2004/05 the Board met on nine occasions and participated in a number of other BCITF events.

Scheduled meetings	9
Board Membership at 30th June 2005	
Members	Meetings attended
Ian Hill (Chairman)	9
Ms Susan Bailey	7
Mr Kim Young	8
Mr John Mitchell	9
Mr Colin Saunders	7
Ms Anna Spadacinni (Resigned July 2004)	1
Mr Phillip Warwick (Resigned July 2004)	1
Mr Mark Spry	6
Ms Ann-Marie McCann	7

BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND STRATEGIC ACHIEVEMENTS FOR 2004/05

The programs administered by the BCITF respond to the key objectives and responsibilities prescribed in the Building and Construction Industry Training Fund and Levy Collection Act. However, they also contribute to a number of the Governments goals and strategic outcomes detailed in the “Better Planning Better Services” strategic planning framework for the Western Australian Public Sector.

The BCITF contribution is summarised as follows:

Goal 1

TO DEVELOP A STRONG ECONOMY THAT DELIVERS MORE JOBS, MORE OPPORTUNITIES AND GREATER WEALTH TO WESTERN AUSTRALIANS BY CREATING THE CONDITIONS REQUIRED FOR INVESTMENT AND GROWTH.

Strategic Outcomes

1. *New jobs and employment growth.*
2. *An environment that encourages education, skills and the development of creativity for competitive advantage.*
3. *An efficient labour market that utilises a fair but flexible system of employment.*

The BCITF provides financial support to employers to employ and train apprentices and financial support for existing workers to undertake skills enhancement training, which contributes to these strategic outcomes.

The impact of this support is significant as it involves support to over 2,200 employers for employment of 3,929 apprentices and further support for 23,000 workers who are developing skills directly relevant to their employment.

The BCITF recently established a career promotion program providing information to students, parents and educators that is assisting students to make informed choices in their education and career options.

The program is also supporting schools to undertake school to work transition programs that better prepare students for careers in the Building and Construction Industry.

Goal 2

TO ENSURE THAT REGIONAL WESTERN AUSTRALIA IS STRONG AND VIBRANT

Strategic Outcome

More skilled regional communities.

Approximately 31% of the BCITF’s expenditure on support programs goes to people in regions.

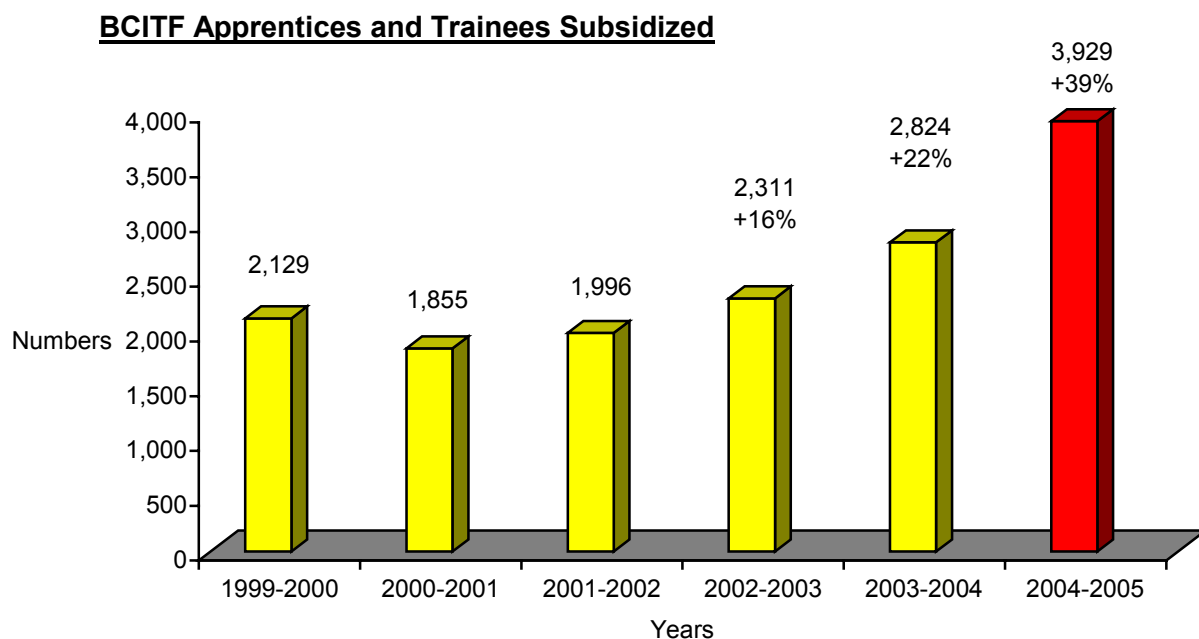
BCITF policies ensure that people in regions equitably share the resources available for skills development.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND PROGRAM –ACHIEVEMENTS IN 2004/05

1. APPRENTICE AND TRAINEESHIP SUBSIDIES

The BCITF provides subsidies of up to \$14,500 to employers to assist in the employment and training of apprentices and trainees.

During the year the fund strongly marketed the availability of subsidies to industry and achieved a 39% increase in the number of apprentices for which subsidies were provided. The 3,929 apprentices for which support was provided represents a 70% increase on the number supported 2 years ago.



Expenditure on apprentice subsidies is detailed as follows:

	Number	Expenditure \$ 000
Direct Indenture Apprentices	2,235	\$6,951
Group Training Apprentices	1,694	\$3,815
Pre-apprenticeships		\$123
Total Expenditure	<u><u>3,929</u></u>	<u><u>\$10,889</u></u>

Included in the above figures are bonus subsidies for 127 mature age apprentices valued at approximately \$400,000.

(In addition to the normal BCITF subsidy of \$9,000 for an apprentice, employers can claim between \$3,000 and \$5,000 for employment of a mature age apprentice).

2. SUPPLEMENTARY SKILLS PROGRAM

The BCITF provides a subsidy of 80% of the course costs for industry employees undertaking short training courses in order to enhance their work skills.

The Fund recognises 50 private training providers, who deliver over 500 different training courses, meeting the skill needs of the industry.

The program involves two types of training provision, namely “Construction Skills” and “Industry Skills”.

“Construction” training is predominantly trade related such as dogging, rigging and scaffolding. “Industry” training is more para-professional and includes such things as supervisory skills, communication, tenders and project management.

Once again, the Fund has had a record year and provided financial support to 10,940 people, an increase of 30.5% on the number supported in 2003/04.

The number of people supported and expenditure is detailed as follows:

	2003/04		2004/05		% Change	
	Number	Expenditure	Number	Expenditure	Number	Expenditure
Construction Skills	7,226	\$1.6m	9,251	\$2.5m		
Industry Skills	1,155	\$.4m	1,689	\$.6m		
	8,381	\$2.0m	10,940	\$3.1m	+ 31%	+ 55%

3. OCCUPATIONAL SAFETY AND HEALTH PROGRAM

The BCITF has traditionally provided a subsidy for safety training as part of its supplementary skills program, however has now established a separate support program to reflect the importance attributed to Occupational Safety and Health in the industry.

During the year the Fund has seen a dramatic growth in the number of people undertaking OS&H training courses. The implementation of new regulations by WorkSafe WA for tilt-up construction has seen a strong demand for training in this technology.

There has also been a significant increase in people undertaking safety awareness (induction) training. The number of people supported and OS&H Training expenditure is detailed below.

	2003/04	2004/05	% Change
People Supported	7,738	12,192	+ 58%
Expenditure	\$.6m	\$1.0	+ 73%

4. CAREER PROMOTION AND SCHOOL TO WORK TRANSITION PROGRAM

The BCITF marketing program implemented during the year aims to promote the Building and Construction Industry as a first choice career option and raise awareness within industry of the BCITF subsidies.

A comprehensive suite of materials about careers in building and construction - including an interactive website, a 10-minute promotional video and a 44 page booklet – was launched to industry and the education sector during the year. Over 14, 000 copies of the materials were distributed to schools throughout WA during 2004/05.

The materials are designed to appeal to young people and provide the community with a tool to assist in making an informed choice about career direction. The BCITF has received positive feedback from WA and stakeholders in other states about the quality of its information materials.

In forging an enduring relationship with the education sector, the Career Promotion program has involved other key strategies including:

- As part of the Schools Visitation Program the Big Mouth Ambassador Program provides students, parents and educators with an opportunity to listen to volunteer representatives who work in the Building and Construction Industry and who talk about their own individual career pathways.

Presentations have been made at 30 schools during the year.

- The School to Work Transition Program supports secondary students who complete Certificate 1 in General Construction and undertake work experience in the industry. Funding provided by the BCITF supports employment of a mentor and the purchase of safety equipment.

As part of the “School to Work” Transition Program the BCITF has provided the following support:

- Funded 113 pre-apprenticeship scholarships to pre-apprentice students at a cost of \$28,250.
- Provided funding for work experience support for 74 students at a cost of \$31,650.
- Provided subsidies for OS&H Safety awareness training for 210 students at a cost of \$12,810.

The Technology and Enterprise teacher industry placement scheme provides Technology and Enterprise teachers with up to five days of work experience in an industry setting, augmented by time with TAFE observing the skills learned by new apprentices.

A long-term media campaign to promote careers in building and construction commenced in May 2005 covering television, press and radio. The campaign directs people to the www.nolimits.com.au website, as the central point for obtaining further information about the industry. A total of 426 radio, television and press advertisements have been initiated during the year.

The marketing campaign had a strong response with over 2,000 visits to the “No Limits” website following its launch in May 2005. In the last 12 months the No Limits website has had over 6,300 visits.

5. RESEARCH AND DEVELOPMENT PROGRAM

The Research and Development Program supports the BCIT Board in its decision making and distribution of BCITF funding. Three components of the program involve the assessment of industry needs, the review of current BCITF programs and to maximise industry input to BCIT Board deliberations.

During the year research has been undertaken in the following areas:

- Attraction and retention of apprentices
- Training for para-professional occupations
- Enhancing the role of women in construction
- Barriers to employment of apprentices

Two Industry Advisory Committees have been established. These committees involve representatives from the civil, services, off-site, housing and commercial sectors of the industry. Their role is to provide input to research programs, identify training issues and provide advice to the BCIT Board.

6. INDUSTRY INITIATIVES PROGRAM

During the year the BCITF provided financial support for 5 research and development projects at a total cost of \$107,754. These projects are detailed as follows:

INDUSTRY INITIATIVES COMMITTED FUNDING 2004/2005

PROJECTS	FUNDING APPROVED	PAID 2004/2005	DUE 2005/2006
BCITC - Fast Track Roof Plumbers	26,862	8,954	17,908
CCF Trenchless Training Package	86,345	30,000	56,345
Leighton Kumagai Joint Venture- Mentor, Assessment and School Visitation Projects	81,000	54,000	27,000
BCITC - Recognition of Prior Learning	22,200	14,800	7,400
Total	\$216,407	\$107,754	108,653

The Civil Construction safety awareness course funded by the BCITF in 2003/04 was a particularly good example of a beneficial project for industry, as WorkSafe WA has requested access to the materials to assist in development of a new Safety Awareness Training Program for the whole of the Building and Construction Industry.

OPERATIONAL PLAN (1 JULY 2005 TO 30 JUNE 2006)

The Minister for Education and Training approved the following operational plan in June 2005.

INCOME

Levy Receipts (net)	11,300,000
Interest Income	700,000
Total Income	12,000,000

TRAINING EXPENDITURE

Group Training Schemes	3,900,000
Direct Indenture	2,300,000
Pre-Apprentice Support	100,000
Program Total	6,300,000

SUPPLEMENTARY SKILL PROGRAMS

Construction Skills	2,200,000
Industry Skills	700,000
Program Total	2,900,000

Safety & Health Program	1,100,000
Career Promotion School to Work Transition	850,000
Research & Development	145,000

Industry Support Programs	150,000
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Administration	830,000
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TOTAL PROGRAM EXPENDITURE	12,275,000
<i>Draw on reserves</i>	<i>(275,000)</i>

Capital Expenditure Budget	25,000
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2005-2009 FINANCIAL PLAN

The BCIT Board has established a longer term operational and financial plan for the period until June 2009 which is summarised as follows:

Revenue	\$48,000,000
Expenditure	
Apprentice/Trainee Programs	\$30.8m
Supplementary Skills	\$12.0m
Safety and Health	\$4.5m
Career Promotion and School to Work Transition	\$3.2m
Research and Development	\$.5m
Industry Projects	\$.6m
Administration	\$3.5m
Total Expenditure	\$55.1m
Profit/ (loss) on operations	(\$7.1m)

Current uncommitted reserves of \$10 million will reduce to \$3 million over this period.

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

PERFORMANCE INDICATORS

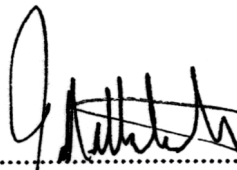
For the year ended 30 June 2005

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 year ending 30 June 2005. Proper records exist to validate the performance outcomes.



.....
Ian C Hill
Chairman BCIT Board



.....
John Mitchell
BCIT Board Member

Dated: 22nd day of August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

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 30 June 2005.

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.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
14 October 2005

PERFORMANCE INDICATORS

The Building and Construction Industry Training Board's (BCITB's) statements relating to mission, objectives and performance indicators for the 2004/05 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 2004/05 financial year, the BCITB operated under the following Mission Statement :

**Assisting the Building and Construction industry to have
an adequate number of skilled people available.**

2

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

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

3

Objectives of the Building & Construction Industry Training Board

- To support the building & construction industry to employ skilled people, having regard to the fluctuations in demand occurring as a result of the business cycle.
- To support the building & construction industry to employ skilled people arising from increasing demand due to population and economic growth.
- To support the building & construction industry in to employ skilled people arising from normal inflows and outflows of labour.
- To support an increase in the level of skills in the industry, including entry level occupations, occupational support and increase in health and safety and new technology.

4

Performance Outcome - To increase the number of skilled persons

Note: To support an increase in the number of skilled persons in the industry identified as apprentices, trades persons, para-professional and construction workers. Increasing skills means increasing the number of skilled people employed and increasing the skill levels of those individuals.

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

Efficiency Indicators

- B1. The average cost per person to support the training of trades apprentices and trainees during the year.
- B2. The average cost to support the training of other non-trade related person during the year.

PERFORMANCE INDICATORS

	2004/05	2003/04	2002/03	2001/02
Effectiveness Indicators				
A1. Relative no. of apprentices trained for the year Vs no. prior to Scheme commencement.	2.49	1.79	1.46	1.28
A2. No. of apprentices qualifying per one thousand West Australian workers employed in the building and Construction industry	9.4	10.6	9.5	11.0
Efficiency Indicators				
B1. The administration cost per person of support for training trade apprentices during the year.	\$148	\$179	\$170	\$301
B2. The administration cost of support for training persons in non-trade related skills.	\$8.90	\$13.39	\$7.99	\$12.53

- A1 In the year prior to the commencement of the BCITB (1989/1990) 1580 apprentices were in training compared with 3,929 in 2004/05. This ratio shows an improvement or deterioration in the number of apprentices in training during the year.

In 2004/05 there has been a 149% increase in the number of apprentices supported from that achieved in 1989/90. There was a 39% increase in the number supported since 2003/04.

- A2 This ratio indicates that apprenticeship completions were 9.4 apprentices per one thousand persons employed in the Western Australian building and construction industry. This represents a decrease on 2003/04 however there were 88 more apprentice completions than the previous year. The statistical reduction in ratio occurred because of a dramatic increase in the size of the workforce from 80,000 to 100,000 people.
- B1 This indicator measures the administration costs of training support for a total of 3,929 apprentices during the year.
- B2 This indicator measures the administration costs of training support for 23,132 persons in non-trade related training courses during the year. The cost fell by \$4.49 per person, which arose due to a 58% increase in participating trainees and economies of scale in administration of the Fund.

STATUTORY AND OBLIGATORY REPORTING

Compliance with Public Sector Management Act Section 31 (1)

The BCIT Board has complied with the Public Sector Standards in Human Resource Management and ensured that processes and procedures are in place to monitor compliance.

Processes include recording and assessment of information from performance management, exit interviews and staff information sessions.

During the year three staff members were appointed to positions following formal selection processes. No breach claims were lodged in respect to the appointments. No other complaints have been raised in respect to Public Sector Standards in Human Resource Management.

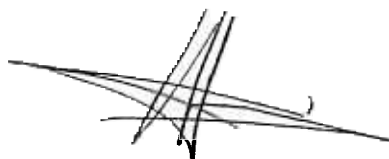
The BCIT Board has complied with the established code of ethics and code of conduct and ensured that processes are in place to monitor compliance.

Processes include recording and assessment of information from customer complaints and feedback.

The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged	Nil
Number of breaches found including details of multiple breaches per application	Nil
Number still under review	Nil

Signed on behalf of the Board



Ian C Hill
Chairman

Staff Profile

	2004/05	2003/04
Full time permanent FTE	4	4
Full time contract FTE	3	1
Part time contract	1	2
Total FTE	8	7

Staff Development

During the year a personal development plan was put in place for each staff member. The Fund expended \$3,360 on staff development, an increase of \$2,260 or 200% on staff training in the previous year.

Workers compensation

No workers compensation claims were lodged during the year and no incidents or injuries were reported.

Freedom of Information

The BCITF has published and maintained information statements in the form of hard copy pamphlets and information on its www.bcitf.org 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.

No applications for information were received under the Freedom of Information Act during the year in review.

Record Keeping Plans

A record keeping plan was developed for submission to the State Records Commission to assist in meeting the compliance requirements of the State Records Act 2000.

Staff training in records management was undertaken and included briefings for Executive and staff on the compliance requirements of the State Records Act 2000.

Induction training for all new staff on their obligations under the State Records Act 2000 and the operation of records management within the BCITF has been undertaken.

Advertising and Sponsorship

The *Electoral Act 1907* – Section 175ZE

In accordance with section 175ZE of the Electoral Act 1907, the Fund incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2004/05 was \$442,717
2. Expenditure was incurred in the following areas:

Advertising agencies	\$3,691	Crowther Blayne	\$3,691
Market research organisations	\$36,650	Strahan Research	\$36,650
Polling organisations	Nil	Nil	Nil
Direct mail organisations	Nil	Nil	Nil
Media advertising organisations	\$402,376	Adcorp	\$47,500
		Curiosity Company	\$53,811
		Media Decisions	\$205,598
		Vinton Browning	\$95,467

Risk Management

The Fund has established and maintained a Risk Management Plan covering all operations. This plan was developed in consultation with Risk Cover.

Ministerial Directives

The Building and Construction Industry Training Fund and Levy Collection Act provides for the Minister for Education and Training to approve the BCITF operational plan for the forthcoming year.

The Minister approved the 2004/05 operational plan in June 2004 and no further Ministerial directives were issued.

Equal Employment Opportunity

The BCITF has had its current EEO Management Plan in place since December 2003. During the year in review, workplace culture and workplace practices were monitored to ensure compliance with EEO objectives.

During the year new performance management and staff development processes were implemented in consultation with staff to facilitate personal development of staff. The BCITF employs a small team of nine staff members in a diverse range of occupations. Four staff members are women, two staff members are part-time and of five management positions, one is occupied by a woman.

Changes in Written Law

There were no changes in any written law that affected the Building and Construction Industry Training Board during the financial year.

Corruption Prevention

During the year the BCITF in consultation with Risk Cover undertook a risk assessment and developed a risk management plan.

The assessment and plan took into account risks associated with corruption and misconduct.

The BCITF already has in place policies and processes relating to information management, financial management and Human Resource Management that are designed to minimize corruption and misconduct of officers.

The Human Resource Manual has been expanded to include Corruption and Crime Commission of WA notification guidelines.

Public Interest Disclosures

The manager of operations of the BCITF has been nominated as the person responsible for receiving disclosures and a register for disclosures has been established.

All staff have been provided with the Public Sector disclosure Act 2003 Code of Conduct and Integrity and with office of Public Sector Standards guidelines on internal procedures. All staff have been briefed on the protection the legislation affords them.

There have been no public interest disclosures during the year in review.

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 and Members or Senior Officers.

Publications

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

- Annual report
- Websites www.bcitf.org and www.nolimits.com.au

Various information pamphlets, booklets and video material.

STATEMENT OF COMPLIANCE WITH RELEVANT LEGISLATION

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.

Financial Results

Levy revenue was once again at record levels increasing by 17% to \$13.8 million.

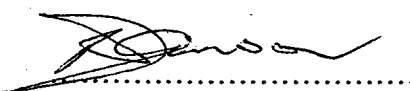
The anticipated downturn in building activity did not eventuate with all industry sectors, including Housing, Commercial and Engineering continuing strong growth throughout the year.

Training support expenditure increased by 60% and totalled \$15.8 million. The vast majority of this was expended on apprentice employment subsidies and subsidies for training to enhance the skills of existing workers in the industry.

Project expenditure increased by 130% to \$839,000 as a result of the implementation of a new career promotion program and expansion of research projects.

Administration expenses increased by 12% to \$806,000. The increase reflected the cost of additional staff and expenses required to process the 60% increase in training support provided during the year.

Cash invested at the end of the year reduced by \$2 million. This reduction in surplus funds was achieved despite the continued growth in revenue. The Fund had planned to increase expenditure on training support programs and to reduce surplus funds during the year. The operating loss of \$2 million was therefore a positive result.



.....
Ralph Dawson
Principal Accounting Officer



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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 30 June 2005 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.

DD R PEARSON
AUDITOR GENERAL
14 October 2005

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

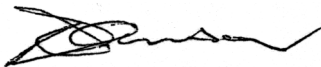
FINANCIAL STATEMENTS

For the year ended 30 June 2005

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, 2005 and the financial position as at June 30, 2005.

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.



Ralph Dawson
Principal Accounting Officer

19/8/05

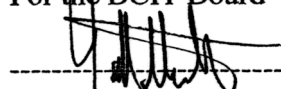
Date



Ian O'Hill
For the BCIT Board

22/8/05

Date



John Mitchell
For the BCIT Board

22/8/05

Date

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BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD (BCITB)**Statement of Financial Performance**

for the year ended 30 June 2005

	Note	2004/2005 (\$'000)	2003/2004 (\$'000)
REVENUE			
Revenue from ordinary activities			
Revenue from operating activities			
Levy receipts – gross	10	13,852	11,837
Revenue from non-operating activities			
Interest revenue	2	751	665
Proceeds from the disposal of non current assets	11	-	22
Total revenue from ordinary activities		<u>14,603</u>	<u>12,524</u>
EXPENSES			
Expenses from ordinary activities			
Employee expenses	3	470	410
Supplies and services	4	251	213
Depreciation expense	5	16	4
Accommodation expenses	6	55	53
Grants and subsidies - BCITF programs	8	839	354
Grants and subsidies - training expenditure	12	14,941	9,477
Carrying amount of non current assets disposed of	11	-	14
Other expenses from ordinary activities	7	14	24
Levy collection fees	9	105	99
Total expenses from ordinary activities		<u>16,691</u>	<u>10,648</u>
NET PROFIT / (LOSS)		<u>(2,088)</u>	<u>1,876</u>
Total changes in equity other than those resulting from transactions with WA State Government as owners		<u>(2,088)</u>	<u>1,876</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 2005

	Note	2004/2005 (\$'000)	2003/2004 (\$'000)
CURRENT ASSETS			
Cash assets	13	478	379
Receivables	14	229	279
Other financial assets	15	10,967	13,221
Other assets	16	1,411	1,177
Total Current Assets		<u>13,085</u>	<u>15,056</u>
NON-CURRENT ASSETS			
Office equipment and vehicles	17	34	16
Total Non-Current Assets		<u>34</u>	<u>16</u>
TOTAL ASSETS		<u>13,119</u>	<u>15,072</u>
CURRENT LIABILITIES			
Payables	18	12	13
Provisions	19	68	42
Other liabilities	20	848	727
Total Current Liabilities		<u>928</u>	<u>782</u>
NON CURRENT LIABILITIES			
Provisions	19	16	27
Total Non-Current Liabilities		<u>16</u>	<u>27</u>
TOTAL LIABILITIES		<u>944</u>	<u>809</u>
Net assets		<u>12,175</u>	<u>14,263</u>
EQUITY			
Retained profits	21	12,175	14,263
TOTAL EQUITY		<u>12,175</u>	<u>14,263</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 2005

	Note	2004/2005 (\$'000) Inflows (Outflows)	2003/2004 (\$'000) Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Levies from project owners		13,525	11,727
Interest received		775	554
GST receipts from taxation authority		1,598	828
		<u>15,898</u>	<u>13,109</u>
Payments			
Employee costs		(454)	(368)
Supplies and services		(235)	(219)
Accommodation		(56)	(52)
Program expenditure		(861)	(329)
Training expenditure		(14,811)	(9,223)
GST payments on purchases		(1,582)	(982)
Other payments		(20)	(21)
		<u>(18,019)</u>	<u>(11,194)</u>
Net cash provided by / (used in) operating activities	22	<u>(2,121)</u>	<u>1,915</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non current physical assets		(34)	(13)
Proceeds from the sale of non current physical assets		-	22
Net cash used in investing activities		<u>(34)</u>	<u>9</u>
Net increase / (decrease) in cash held		(2,155)	1,924
Cash assets at the beginning of the financial year	22	<u>13,600</u>	<u>11,676</u>
Cash assets at the end of the financial year		<u>11,445</u>	<u>13,600</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

30 June 2005

1. Significant 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 previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurers Instructions. Several of these are modified by the Treasurer's Instructions to vary 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 Accounting Standards, Statements of Accounting Concepts and other and other authoritative pronouncements of the Australian Accounting Standards Board, 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 effects are disclosed in individual notes to these financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting using historical cost convention, except for certain assets and liabilities which, as noted, are measured as fair value.

(a) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or nominal consideration are initially recognised at their fair value at the date of acquisition.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items, which are significant in total)

(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

(c) Employee benefits

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

(3) Superannuation

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.

(4) Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. See note 3.

(5) Accrued salaries

Accrued salaries (refer note 20) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Board considers the carrying amount approximates net fair value.

(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 an 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: 2005: \$ 389,718 (2004:\$321,884).

Interest is recognised as accrued.

(e) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets net of outstanding bank overdrafts. These include short term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(f) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(g) Payables

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

(h) Income Tax

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

(i) Leased Assets

The Board has entered into various operating lease agreements for the rent of the office building and motor vehicles 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.

(j) Comparative Information

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

(k) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2005**

	2004/2005	2003/2004
	(\$'000)	(\$'000)
2 Interest revenue		
Interest earned on bank current accounts plus investments by way of term deposits and bank accepted bills.	<u>751</u>	<u>665</u>
3 Employee expenses		
Salaries and accrued salaries	321	268
Other employee costs (1)	105	90
Superannuation	29	23
Change in annual leave benefits	14	11
Change in long service leave benefits	<u>1</u>	<u>18</u>
	<u>470</u>	<u>410</u>
(1) These employee expenses include superannuation, payroll tax, worker's compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at note 19.		
4 Supplies and services		
Bank charges	4	3
Communications costs	28	18
Consumables	36	25
Accounting & audit fees	29	25
Board costs	116	110
Insurance & legal fees	21	19
Other supplies & services	<u>17</u>	<u>13</u>
	<u>251</u>	<u>213</u>
5 Depreciation expense		
Office equipment & vehicles	<u>16</u>	<u>4</u>
	<u>16</u>	<u>4</u>
6 Accommodation expense		
Rent, outgoings & cleaning	<u>55</u>	<u>53</u>
7 Other expenses		
Travel costs	<u>14</u>	<u>24</u>
8 BCITF - Programs		
Career promotion	538	75
Structured work place learning	32	5
Industry projects	122	137
Research & development	124	114
Advertising	7	20
Competency assessment	3	3
Green card safety training	<u>13</u>	<u>-</u>
	<u>839</u>	<u>354</u>
9 Revenue collection costs		
Levy collection fees	<u>105</u>	<u>99</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2005**

	2004/2005 (\$'000)	2003/2004 (\$'000)
10 Levy receipts		
Levy receipts gross	<u>13,852</u>	<u>11,837</u>
Gross levy receipts by sector		
Housing	8,072	6,906
Commercial	2,955	2,533
Engineering construction	<u>2,825</u>	<u>2,398</u>
	<u>13,852</u>	<u>11,837</u>
11 Net gain on disposal of non current assets		
Proceeds from the disposal of non current assets	-	22
Carrying amount of non current assets disposed of	-	14
Net profit on disposal of non current assets	<u>-</u>	<u>8</u>
12 Training expenditure		
Sector :		
Housing	7,808	5,077
Commercial	6,002	3,549
Engineering construction	<u>1,131</u>	<u>851</u>
	<u>14,941</u>	<u>9,477</u>
13 Cash assets		
Bank accounts	444	359
Funds on deposit	<u>34</u>	<u>20</u>
see note 29 for terms conditions and disclosures	<u>478</u>	<u>379</u>
14 Receivables		
Trade debtors	2	36
GST receivable	<u>227</u>	<u>243</u>
	<u>229</u>	<u>279</u>
15 Other Financial Assets		
Term Deposits	<u>10,967</u>	<u>13,221</u>
see note 29 for terms conditions and disclosures		
16 Other assets		
Accrued levy income	1,320	1,064
Interest receivable	89	113
Prepayments	<u>2</u>	<u>-</u>
	<u>1,411</u>	<u>1,177</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2005

	2004/2005	2003/2004
	(\$'000)	(\$'000)

17 Office equipment and vehicles

	Office equipment		Vehicles		Total Non Current Assets	
	2004/05 (\$000)	2003/04 (\$000)	2004/05 (\$000)	2003/04 (\$000)	2004/05 (\$000)	2003/04 (\$000)
Opening Cost	119	114	-	27	119	141
Additions	34	13	-	-	34	13
Disposals	(12)	(8)	-	(27)	(12)	(35)
Closing Cost	141	119	-	-	141	119
Opening Accum Depn	(103)	(106)	-	(14)	(103)	(120)
Depn Charge	(16)	(4)	-	-	(16)	(4)
Depn Write Back	12	7	-	14	12	21
Closing Accum. Depn	(107)	(103)	-	-	(107)	(103)
Carrying amount at end of year	34	16	-	-	34	16

18 Payables

Trade payables	<u>12</u>	<u>13</u>
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19 Provisions

Employee Benefits		
Current		
Annual leave	36	22
Long service leave	<u>32</u>	<u>20</u>
	68	42
Non current		
Long service leave	<u>16</u>	<u>27</u>
	<u>84</u>	<u>69</u>

- (1) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and worker's compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under employee expenses) at note 3.

The BCITB considers the carrying amount of employee benefits approximates the net fair value.

20 Other liabilities

Accrued training expenses	804	696
Accrued salaries	7	4
Accrued expenses	<u>37</u>	<u>27</u>
	<u>848</u>	<u>727</u>

21 Retained Profits

Opening balance	14,263	12,387
Net profit (loss)	<u>(2,088)</u>	<u>1,876</u>
Closing balance	<u>12,175</u>	<u>14,263</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2005**

	2004/2005 (\$'000)	2003/2004 (\$'000)
22 Notes to the statement of cash flows		
(a) Reconciliation of cash		
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	359
Other financial assets- term deposits	10,967	13,241
	<u>11,445</u>	<u>13,600</u>
(b) Reconciliation of net cost of services to cash flows provided by/(used in) operating activities		
Profit/ (loss) from ordinary activities	(2,088)	1,876
Non cash items:		
Depreciation	16	(4)
(Increase) decrease in assets:		
Accounts receivable	50	(188)
Accrued income	(232)	(88)
Prepayments	(2)	-
Increase (decrease) in liabilities		
Accounts payable	(1)	11
Accrued expenditure	121	279
Employee benefits	15	29
Net GST receipts/ (payments)	16	(154)
Change in GST receivables/payables	(16)	154
Net cash provided by /(used in) operating activities	<u>(2,121)</u>	<u>1,915</u>

23 Remuneration of Accountable Authority and Senior Officers

The BCITB (Accountable Authority) resolved that members would be entitled to receive fees for their services. Total amount of remuneration for the members are

112	98
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The number of members of the Accountable Authority whose fees, superannuation and other benefits received or due and receivable for the financial year, falls within the following bands:

	2004/2005	2003/2004
\$10,000 - \$20,000	6	6
\$20,000 - \$30,000	-	1
\$30,000 - \$40,001	1	-

The superannuation included here represents the superannuation expense incurred by the Board 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.

115	106
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BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2005

23 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 :

	2004/2005	2003/2004
\$90,000 - \$100,000	-	1
\$100,000 - \$110,000	-	-
\$110,000 - \$120,000	1	-

The superannuation included here represents the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Accountable Authority.

24 Remuneration of Auditor

The total of fees paid or due and payable for the external audit for the financial year is as follows :

	2004/2005 (\$'000)	2003/2004 (\$'000)
Fees to the Office of the Auditor General for the external audit.	<u>19</u>	<u>17</u>

25 Explanatory statement

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

Details and reasons for significant variations between actual revenue and expenditure and the corresponding item of the preceding year are detailed below. Significant variations are considered to be those greater than 10% and \$10,000.

	2004/2005 <u>Actual</u> \$'000	2003/2004 <u>Actual</u> \$'000	<u>Variation</u> \$'000	note
REVENUE				
Levy receipts - gross	13,852	11,837	2,015	(1)
Interest	751	665	86	(2)
Proceeds on disposal of non current assets		22	8	
	<u>14,603</u>	<u>12,524</u>	<u>2,109</u>	
EXPENDITURE				
Employee expenses	470	410	(60)	(3)
Administration	166	154	(12)	(4)
Accommodation Expense	55	53	(2)	
Supplies & Services	85	73	(12)	(4)
Depreciation	16	4	(12)	
Other expenses	14	24	10	
BCITF - programs	839	354	(485)	(5)
Training expenditure	14,941	9,477	(5,464)	(5)
Levy collection fees	105	99	(6)	
	<u>16,691</u>	<u>10,648</u>	<u>(6,043)</u>	

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements****For the year ended 30 June 2005****25 Explanatory statement (cont'd)**

(1) Industry and economic analyst predictions of a fall in building and construction industry activity in 2004/05 did not eventuate and the booming activity in the industry continued throughout the full year.

Levy receipts were as a result 17% higher than 2003/04 with continued growth in the housing, commercial and engineering sectors of the industry.

(2) Income from interest bearing deposits was \$751,000 or 13% higher than the previous year and resulted from higher levy receipts during the year.

(3) Employee expenses were \$60,000 or 15% higher than 2003/04 and due to planned salary increases plus additional staff to support the 57% growth in operations.

(4) Administration expenses increased by \$12,000 or 8%. Supplies and Services increased by \$26,000 or 44%. In both cases increased costs resulted from the 57% growth in Board operations.

(5) Total expenditure of \$16.5 million was \$6.05 million or 57% higher than 2003/04 and reflected Board efforts to increase support for training programs. \$5.5 million of the increase was expended on key priorities of apprentice employment subsidies and skills enhancement support.

Net cash reserves decreased by \$2.09 million during the period consistent with a key priority of the Board to reduce uncommitted surplus funds.

The significant increase in expenditure on BCITF programs and training support achieved positive outcomes including:

- Subsidies provided for 3,929 apprentices an increase of 39%
- Subsidies provided to 10,940 existing workers to upgrade their skills an increase of 31%.
- Subsidies provided to 12,192 employees to undertake OS&H training an increase of 58%.

(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.

The budget figures contained in this Note to the Financial Statements were drawn from the Operational Plan endorsed by the Minister for Education and Training during the course of the year to 30 June 2005.

	<u>Budget</u> \$'000	<u>Actual</u> \$'000	<u>Variation</u> \$'000	
	2004/2005	2004/2005		
REVENUE				
Levy receipts - Net	10,012	13,747	3,735	note 1
Interest	665	751	86	2
EXPENDITURE				
Employee costs	426	470	(44)	3
Training Expenditure	9,888	14,941	(5,053)	4

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2005

1. All sectors including housing, commercial and engineering out performed Industry and economic analysis predictions. Levy collections were as a result 37% above the budget.
2. Interest income from Board reserves was 13% higher than budgeted because of the impact of the higher than anticipated revenue.
3. Employee costs were 10% higher than budget as additional temporary staff were required to support the 57% increase in Fund operations.
4. Training expenditure was \$5 million or 50% higher than budget. The 2004/05 operational plan targeted an operating loss of approximately \$1 million but a key priority of the Fund was to reduce the reserve of uncommitted funds further.

As the year progressed it was obvious from levy receipts that income would be higher than budgeted and as a result an aggressive marketing and subsidy promotion strategy was implemented to increase training support in the industry.

The strategy proved very successful resulting in a dramatic increase in expenditure and the resultant operating loss of \$2 million.

26 Lease commitments

Commitments in relation to leases contracted for the reporting date but not recognised as liabilities, are payable as follows:	2004/2005 (\$'000)	2003/2004 (\$'000)
within 1 year	44	44
Later than 1 year and not later than 5 years	40	84
	<u>84</u>	<u>128</u>
Representing:		
Non-cancellable operating leases	<u>84</u>	<u>128</u>

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be reviewed at eighteen month intervals and are subject to increase at a rate equivalent to the CPI. The current lease expires in June 2007 and contains an option to extend for a further period of two years to June 2009

The Board has entered into non-cancellable operating leases for two motor vehicles with State Fleet. Board policy is to replace vehicles on the expiry of the lease, the latest of which matures in 2007.

27 Capital Commitments

There were no capital commitments at year end.

28 Contingent liabilities

During the 2004/2005 year \$13.7 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 2005 amounted to approximately \$389,718 being 2.8% 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.

29 Financial Instruments

(a) Interest rate exposure

The following table details the Board's exposure to interest rate risk as at the reporting date.

The BCITB's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments as at 30th June 2005 are :

	Fixed	Floating	Interest maturities		
	interest rate	interest rate	1year or less	non interest	Total
	%	%	\$000's	\$000's	\$000's
Financial Assets					
Bank account		4.98	444		444
Bank Investment Deposit	5.40		10,967		10,967
Term Deposit	5.44		34		34
Accounts receivable				231	231
Accrued income				1,409	1,409
Total financial assets		-	11,445	1,640	13,085
Financial liabilities					
Accounts payable				49	49
Accrued salaries				7	7
Accrued training expenditure				804	804
Employee benefits				84	84
Total financial liabilities		-		944	944
Net Financial Assets		-	11,445	696	12,141
2004					
Financial Assets					15,056
Financial Liabilities					809

(b) Credit risk exposure

All financial assets are unsecured. The carrying amount of financial assets in the financial statements, net of any provisions or losses represent the Board's maximum exposure to credit risk with taking account of the value of any collateral or other security obtained.

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

(c) Net fair values

The carrying amount of financial assets and liabilities recorded in the financial statements are not materially different from their net fair values.

30 Events occurring after Reporting Date

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

31 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 FAAA.

32 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.

33 Losses, gifts and write offs of property

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

34 Impact of adopting Australian equivalents to IFRS

The Building & Construction Industry Training Board is adopting international accounting standards in compliance with AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS)

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

The impact of adopting AIFRS including key differences in accounting policies

Reconciliation of total equity presented under previous AGAAP to that under IFRS

	30 June 2005 \$000	30 June 2004 \$000
Total equity under previous AGAAP	12,175	14,263
There are no adjustments	-	-
Total equity under AIFRS	12,175	14,263
Reconciliation of surplus/(deficit) presented under previous AGAAP to that under IFRS		
	30 June 2005 \$000	30 June 2004 \$000
Surplus/(deficit) for the period under previous AGAAP	(2,008)	1,876
There are no adjustments	-	-
Surplus/(deficit) for the period under AIFRS	(2,008)	1,876