

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

**ANNUAL REPORT AND
AUDITED FINANCIAL
STATEMENTS**

For the year ended 30 June 2009

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STATEMENT OF COMPLIANCE
for the year ending 30 June 2009

TO HON. PETER COLLIER MINISTER FOR ENERGY; TRAINING

In accordance with Section 61 of the Financial Management Act 2006, I hereby submit for your information and presentation to Parliament the Annual Report of the Building and Construction Industry Training Board for the financial year ended 30th June 2009.

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

A handwritten signature in black ink, consisting of several overlapping, stylized lines that form a cursive-like shape.

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Ian C Hill
Chairman
BCIT Board

PERFORMANCE HIGHLIGHTS FOR 2008/09

- **Income of \$22.3 million.** A decrease of 15% on 2007/08 reflecting the impact of the global economic crisis on the construction industry in WA.
- **Expenditure of \$24.3 million.** 8% higher than last year due to increased support for apprentice employment and worker training subsidies.
- **Provided 5,794** apprentice subsidies costing \$15.6 million to group scheme and direct indenture employers.
- **\$6.2 million allocated for 32,763 subsidies to workers** to undertake skills and occupational safety and health training.
- Career promotion program has a strong impact including:
 - **54,313 visits to www.bcitf.org web site**
 - **47,184 visits to www.nolimits.com.au website**
 - **1,351 School Students supported** to undertake School to Work Transition programs
 - **76 presentations made to schools** and career expos including 7 regional expos / presentations
 - **333 new probationary apprentices and their employers visited** on building sites resulting in reduction in attrition rate
 - Work experience model involving School / TAFE / Industry Partnership developed and implemented
- **“State of the Industry”** report on industry training and employment demographics refined as a quarterly snap shot report.
- Pilot training programs in **Building Maintenance** developed and implemented through funding of several regional training organisations.
- **New training advisory services** program established under contract to Department of Education and Training and State Training Board

CHAIRMAN'S REPORT

In many respects 2008/09 has been a tumultuous year for the Board and its Fund operations. In an environment of significant change brought on by the global financial crisis the Fund has been able to maintain existing successful support programs, to develop and implement a number of new innovative strategies and to accommodate a number of significant corporate management issues.

Legislative Issues

During the year an independent review group made up of industry and Government representatives and Chaired by Mr Robert Stratton undertook a review of the effectiveness of the Board and the Fund.

The review report recommended retention of the training levy and considered that the Board and the Fund were operating effectively and achieving the objectives set out in the enabling legislation.

The Review made a number of recommendations for future operations of the Fund which have been considered by the Board and some incorporated in the 2009/10 operational plan.

Legislative Amendments

During the year Parliament passed a Bill to amend the Building and Construction Industry Training Fund and Levy Collection Act.

The amendments were implemented to remove doubt about the application of a clause in the Building and Construction Industry Training Fund and Levy Collection Regulations which prescribes how the value of construction work is assessed for the purposes of the training levy.

The amendment has taken the existing regulation and placed it in the Act itself to ensure there is no future confusion or dispute about what is included in construction projects for determining the levy payment.

Communication with Stakeholders

The BCITF review identified that one of the key strengths of the Board's operations is the quality of its communication with key stakeholders who acknowledged their ability to provide input to Board decision making processes.

The Board uses a range of strategies to involve stakeholders and keep them informed about BCITF operations. The Board believes these processes are integral to strong corporate Governance.

Industry Training Advisory Services

The BCIT Board entered into a contract with the Department of Education and Training and State Training Board to deliver industry training advisory services which officially commenced on the 1st January 2009.

The Board already established an industry representative advisory network in 2008 to support the new service, which includes a Construction Industry Strategic Group and a working group. Collectively these groups along with other key stakeholders involve the participation of over 30 industry representatives.

The key industry stakeholders, together with the BCIT Board identified two significant issues of concern, namely the need for an effective skills assessment Recognition of Prior Learning (RPL), system; the need for a more effective Vocational Education and Training in Schools (VET in Schools) model.

The former problem has been addressed by the Department of Education and Training which has facilitated implementation of new processes for RPL involving delivery by Registered Training Organisations. The new systems have only just been put in place and have yet to be evaluated.

The VET in Schools system is the subject of a broader review undertaken by the Department of Education and Training to which the Board has provided a detailed submission.

Economic Recession and Impact on the Construction Industry

The construction industry in WA, like all industries in Australia and around the world, has been impacted by the Global financial crisis.

The Fund has experienced a 15% reduction in income from 2007/08, however, it has still achieved strong results during the 2008/09 year in terms of training support.

The Board is mindful that there is still considerable volatility in the industry but is hopeful that the decline in activity will level off and return to a growth pattern in the near future. Operational planning for 2009/10 and beyond has been based on that assessment.

The Board is therefore continuing with existing successful programs and has planned a number of new support initiatives including greater support for training relating to people living in regional WA.

Acknowledgements

The Board has been mindful of the significant efforts required by BCITF managers and staff to deliver programs in an environment of uncertainty and change. The Fund has once again achieved excellent results and the efforts of all staff members are greatly appreciated.

The Board would also like to acknowledge the strong support of the Minister for Energy; Training the Hon. Peter Collier MLC, who since commencing his role in the portfolio has taken an active interest in the Fund's operations. The cooperative working relationship between the Ministers staff and officers of the Department of Education and Training and the BCITF have also helped to contribute to a very successful year for the Fund.

During 2008/09 the Fund has provided financial support for the training of 5,794 apprentices, 32,763 workers and 1,351 school students. The BCIT Board remains focussed on the challenge of increasing the availability of skilled workers and improving the quality of training in an industry that is critical to the future economic well being of the State of Western Australia.



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Ian C Hill
Chairman
BCIT Board

EXECUTIVE DIRECTORS REPORT

Construction Activity and Impact on the BCITF

The focus of everyone's attention in 2008/09 has been the Global Financial crisis, the resultant recession in Australia and downturn in construction activity throughout Australia and WA.

The change in economic circumstances have been unprecedented, not just their severity but also the short time frame in which things have changed. In this very difficult environment the BCITF has continued to deliver significant support programs and has, despite a reduction in the size of the industry workforce and in some cases commitment to training, still achieved very strong results.

The message that the BCITF has been promoting to industry is that it is not wise to pull back on training commitment during periods of economic decline as this simply creates skill shortage problems during the inevitable upturn in the economy.

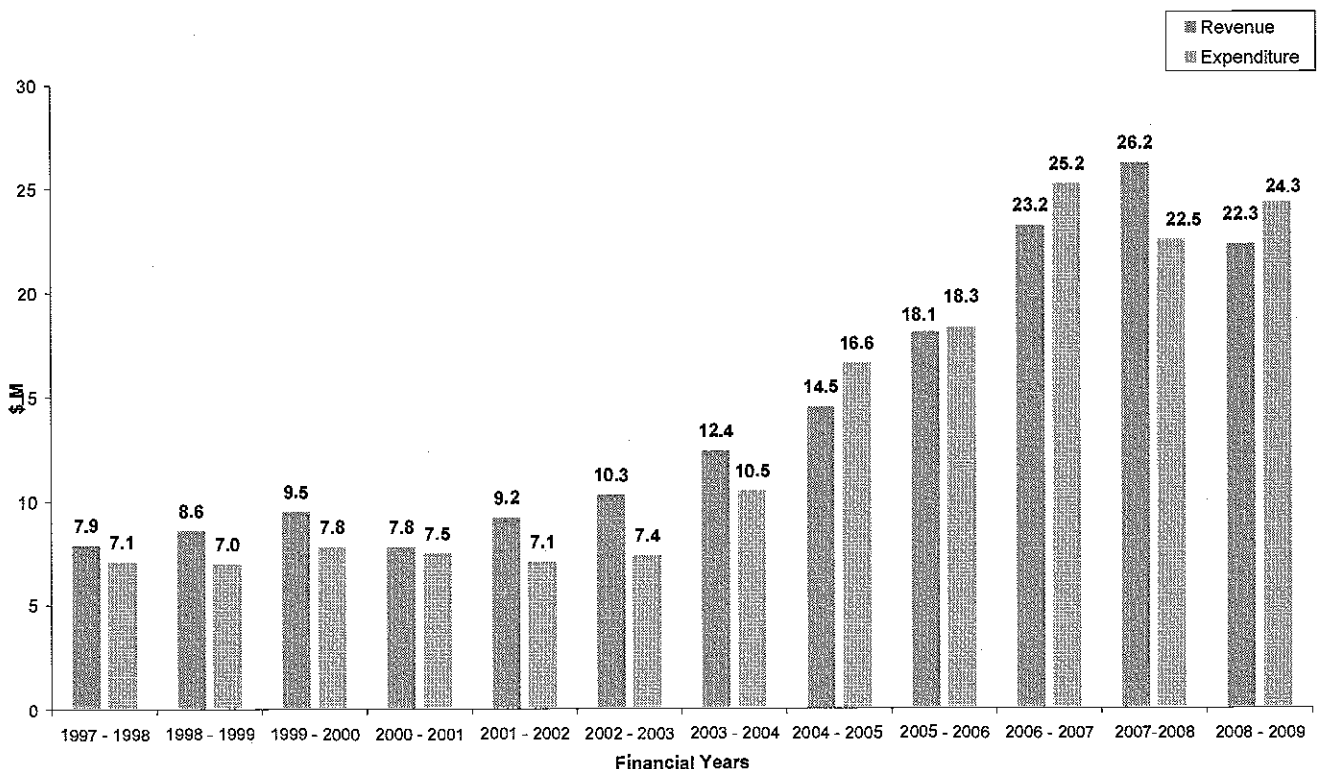
The cost of not maintaining training effort at present will more than likely be exceeded by the cost of skill shortages later when things improve. It is therefore pleasing to report that although there has been some reduction in training effort the BCITF is still responding to strong demand for training support.

Income and Expenditure

Income for the year was \$22.3 million, which was \$3.8 million or 15% lower than the previous year and reflects a significant reversal of the strong growth trend in the previous 6 years.

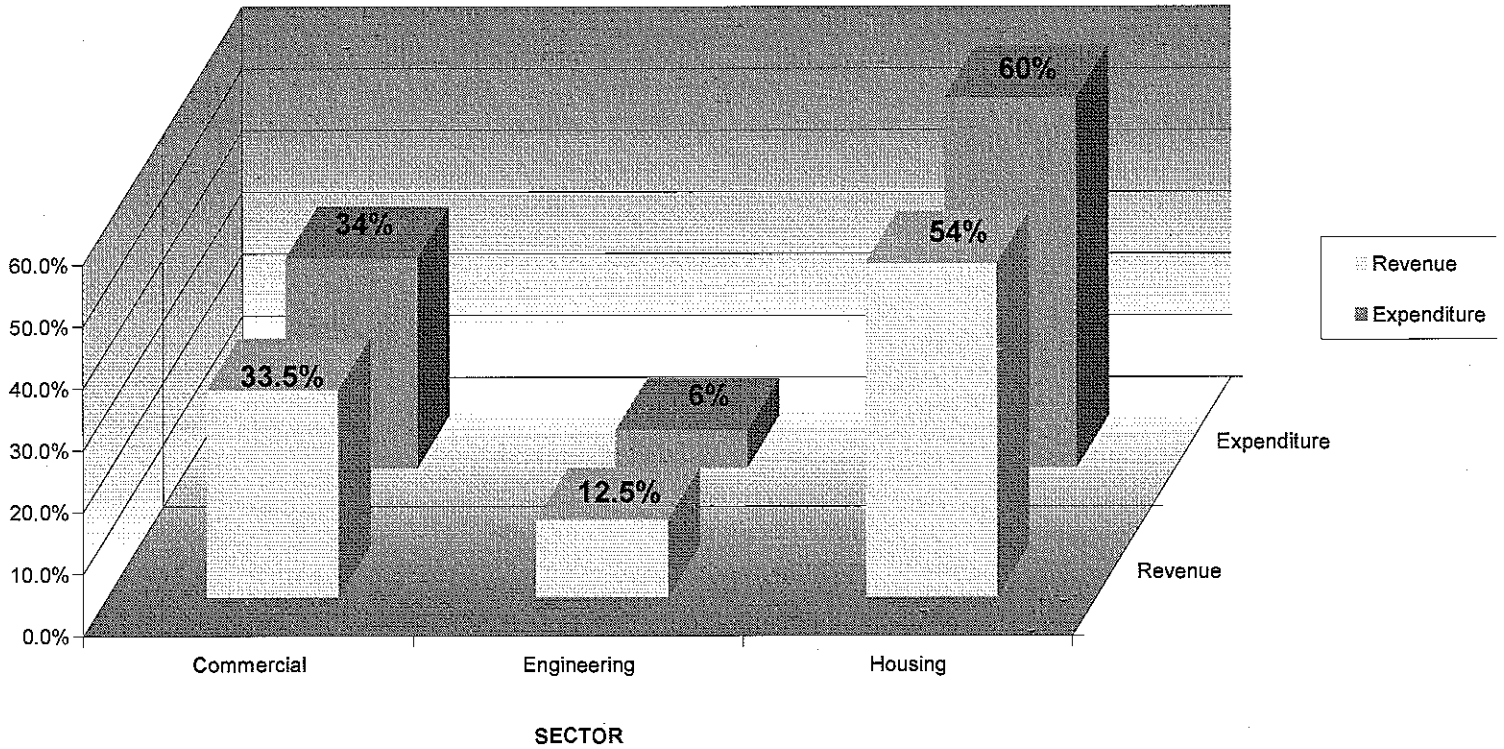
Expenditure of \$24.3 million was \$1.8 million or 8% higher than 2007/08. The increased expenditure was primarily in apprentice subsidy support. The \$2.0 million operating shortfall reduces the Fund's available cash to approximately \$11 million.

HISTORY OF INCOME AND EXPENDITURE



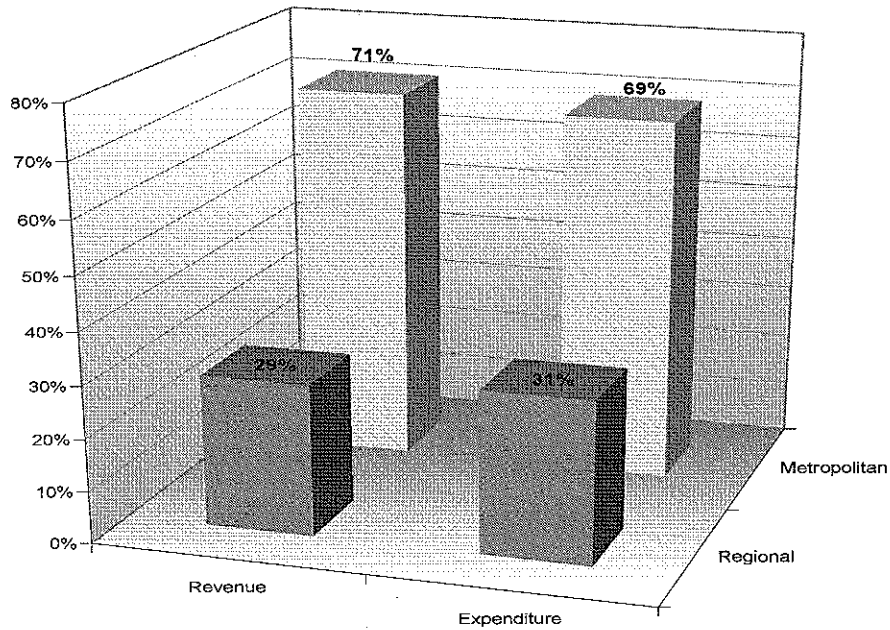
Industry Sector Income and Expenditure

Whilst it is not appropriate to manage the Fund in a way that ensures funds generated from a specific sector are returned to that sector, a record is kept of income and resource allocations to provide an overall guide.



The Board has recognised the gap between income and expenditure for the civil construction sector and has built strategies into the 2009/10 Operational Plan to support additional training in that sector.

Geographic Income and Expenditure

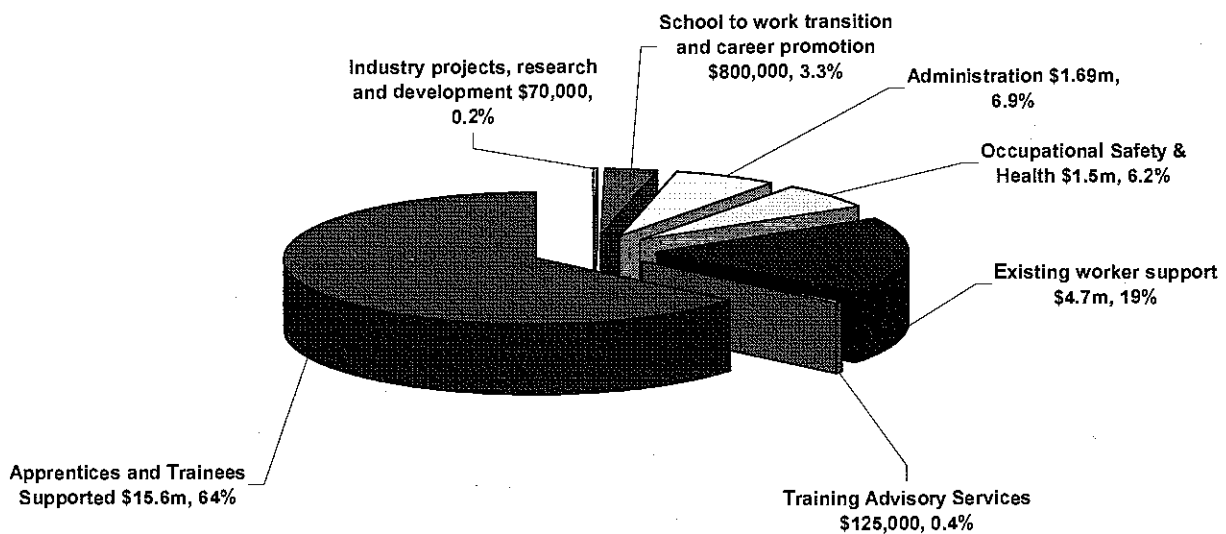


Approximately 70% of income comes from Metropolitan construction and a similar percentage is expended in the Perth geographic region.

Regional WA contributes approximately 30% of income and receives a similar proportion of funding. The BCIT Board has however decided to increase support for regional people with several new initiatives planned for 2009/10.

Program Results

The following graph provides a summary of programs and expenditure as a % of total resource allocation.



During 2008/09 the Fund expended a total of \$24.3 million of which \$22.6 million or 93% was allocated to training subsidies or training support services.

Expenditure was \$1.8 million more than 2007/08 due primarily to growth in apprentice subsidies.

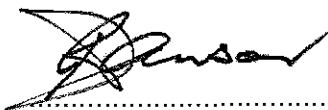
In a difficult economic climate the Fund achieved strong results providing 5,794 apprentice subsidies and 32,763 worker skills and OS & H training subsidies during the year.

Career Promotion

The Career Promotion program continues to be very effective in raising awareness and interest in the construction industry as a career option.

Over 100,000 visitors have accessed the NoLimits.com and BCITF.org information web sites during the year.

1,351 high school students have also benefitted from BCITF support for some form of school to work transition program.



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Ralph Dawson
Executive Director
BCITF

BOARD MEMBERSHIP

The Building and Construction Industry Training Board is comprised of seven members appointed by the Minister for Education and Training and is responsible for strategic management of the Fund.

The current term of appointment of Board members expires in June 2010.

Board Profiles

Mr Ian Hill, (Chairman) was appointed as Chairman in July 2003 and has a career spanning over 30 years in the State Public Sector. During this time Mr Hill has been employed as Chief Executive Officer of the Department of Corrective Services and Director General of the WA Department of Training and Employment.

Mr Hill currently chairs the Building and Construction Industry Training Board and the Training Accreditation Council.

Mr Darren Kavanagh, (member) was appointed in December 2006. He is currently employed in the Department of Defence and has previously worked in the commercial and engineering sectors of the building and construction industry since the early 1990s.

Mr Gary Fitzgerald, (member) was appointed to the Board in April 2006 and is currently employed as Strategic Business Development Manager with MacMahon Contractors Pty Ltd. Mr Fitzgerald's career spans work as a Project Engineer with Main Roads and subsequently Project Management in the commercial and engineering sectors of the building and construction industry.

Mrs Susan Bailey, (member) was first appointed as a member in July 2003, and is the Company Director of Bailey Corporate Pty Ltd a corporate consulting and furniture and homewares retail organisation.

Mrs Bailey possesses 24 years experience in the housing construction industry which includes employment as General Manager of Homestart building company and serving as past President of the Housing Industry Association (WA/Asia).

Ms Juliette Hunt (member) was appointed to the Board in June 2007 and is a registered Architect who has undertaken building design projects in the United Kingdom as well as Western Australia and Queensland.

Mr Steve McCartney (member) was appointed to the Board in June 2007 and has had extensive experience in the mining construction, maintenance and waterfront industries. Mr McCartney has been an organiser with the Australian Manufacturing Workers Union and is currently President of the Union.

Mr Maxwell Rivett (member) was appointed to the Board in June 2007 and is Director / Partner of Cooper and Oxley Builders Pty Ltd where he has worked since 1974. Mr Rivett has been a past president of the Master Builders Association and Director of Master Builders Australia Incorporated.

Meetings

The Board met on six occasions during 2008/09, which included a joint meeting with a newly established advisory committee known as the Construction Industry Strategic Group (CISG). The CISG was established to provide advice to the Board on skills development issues relating to the construction industry and includes senior representatives from the key industry organisations and unions.

During March 2008, the Board sought stakeholder feedback on strategic directions for the Fund by conducting a half day planning workshop, which was attended by approximately 30 industry representatives. Feedback from stakeholders was supportive of the Fund's current operations and proposed future directions.

BCITF FUNCTIONS

The Building and Construction Industry Training Fund (BCITF) operates under the authority of the Building and Construction Industry Training Fund and Levy Collection Act 1990 and has been in operation since 1991.

The objectives of the Fund are to use the resources obtained from the training levy on construction:

- Improve the quality of training
- Increase the number of skilled persons in the building and construction industry

Legislation

The Building and Construction Industry Training Fund and Levy Collection Act was amended in May 2009 to address a possible problem relating to administration of the levy collection provisions.

As a result of a dispute with a project owner of a major infrastructure project, some doubt arose about the validity of Regulation 6 of the Building and Construction Industry Training Fund and Levy Collection Regulations 1991.

This regulation prescribes the various components included in Construction work for the purposes of estimating the value of the levy and includes:

- a) All goods (including manufactured goods) forming part of the construction work; and
- b) Labour; and
- c) Services necessary; and
- d) Fees payable; and
- e) Overheads to be met; and
- f) Profit margin

The intent of the regulation was to describe the total value of the construction project including all costs. The question arose about whether the regulation exceeded the powers conferred in the Act itself. Although legal advice indicated that the regulation was valid it was decided to amend the Act in order to remove any doubt about the issue.

This was achieved by removing the regulation in its entirety and placing it in the Act itself. The amendment also included a provision confirming that all previous levy collections under the existing provisions were authorised and valid.

Parliament passed the amending legislation which received Royal Assent in May 2009.

Levy Collection

Funds are collected through a levy which is 0.2% of the value of construction projects in Western Australia. This equates to \$400 on a project valued at \$200,000.

The Fund pays collection agencies (local Government authorities) a fee of \$6.00 per transaction for the collection and remittance of the levy on a monthly basis.

The levy covers all construction work valued over \$20,000 and includes work in the housing, commercial and civil sectors of the industry.

Construction work, other than housing or commercial, in the resources sector is exempt from payment of the levy. The bulk of levy payments are made by builders through Local Government Authorities when the building licence is issued.

Support Programs

The BCITF meets its objectives to increase the number of skilled workers and improve the quality of training by providing financial resources to support various programs including:

- Apprenticeships and other forms of entry level training
- Supplementary training for people already qualified to work in the industry
- Training in technology and occupational safety and health
- Recognition of people with existing skills, knowledge or aptitude appropriate to the industry
- Accreditation of training courses
- Innovations in training and research relating to competency and training needs in the industry
- Career promotion and training information support services

The following information details the results achieved in each program for the 2008/09 year.

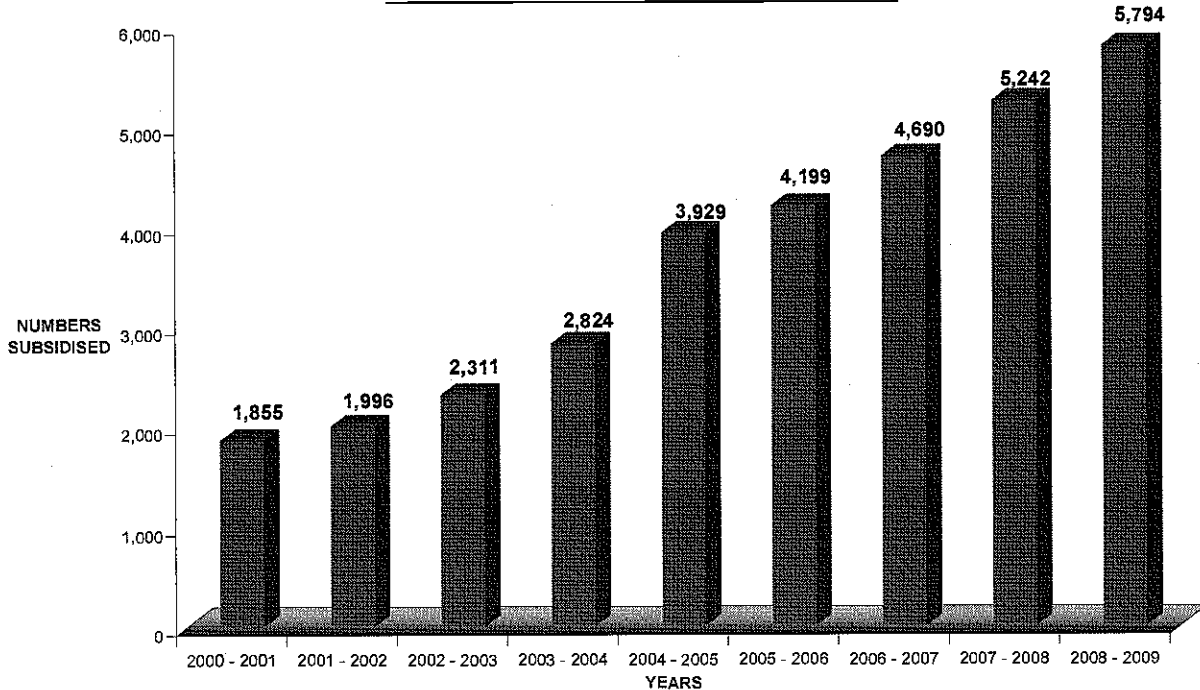
PROGRAM RESULTS & SUBSIDIES PROVIDED

APPRENTICE AND TRAINEESHIP SUBSIDIES

During the year the BCIT Board approved recognition of Building Maintenance, Estimators and Site Supervisor qualifications for BCITF apprentice subsidies.

The BCITF provides subsidies of up to **\$11,000** to employers and hirers to assist in the employment and training of apprentices and trainees.

APPRENTICE SUBSIDIES PROVIDED



During the year the Fund distributed 5,794 apprentice support subsidies to employers which was 10% higher than the number provided in 2007/08.

Expenditure on apprentice subsidies is detailed as follows:

A slow down, due to the economic recession, has resulted in a reduction in apprentice intakes during the early part of 2009, however total subsidies provided for the year still exceeded 2007/08 significantly. This was due to second and final installments for existing apprentices. There was also an increase in the number of mature age bonus subsidies. During the year 428 mature age subsidies were provided which was an increase of 9%.

	Number	Expenditure \$ 000
Direct Indenture Apprentices	*3,320	\$ 8,113,000
Group Training Apprentices	*2,474	\$ 6,866,000
Mature Age Bonus (direct indenture)	428	\$ 553,000
Pre-apprenticeship Bonus	56	\$ 57,000
Total Expenditure	*5,794	\$ 15,589,000

SUPPLEMENTARY SKILLS PROGRAM – Skills and Occupational Safety and Health Training Support

The BCITF provides a subsidy of up to **80% of the course costs** for industry workers undertaking short training courses in order to enhance their work skills or competency in Occupational Safety and Health.

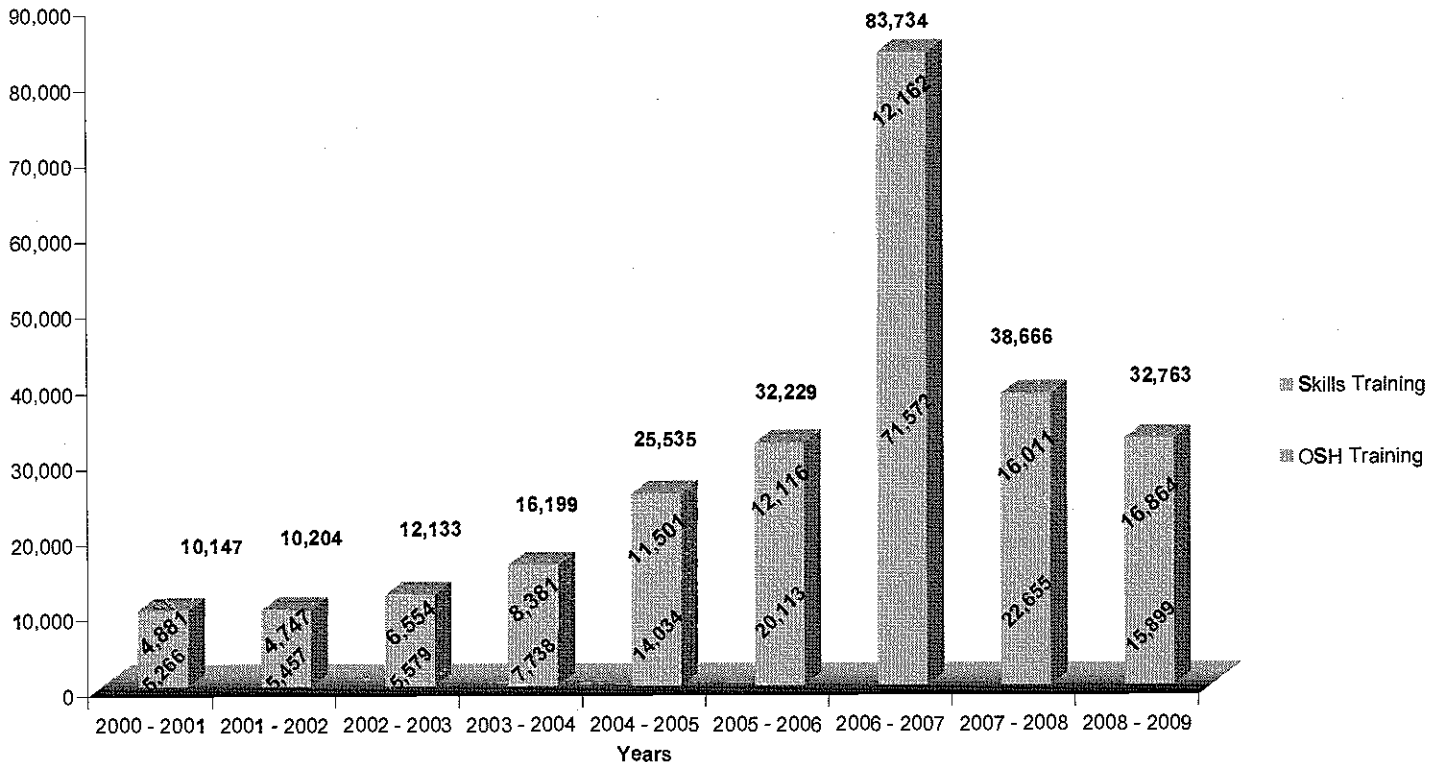
The BCITF supports training in over 400 separate short training courses delivered by approximately 50 registered private training providers in WA. Most courses are of one to two days in duration and provide directly relevant skills and qualifications for people working in the industry.

During the year 16,864 subsidies were provided for workers undertaking skills training at a cost of \$4.6 million. An additional 15,899 subsidies were provided for occupational safety and health training at a cost of \$1.5 million.

The 32,763 subsidies provided is a reduction of 15% on 2007/08.

Whilst skills training subsidies increased by 5% on the previous year, OS&H subsidies reduced by 30%. Registered training organisations confirmed that the reduction has been due to lower employee intakes as a result of the economic decline.

Worker Training Subsidies Provided



CAREER PROMOTION AND SCHOOL TO WORK TRANSITION PROGRAM

The BCITF *One Industry – No Limits* suite of programs maintained a strong community presence to promote the building and construction industry as a first choice career option during 2008/09. \$792,000 was expended on Career Promotion strategies during the year in review.

A wide range of communications strategies including a comprehensive media campaign using TV, radio, print and on-line advertising supported the *One Industry – No Limits* programs, referring people to the BCITF www.nolimits.com.au careers information website or a toll-free phone line.

As a result, **47,184** people visited the No Limits website to access information about career opportunities in WA's building and construction industry. In addition the www.bcitf.org information website received **54,313** visits.

Schools Information Program

A significant part of the *One Industry – No Limits* program is support for schools and students who are interested in learning more about the building and construction industry.

In 2008/09, the BCITF provided the following programs to schools

- **Careers information:** 76 presentations to school groups and expos to provide quality information about careers in WA's building and construction industry. This included 7 presentations at regional locations.
- **Try-A-Trade:** 704 Year 9/10 students took part in hands-on experiential programs funded by the BCITF and delivered by registered training organisations
- **School to Work Transition:** 166 Year 11/12 students were provided with funding for industry mentoring, personal protective equipment and safety awareness training to assist with the work experience component of Certificate I construction programs
- **Safety Awareness Training:** 245 students in Years 10-12 received subsidies for compulsory Safety Awareness Training to assist with on-site building and construction work experience placements

Other programs to recognise and promote apprenticeship training include

- **Awards for Excellence:** more than 25 apprentices across a range of building and construction trades received BCITF funded awards for high achievement in their training programs
- **Scholarships:** 236 young people received scholarships for successful completion of a building and construction Pre-Apprenticeship course

APPRENTICESHIP SUPPORT SERVICES

The BCITF Apprenticeship Support Officer visited 333 direct indenture apprentices and their employers during the first eight weeks of the apprenticeship probation period to provide them with vital information about the apprenticeship training system and the roles of all agencies engaged in the process.

The ASO visits proved to be highly effective in reducing the attrition rate during this phase from a previous average of 18% to 4% during the 2008/09 period.

NEW INITIATIVES

A number of new initiatives were implemented during the year including:

- Recognition of a number new courses of training for BCITF subsidies including:
 - *Certificate IV Level Traineeships in para-professional occupations such as; Estimators and Supervisors.*
 - *Software training for spread sheeting and communication / scheduling*
 - *Small business management*
- Reintroduction of a subsidy of up to \$400 for skills assessment of people in the industry seeking to gain a qualification which recognises their skills.
- Development and implementation of a new traineeship in Building Maintenance.
- Implementation of a new School to Work transition support program involving a partnership between the education system, TAFE, the Royal Agricultural Society and BCITF. The program involves students gaining live work experience on site at the Claremont showgrounds.

RESEARCH AND DEVELOPMENT PROGRAM

The BCITF Research and Development Program supports the BCIT Board in providing background research to inform the decision making process for allocation of funding and determining effectiveness of programs.

State of the Industry Report

A second State of the Industry report was developed as a mechanism to provide insights into current trends and challenges affecting the industry in the next 3-5 years. The work draws together industry views, indicators of business activity levels and forecasts, analysis of trends and issues, and presents a future vision of the industry. However, given the volatile economic situation it was decided that a brief and more frequent publication was more useful for the needs of industry, and the industry snapshot is now produced and released every quarter.

Statistical snapshot

This report is prepared quarterly and reflects the most recent :

- state employment and economic data
- measures of building and construction activity
- apprentice numbers

Building Aboriginal Training Options: Basics and Beyond.

This report investigated the reasons that disadvantaged students, and in particular Aboriginal students, have limited access to training in the building industry. The report found that there is a considerable backlog of work in housing, and in particular, maintenance, and there was an opportunity to develop a program to address the training deficit.

Following this, the BCITF committed to develop a model for Indigenous communities to engage in entry level training for the building and construction industry. The scope was to fund several regional areas to develop a training program in construction maintenance that was reflective of the needs of the region.

An early outcome was the development of a traineeship in Building Maintenance which comprised units from the general construction level II qualification, but with additional competency standards that were more reflective of the skills needed for maintenance of houses and buildings. This was done through Fairbridge, a youth development organisation in Pinjarra.

A second program involving a short training course has been in development in Narrogin and involves Directions, a group training company located in the Wheatbelt.

Skilling the Industry report

This report is prepared for the State Training Board to contribute to State planning for training and infrastructure for the construction industry. It involves differentiation of the training needs of the industry by region, and sector and includes:

- *Current Key Skill Shortages.*
- *Current Industry Developments and Issues and*
- *Industry Identified Priorities 2010-2012*

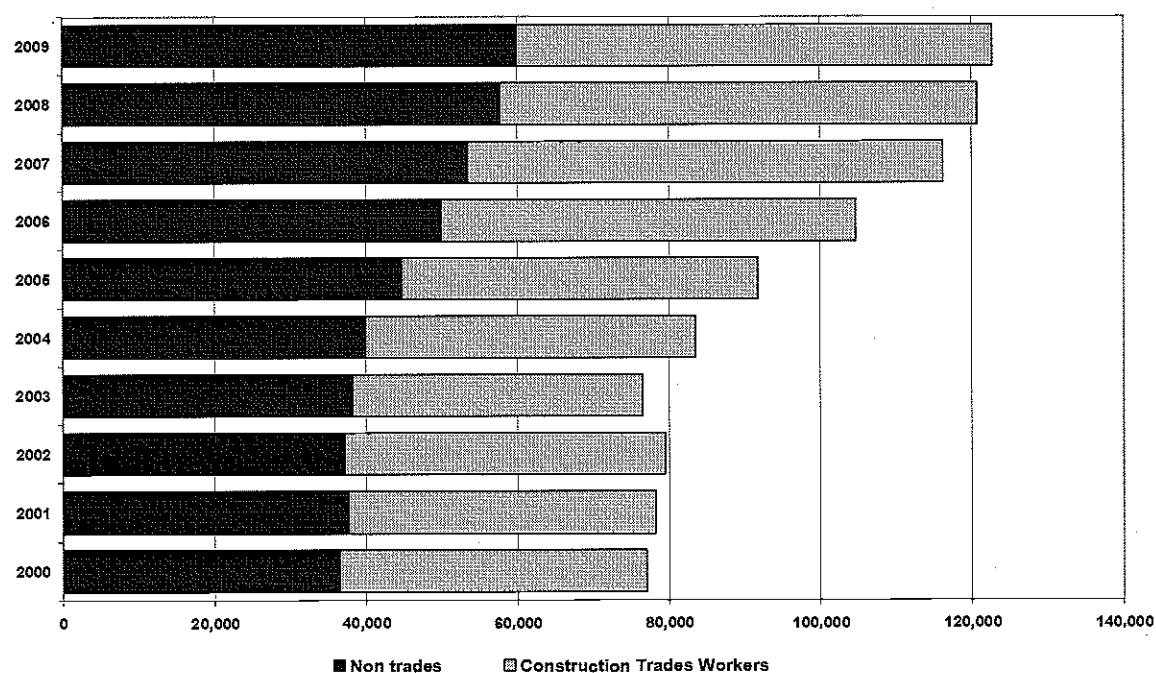
CONSTRUCTION WORKFORCE DATA

How the Industry is faring?

The following graph shows the growth of the construction workforce over the last 10 years, which has increased by 59% while the trades workforce, a subset of the overall workforce, has increased by 55%. It is interesting to note that the number of apprentices-in-training has increased by 152% over this period, which is an increase from 8% of the trade's workforce to 13% of the trade's workforce. The construction trades have maintained a share of the whole construction workforce of between 50% and 53%.

Data is for a 12 month period to May of each year, but is annualised over the 12 month period

The graph shows the growth of the construction workforce, and the trade share of the workforce over the last 10 years.

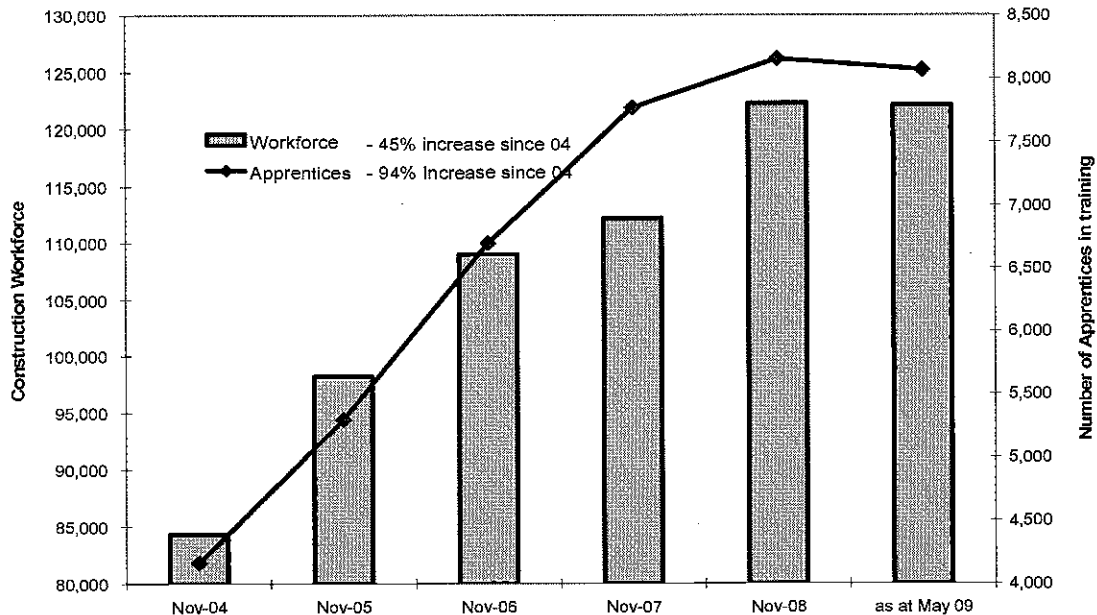


ABS 6291.0.55.003 - Labour Force, Quarterly, May 2009

The following graph illustrates the ratio of apprentices to the whole of the construction workforce. It is clear that since 2004, there has been a significant increase in the share of apprentices in training to the whole of the workforce, and the rate of training has increased.

Since November 2004 there has been a 45% increase in the construction workforce, while there has been a 94% increase in the number of apprentices in training.

Comparison of Growth in Construction Workforce and Numbers of Apprentices in Training



Source : WA Department of Education and Training and ABS 6291.0.55.003 Labour Force, Quarterly : Table 5.

Industry Initiatives Program

The BCITF provides financial support to industry organisations for research and development projects. During the year the Fund provided the following project funding:

Fairbridge Association:

\$51,000 has been provided to the Fairbridge Association to develop and implement a pilot Indigenous training program for "Building Maintenance" at the Fairbridge facility in Pinjarra. Under the program 8 Indigenous youths have been indentured as trainees and will be trained using a newly accredited course for Building Maintenance. The program will be conducted over a 12 month period.

Directions:

\$37,000 has been provided to Directions a group training organisation working in the Central Wheatbelt area.

Directions will be developing and implementing a short training program in Building Maintenance for approximately 10 Indigenous youths in Narrogin.

Until the development of these programs there has previously been no formal training programs available for Building Maintenance which encompasses skills from a range of different trades.

The BCITF believes that the piloting of new training in these projects offers great potential in the future for creation of employment opportunities particularly for indigenous people in regional WA.

Planned operations for 2009/10

The Minister for Education and Training approved the following operational plan in June 2009.

1 JULY 2009 TO 30 JUNE 2010 OPERATIONAL PLAN

INCOME	
Levy Receipts (net)	\$ 21,675,000
Interest Income	\$ 500,000
Other Income	\$ 325,000
TOTAL INCOME	\$ 22,500,000
APPRENTICE TRAINING SUBSIDIES	
Group Training Schemes	\$ 6,600,000
Direct Indenture	\$ 7,300,000
Mature Age bonus	\$ 600,000
Apprentice Living Away from Home Allowance	\$ 250,000
TOTAL PROGRAM EXPENDITURE	\$ 14,750,000
SUPPLEMENTARY SKILL PROGRAMS	
Construction Skills	\$ 3,500
Industry Skills	\$ 1,500
<i>Program Total</i>	<i>\$ 5,000</i>
Safety & Health Program	\$ 1,800,000
Career Promotion School to Work Transition	\$ 1,100,000
Research & Development	\$ 25,000
Industry Support Programs	\$ 100,000
Administration	\$ 1,800,000
TOTAL PROGRAM EXPENDITURE	\$ 24,900,000
(Draw) Increase on reserves	(\$2,400,000)

PERFORMANCE MANAGEMENT FRAMEWORK

The outcomes and services delivered by the Building and Construction Industry Training Fund contribute to the new whole of Government goals, which are summarised as follows:

STATE BUILDING – MAJOR PROJECTS

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

The West Australian construction industry contributes approximately 10% of the Gross State product and employs 10.7% of the state's workforce. This includes 37% of the State's apprentice workforce.

The BCITF provides financial support to both employers and workers in the industry to employ and train apprentices and to undertake skills enhancement and OS&H training. This support has a significant impact and during 2008/09 support has been provided to over 2,000 employers for employment of 5,794 apprentices.

In addition, support has been provided in the form of 32,763 subsidies for workers to undertake skills or OS&H training.

The Fund also delivers a career promotion program which promotes the industry to students, parents and educators as a first choice career option and better prepares students for entry into the workforce.

FINANCIAL AND ECONOMIC RESPONSIBILITY

Responsibility managing the State's finances through the effective delivery of services encouraging economic activity and reducing regulatory burdens on the private sector

The BCITF delivers its support services to the construction industry through a levy on project owners of construction work. All costs are met from the levy with no contribution from the State Consolidated Revenue Fund.

The Fund's overall administration costs have been maintained at approximately 7% of total expenditure. Independent statutory reviews of the Fund's operations have concluded that it is delivering both effective and efficient services which are contributing to the economic well being of the industry and the state.

OUTCOMES BASED SERVICE DELIVERY

Greater focus on achieving results in key delivery areas for the benefit of all Western Australians

Through its programs and services the BCITF has provided advice and information on employment and training to over 100,000 people during the year.

The Fund has provided direct financial support for training to over 30,000 people or approximately one third of the construction industries state workforce.

STRONGER FOCUS ON THE REGIONS

Greater focus on service delivery, infrastructure, investment and economic development to improve the overall quality of life in remote and regional areas

Approximately 29% of the Fund's revenue is derived from regional Western Australia and approximately 31% of expenditure supports delivery of services for regional people.

During 2008/09 the BCIT Board has developed a number of new initiatives aimed at providing further support in the regions.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the state

The BCITF has policies and processes in place to ensure that its services and operations are undertaken in a socially and environmentally responsible manner.

In addition the Fund has specifically supported training programs for the construction industry which address environmental sustainability objectives.

STATUTORY AND OBLIGATORY REPORTING

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

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

- A New Tax System (Goods & Services Tax) Act 1999.
- Building and Construction Industry Training Fund Levy Collection Act 1990.
- Commercial Arbitration Act 1984.
- Copyright Act 1968.
- Corruption and Crime Commission Act 2003.
- Criminal Code Act 1995
- Disability Services Act 1993
- Electoral Act 1907.
- Electronic Transactions Act 2003
- Equal Opportunity Act 1994.
- Financial Management Act 2006
- 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,
- Minimum Conditions of Employment Act 1993
- Occupational Health, Safety and Welfare Act 1984.
- Public and Bank Holidays Act 1972.
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994.
- State Records Act 2000
- State Supply Commission Act 1991
- Statutory Corporations (Liability of Directors) Act 1996.
- Superannuation and Family Benefits Act 1938
- Superannuation Guarantee (Administration) Act 1992.
- Workers Compensation and Rehabilitation Act 1981.

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

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

Publications

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

- | | |
|-------------------------------|--|
| ▪ Annual Report | ▪ Program information on website |
| ▪ Quarterly newsletters | ▪ bcitf.org |
| ▪ Career information booklets | ▪ Career information on website |
| ▪ Training subsidy pamphlets | ▪ nolimits.com.au |

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.

Changes in Written Law

Amendments were made to the Building and Construction Industry Training Fund and Levy Collection Act and regulations in May 2009. Details of those amendments are set out under the BCITF functions section of this report.

Ministerial Directives

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

The Minister approved the 2009/10 Operational Plan in June 2009.

No further ministerial directives were issued.

Staff Development

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

\$10,090 was spent on staff development in 2008/09 which represents 1.3% of salary costs.

Workers Compensation

No workers compensation claims were recorded during the financial year.

Major Promotional, Public Relations or Marketing Activities

The Building and Construction Industry Training Fund administered a Career Promotion and Marketing Program during the year to raise awareness of career opportunities within the building and construction industry.

The Fund also promoted the availability of financial subsidies to industry and used various media and marketing strategies including the following information web sites:
www.bcitf.org
www.nolimits.com.au

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

Total expenditure for 2008/09 was \$389,485.04

Advertising Agencies	\$ 79,707.16		
Adcorp	\$ 1,470.00	HIA	\$ 2,290.90
Aspermont	\$ 2,100.00	Hobsons Australia	\$ 7590.00
Bnews	\$ 909.10	Market Media	\$ 7449.76
Branch Media	\$ 890.00	NECA WA	\$ 4,870.00
Business Promotions Aust	\$ 3,885.00	Rural Press	\$ 2,800.00
Construction Worker	\$ 3,700.00	Summit Advertising	\$ 5027.86
Crowther Blayne	\$ 7,395.00	Times Publications	\$ 3585.00
Dowd Publications	\$ 6,790.00	Vinten Browning	\$ 17,600.00
Executive Media	\$ 1,354.54		
Market Research Companies	\$ 15,000.00		
TNS	\$ 15,000.00		
Polling Organisations	nil		
Direct Mail Organisations	nil		
Media Advertising Organisations	\$ 294,777.88		
Media Decisions	\$ 294,777.88		

Pricing Policies on Services

The Building and Construction Industry Training Fund does not charge any fees for services it renders, however, the BCIT Board entered into a contract with Department of Education and Training to deliver training advisory services for the construction industry. The contract commenced on the 1st January 2009 and the contract value of \$162,000 for delivery of services until 30th June 2009 was determined by the Department of Education and Training.

Insurance Premiums paid to indemnify members of the Board

A Director's and Officer's liability insurance policy was taken out to indemnify members of the Building and Construction Industry Training Board against any liability incurred in undertaking their responsibilities. The amount of the insurance premium in 2008/09 was \$7,755.

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.

One application for information was received under the Freedom of Information Act during the year in review. The request was subsequently withdrawn.

Record Keeping Plans

As required by the State Records Act 2000, the BCITF has a record keeping plan. The plan including Retention and Disposal schedule was last reviewed in September 2008 and approval was received for its continuation until September 2014. The Fund

has an effective record keeping induction and staff training program which is reviewed from time to time and addresses employee roles and responsibilities in regard to their compliance with the Fund's record keeping plan.

Risk Management

The Fund has established and maintained a Risk Management Plan covering all operations. This plan was developed in consultation with Risk Cover. A review of the Risk Management Plan was commenced during the year and included staff workshops. The revised Risk Management Plan was finalised in 2008.

Corruption Prevention

A current Risk Management Plan includes an assessment of risks associated with corruption and misconduct.

The BCITF has policies and processes in place relating to information management, financial management and human resource management that are designed to minimise corruption and misconduct of officers.

The Human Resource Manual includes Corruption and Crime Commission of WA notification guidelines.

The BCITF code of conduct was reviewed and updated in June 2008 and identifies expectations and procedures relating to services to customers and stakeholders. The code of conduct includes obligations of employees in respect to conflict of interest, receiving gifts and use of resources.

Accountable and Ethical Decision Making

The Executive Director and all staff undertook training in accountable and ethical decision making in 2008.

Equal Employment Opportunity

The BCITF employs a small team of 13 staff members in a diverse range of occupations. Eight staff members are women, two staff members are part-time and of six management positions, two are occupied by women.

The BCITF revised its strategies to meet equal opportunity outcomes and submitted an updated EEO / Diversity Management Plan for 2006 – 2009 to the Office of Equal Opportunity.

Human Resource Management Manual

A new Human Resource Management manual was developed and implemented in late 2008. The manual provides detailed information for staff relating to a wide range of human resource practices and obligations including Code of Conduct, Recruitment, Managing Performance, Occupational Safety and Health and Safety and Employee relations.

Sustainability Code of Practice

As a non SES organisation the BCITF is not required to maintain a Sustainability Action Plan however, the Fund continues to apply the principles set out in the code as part of good governance of the Fund. This includes:

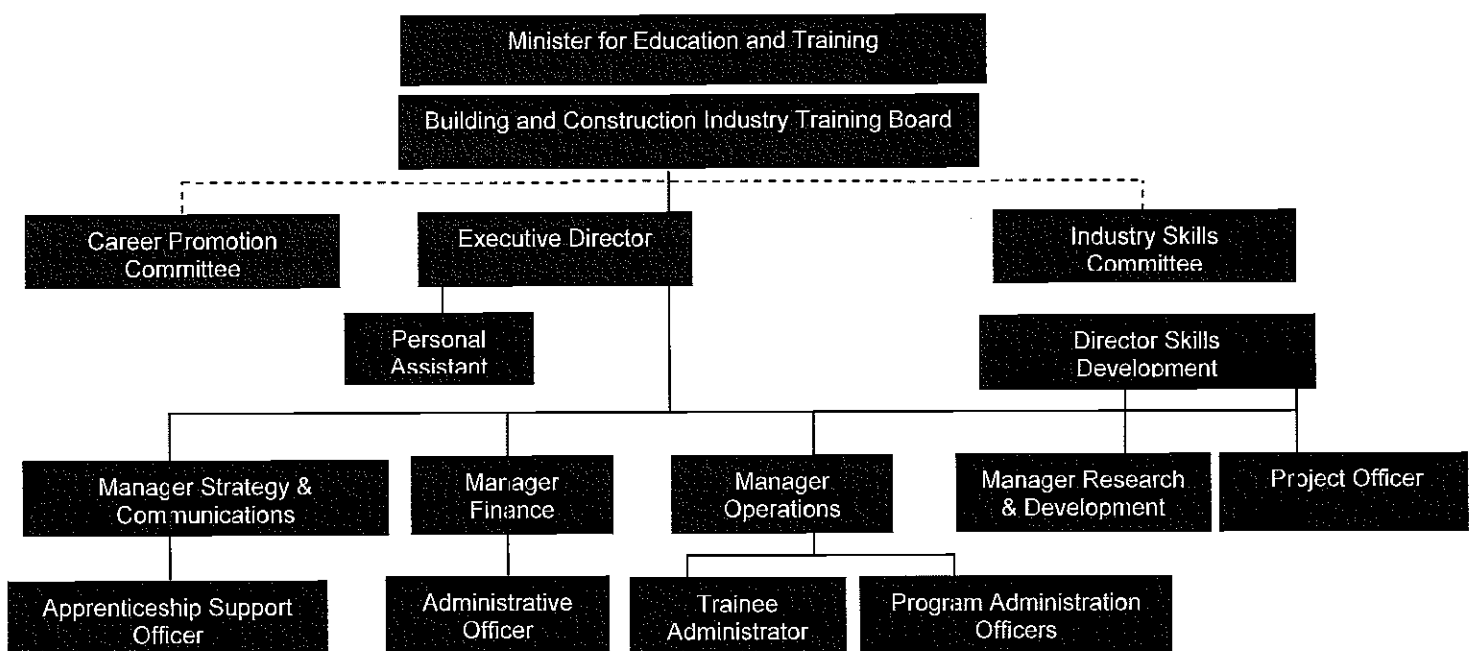
- Strategic planning is based on assessment of longer term needs of the building and construction industry and involves objectives and strategies that ensure the maximum effectiveness and the long term sustainability of Fund resources
- Agency operations and use of resources support sustainability, including a motor vehicle fleet of 3 vehicles that includes an LPG powered vehicle
- Staff are encouraged to make the most effective use of recycled paper products and to minimise light and power usage.
- The BCITF has responded to new training programs in the building and construction industry relating to sustainable building practices by providing training subsidies
- **Building and Construction Industry Training Fund Staff Profile**

	2007/08	2008/09
Full Time Permanent	5	6
Full Time Contract	4	3
Part Time Permanent	2 @ .5 FTE	1 @ .5 FTE 1 @ .75 FTE
*Trainee		1
Total FTE	10	12.25

As at 30 June 2009

- The Fund continues to employ an Administrative Trainee using the State Traineeship system in order to create a training and career opportunity for a young person.

BCITF ORGANISATIONAL STRUCTURE



Denotes advisory lines of communication-----
Denotes direct line of authority_____

Occupational Health and Safety

The BCITF is committed to providing a safe work environment for its staff and visitors. The BCITF has developed processes and procedures to implement the code of practice for occupational safety and health in the public sector. A review of risks and staff awareness process was undertaken during the year that resulted in improvements to office accommodation and risk management. Further development of OS & H management systems is continuing an ongoing process.

The BCITF has not experienced any situation to date which would require implementation of the Injury Management requirements of Section 155C of the Workers Compensation and Injury Management Act 1981.

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, four staff members were appointed to positions following formal selection processes. No breach claims were lodged in respect to the appointments. A complaint regarding an alleged breach of public sector standards was lodged with the Commissioner of Public Sector Standards in June 2008. A detailed response refuting the allegation was submitted to the Office of Public Sector Standards which subsequently confirmed that the matter did not require further investigation.

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

In December 2008 the Office of Public Sector Standards reported on the compliance of Public Sector agencies with a report titled "State of the Service Report 2008". The BCITF, along with five other Public Sector agencies, were identified in the report as demonstrating best practice in reporting and analysis of risk management in official conduct, human resource management and public interest disclosures.



.....
Ian C Hill
Chairman
BCIT Board

DIRECTORY

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

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 operations of the BCITF are available from the office.

Website: www.bcitf.org and www.nolimits.com.au

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. Peter Collier BA DipEd MLC Minister for Energy; Training.



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Building and Construction Industry Training Board.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.


An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators 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 and key performance indicators.

**Building and Construction Industry Training Board
Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Building and Construction Industry Training Board at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the 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 2009.

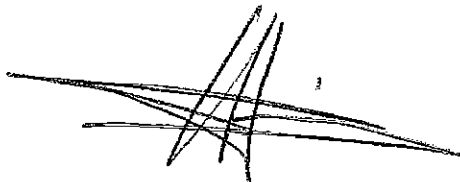

COLIN MURPHY
AUDITOR GENERAL
14 September 2009

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD
PERFORMANCE INDICATORS**

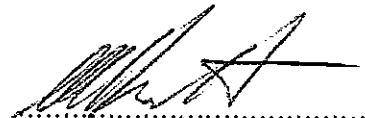
For the year ended 30 June 2009

CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the performance of the Building and Construction Industry Training Board for the financial year ended 30 June 2009.



.....
Ian C Hill
Chairman



.....
Maxwell Rivett
BCIT Board Member

Dated 21st day of August 2009



PERFORMANCE INDICATORS

Mission

"The demands of the building and construction industry for skilled workers are supported"

The key outcomes of the Building and Construction Industry Training Fund in supporting the skilled workforce demands of the building and construction industry contribute to the Government goals of:

- *Building strategic infrastructure that creates jobs and underpins economic development.*
- *Delivery of efficient and effective services*
- *Achievement of results*
- *Greater focus on service delivery in regions*
- *Economic activity is managed in a socially and environmentally responsible manner.*

The Western Australian building and construction industry employs 10.4% of the State's total workforce and contributed approximately 9.4% to the Gross State Product (GSP) as at June 2008.

KEY EFFECTIVENESS INDICATORS

1. *"The proportion of employers and workers surveyed who are satisfied with the quality of training supported by the BCITF."*

Effectiveness Indicator 1.

Name	Source	Number Surveyed	Number Responses	Satisfaction Target	Actual 2008-09	2007-8	2006-7
Employers satisfaction levels ¹	Survey of Host and DI employers	722	224	70%	62%	67%	67%
Building worker satisfaction ²	Course feedback	11,254	11,254	80%	89%	82%	81%

Employer satisfaction results have been derived from surveys of employers and primarily related to satisfaction of delivery of apprentice's off the job technical training. Approximately 80% of this training is delivered by TAFE.

The indicator relating to worker satisfaction is a measure of the level of satisfaction with supplementary skills training and occupational safety and health training, subsidised by the BCITF in the last 12 months. Satisfaction levels for worker training have exceeded the target, however, employer satisfaction levels relating to apprentice training have reduced.

¹ A mailed survey was sent to a sample of 722 Employers from a population of 1064 second, third and fourth year apprentices hired directly, (DI) and Employers who hire through a Group Training Scheme (Host Employers) which represents a 31% response rate.. A total of 224 responses were received. Satisfaction is calculated from a scale of 1-10, where 1 is very dissatisfied, and 10 is very satisfied, and is derived from the question: "Overall, I am happy with the training my apprentice is receiving"; responses 7-10 are included in the result. Based on the sample of 224 responses, the percentage of overall satisfaction was 62% with a margin of error of 3.21% at a level of confidence of 95%.

² The BCITF has a formal relationship with a number of private training providers who deliver training courses subsidised by the Fund. Approximately 80% of all subsidies involve a group of approximately 10 RTOs; 5 of the top 10 providers were able to provide data on student satisfaction. There were 11,254 respondents to the surveys for these 5 RTOs, which represents 34% of all BCITF subsidised training.



In addition to the responses received from the direct survey of employers and workers to determine satisfaction levels for training supported by the BCITF, the Fund relies on other feedback mechanisms. These include Industry Stakeholder Advisory Committees, who provide views on training systems and outcomes in the Industry. The BCITF also makes regular contact with registered training organisations and industry employer/employee associations to seek input re the level of satisfaction with the level and quality of training for the industry.

This information is further supplemented by personal contact with employers and apprentices by BCITF officers, including a field officer visiting people on site. The information gathered is used to assess the validity of formal responses received from satisfaction surveys.

Qualitative feedback from employers of apprentices indicates a level of discontent with aspects of the training such as general concern about the relevance of TAFE training to on-the-job training, lack of flexibility and deficiency in responsiveness to employer need.

2. *"The number of apprentices employed in the building and construction industry as a percentage of the trade's workforce in the industry."*

Effectiveness Indicator 2

Number	Source	Target	2008-09	2007-08	2006-07
Apprentices in training (includes WA Electrical Mechanics)	DoT		8,067	8,784	8257
Tradesmen in industry (including Electrical Mechanics)	ABS ³		65,000	62,000	51,000
Training Rate	Derived	15%	12%	14%	16%

National research has confirmed that Industry needs to train at a training rate (number of active apprentices as a percentage of employed tradespeople) of 15% in order to replace tradespeople leaving the Industry through normal circumstances such as retirement. Note, that with the climate of economic uncertainty, employers have been reluctant to take on new apprentices, and this has seen a decline in the numbers of apprentices in training. In addition, many tradespeople have dropped their "charge out" rate, so it can be more cost effective to hire a tradesperson, rather than a latter year apprentice. These factors, along with the current economic circumstances, have resulted in a reduction in the training rate for 2008/09.

Whilst there has been a reduction in the training rate for construction apprentices, it is worth noting that the training rate in most other industries with traditional apprenticeship trades is approximately 11%, in February 2008.

³ ABS Datacube E09_aug96 - Employed Persons by Sex, Industry, Occupation, State, May 2009 <http://www.abs.gov.au/AUSSTATS/abs>



3. "The number of workers in the building and construction industry supported to undertake skills training as a percentage of the total workforce in the industry"

Effectiveness Indicator 3

Name	Source	Target	2008-09	2007-08	2006-07
Workers in industry trained with BCITF Support	BCITF		32,763	38,666	83,734
Numbers of Workers in Industry	ABS ⁴		122,080	123,600	106,700
Training Rate		30%	27%	31.3%	78.4%

The BCITF has established a target training rate of 30% of the Industry workforce to receive subsidy support.

The average cost of training in public sector and private sector organisations is approximately 1% of salary expenditure. It is not feasible to identify wage costs for this industry and as a result, the Fund has established 30% of the actual workforce as a relevant training target taking into account the need to train new entrants into the industry and up skill the existing workforce.

Note that 2006-07 was an extraordinary year. There was a legislated requirement for any worker on a building site to have completed an occupational health and safety course, known as the "Blue Card" and this led to a "spike" in training activity. The training activity for the current year is indicative of the change in industry confidence and lower level of new entrants into the industry resulting in a reduction in occupational safety and health training.

⁴ ABS E09_aug96 - Employed Persons Industry, State, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003May%202009>



Key Efficiency Indicators

1. *“Apprentice and trainee support administration cost as a percentage of the total value of apprentice and trainee grants”*

2008/09	2007/08	2006/07	2005/06
6.3%	7.2%	6.3%	5.8%

The 2008/09 ratio is lower than 2007/08, and has returned to levels more in line with previous years. This is partly due to a 16% increase in the total value of apprentice and trainee grants paid during the period and effective controls on administrative expenditure. The higher rate in 2007/08 was due to additional salaries expenses from staff overlaps as a result of long service leave and retirements, and additional legal fees.

2. *“Supplementary skills training administration cost as a percentage of the total value of supplementary skills grants”*

2008/09	2007/08	2006/07	2005/06
8.3%	9.0%	5.9%	8.5%

Total administration costs as a percentage of total supplementary skill grants for 2008/09 falls well within the targeted 10% of program expenditure.

While the 2008/09 ratio is lower than the 2007/08 ratio, it should be noted that the figure for 2007/08 was influenced by increased administration expenses mentioned above. The 2008/09 result was impacted by a decrease in the total number of supplementary skill grants paid during the period.

Total administration costs of the fund during 2008/09 were \$1.69m or 7% of total expenditure. This includes approximately \$335,000 in salaries for staff employed in delivery of specific programs such as, Career Promotion, and Research & Development. If these costs are deducted the ratio of administration costs to total expenditure reduces to 5.6%.



**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

FINANCIAL STATEMENTS

For the year ended 30 June 2009

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 Management Act 2006 from proper accounts and records to present fairly the financial transactions for the period ending 30 June 2009 and the financial position as at 30 June 2009.

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



Mark Lukan
Chief Finance Officer

19-08-09

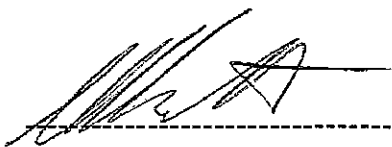
Date



Ian C Hill
Chairman
For the BCIT Board

19/08/2009

Date



Maxwell Rivett
Board Member
For the BCIT Board

19:8:09

Date



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD (BCITB)
INCOME STATEMENT
for the year ended 30 June 2009

	Note	2009 (\$'000)	2008 (\$'000)
INCOME			
Revenue			
Levy receipts	3	21,442	25,407
Interest revenue	4	760	823
Other revenue	5	166	1
Total revenue		<u>22,368</u>	<u>26,231</u>
EXPENSES			
Expenses			
Employee benefits expense	6	1,000	890
Supplies and services	7	391	382
Depreciation expense	8	16	20
Accommodation expenses	9	114	82
Grants and subsidies - programs recurrent	10	902	799
Grants and subsidies - training expenditure recurrent	10	21,731	20,139
Other expenses	11	31	29
Revenue collection costs	12	151	173
Total expenses		<u>24,336</u>	<u>22,514</u>
Surplus/(deficit) for the period		<u>(1,968)</u>	<u>3,717</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
BALANCE SHEET
as at 30 June 2009

	Note	2009 (\$'000)	2008 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	13	11,185	13,118
Receivables	14	529	460
Other current assets	15	2,119	1,932
Total Current Assets		<u>13,833</u>	<u>15,510</u>
Non-Current Assets			
Property, Plant & equipment	16	16	27
Total Non-Current Assets		<u>16</u>	<u>27</u>
TOTAL ASSETS		<u>13,849</u>	<u>15,537</u>
LIABILITIES			
Current Liabilities			
Payables	18	20	13
Provisions	19	163	132
Other current liabilities	20	1,876	1,655
Total Current Liabilities		<u>2,059</u>	<u>1,800</u>
Non-Current Liabilities			
Provisions	19	58	37
Total Non-Current Liabilities		<u>58</u>	<u>37</u>
TOTAL LIABILITIES		<u>2,117</u>	<u>1,837</u>
NET ASSETS		<u>11,732</u>	<u>13,700</u>
EQUITY			
Accumulated Surplus	21	11,732	13,700
TOTAL EQUITY		<u>11,732</u>	<u>13,700</u>

The Balance Sheet should be read in conjunction with the accompanying notes.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Note	2009 (\$'000)	2008 (\$'000)
Balance of equity at start of period		<u>13,700</u>	<u>9,983</u>
ACCUMULATED SURPLUS			
Balance at start of period		13,700	9,983
Profit/(Loss) for the period		(1,968)	3,717
Balance at end of period		<u>11,732</u>	<u>13,700</u>
Balance of equity at end of period	21	<u>11,732</u>	<u>13,700</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
CASH FLOW STATEMENT
for the year ended 30 June 2009

	Note	2009 (\$'000)	2008 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Levies from project owners		21,106	25,692
Interest received		683	794
Other revenue		166	21
GST receipts from taxation authority		2,112	2,162
		<u>24,067</u>	<u>28,669</u>
Payments			
Employee benefits		(945)	(843)
Supplies and services		(397)	(411)
Accommodation		(130)	(82)
Program expenditure		(862)	(820)
Training expenditure		(21,583)	(20,842)
GST payments on purchases		(2,061)	(2,191)
		<u>(25,978)</u>	<u>(25,189)</u>
Net cash provided by / (used in) operating activities	22b	<u>(1,911)</u>	<u>3,480</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(22)	(8)
Net cash (used in) investing activities		<u>(22)</u>	<u>(8)</u>
Net increase/ (decrease) in cash and cash equivalents		(1,933)	3,472
Cash and cash equivalent at the beginning of the period		13,118	9,646
CASH AND CASH EQUIVALENT ASSETS AT THE END OF THE PERIOD	22a	<u>11,185</u>	<u>13,118</u>

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



1. Australian equivalents to International Financial Reporting Standards
General

The Building and Construction Industry Training Board's (Board) financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Board has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ended 30 June 2009.

2. Summary of significant accounting policies

(a.) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.



(b.) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

(c.) Reporting Entity

The reporting entity comprises the Building and Construction Industry Training Board, there being no related bodies.

(d.) Income

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Levy income

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. An estimate 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: 2009 \$873,892 (2008: \$723,531).

Interest

Revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets



(e.) Income Tax

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

(f.) Plant and Equipment

Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of plant and equipment are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Board uses the cost model for all property, plant and equipment. All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office equipment	3 years
Office furnishings	5 years

(g.) Impairment of Assets

Property, infrastructure, plant and equipment are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.



(h.) Leases

The Board has entered into several operating lease arrangements for the rent of the office building and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits to be derived from the leased properties.

(i.) Financial Instruments

In addition to cash, the Board has three categories of financial instrument:

- Loans and receivables
- Held-to-maturity investments (term deposits); and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits

Financial Liabilities

- Payables

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(j.) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(k.) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 28 'Financial Instruments' and note 14 'Receivables'.



(l.) Investments and Other Financial Assets

The Board classifies its investments into the following categories: financial assets at fair value or through profit or loss, loans and receivables and held to maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each balance sheet date. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Non-derivative financial assets with fixed determinable payments and fixed maturity dates are classified as held-to-maturity when management has a positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Loans and receivables held-to-maturity investments, such as commercial bills are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

The Board assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(m.) Payables

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 28 'Financial Instruments' and note 18 'Payables'.

(n.) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 19 'Provisions'.



(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels, including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(ii) Provisions – Other

Employment on-costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. See note 11 'Other expenses' and note 19 'Provisions'.

(o.) Superannuation Expense

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. See note 2(n) (i) "Provisions-Employee Benefits"



(p.) Accrued Salaries

Accrued salaries (refer note 20 'Other liabilities') 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. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(q.) Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(r.) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

(s.) Disclosure of changes in accounting policy and estimates.

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied the Australian Accounting Standards and Australian Accounting Interpretations that have been issued, and may impact the Board but are not yet effective. Where applicable, the Board plans to apply these Standards and Interpretations from their application date.

AASB 101 "Presentation of Financial Statements" (September 2007). This Standard has been reviewed and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Board does not expect any financial impact when the Standard is first applied.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

	2009 (\$'000)	2008 (\$'000)
3 Levy Receipts		
Levy receipts	<u>21,442</u>	<u>25,407</u>
Levy receipts by sector		
Housing	11,700	14,050
Commercial	7,021	8,156
Engineering construction	<u>2,721</u>	<u>3,201</u>
	<u>21,442</u>	<u>25,407</u>
4 Interest Revenue		
Interest revenue	<u>760</u>	<u>823</u>
Earned on current bank accounts and investments by way of term deposits		
5 Other Revenue		
Sundry Income	<u>166</u>	<u>1</u>
	<u>166</u>	<u>1</u>
6 Employee Benefits Expense		
Wages & Salaries (a)	787	678
Superannuation- superannuation guarantee levy	73	64
Long service leave (b)	21	25
Annual leave (b)	31	25
Other employee costs	<u>88</u>	<u>98</u>
	<u>1,000</u>	<u>890</u>
<p>(a) Includes the value of fringe benefit to the employee plus the fringe benefit tax component.</p> <p>(b) Includes a superannuation contribution component</p> <p>Employment on-costs such as worker's compensation insurance are included at note 11 'Other Expenses'. The employment on-cost liability is included at note 19 'Provisions'.</p>		
7 Supplies and Services		
Bank charges	7	7
Communications	42	40
Consumables	52	60
Accounting & audit fees	21	1
Board costs	131	131
Insurance & legal fees	15	67
Other supplies & services	80	50
Travel	<u>43</u>	<u>26</u>
	<u>391</u>	<u>382</u>
8 Depreciation Expense		
Depreciation - office equipment	<u>16</u>	<u>20</u>
9 Accommodation Expense		
Lease rentals	91	63
Outgoings	17	15
Repairs & maintenance	2	1
Cleaning	<u>4</u>	<u>3</u>
	<u>114</u>	<u>82</u>



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

	2009 (\$'000)	2008 (\$'000)
10 Grants & Subsidies		
<u>Programs recurrent</u>		
Career promotion	813	691
Industry initiatives	64	25
Research & development	5	45
Apprentices management	20	20
Competency assessment	0	18
School safety awareness	0	0
	<u>902</u>	<u>799</u>
 <u>Training expenditure recurrent</u>		
by sector-		
Housing	12,781	11,616
Commercial	7,948	7,586
Engineering construction	1,002	937
	<u>21,731</u>	<u>20,139</u>
 11 Other Expenses		
Employment on-costs (a) (see note 6 Employee benefits)	1	1
Other (b)	30	28
	<u>31</u>	<u>29</u>
 (a) Includes worker's compensation insurance, and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 19 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
 (b) Audit Fees, see note 30 'Remuneration of Auditor'.		
 12 Revenue Collection Costs		
Levy collection fees	151	173
 13 Cash and Cash Equivalents		
Bank accounts	135	(71)
Funds on deposit	40	40
Other financial assets- term deposits < three months	11,010	13,149
	<u>11,185</u>	<u>13,118</u>
 14 Receivables		
Receivables	27	3
GST receivable	362	395
Interest receivable	140	62
	<u>529</u>	<u>460</u>
 15 Other Assets		
Accrued levy income	2,119	1,932



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

	2009 (\$'000)	2008 (\$'000)
16 Plant & Equipment		
Office equipment at cost	74	160
Accumulated depreciation	(58)	(133)
	16	27

Reconciliations of the carrying amounts of office equipment at the beginning and the end of the reporting period are set out below:

	Office equipment		Total Non Current Assets	
	2009 (\$000)	2008 (\$000)	2009 (\$000)	2008 (\$000)
Carrying amount at start of year	27	39	27	39
Additions	22	8	22	8
Disposals	-108	-1	-108	-1
Depreciation	-16	-20	-16	-20
Depreciation writeback	91	1	91	1
Carrying amount at end of year	16	27	16	27

17 Impairment of Assets

There were no indications of impairment to plant & equipment assets at 30 June 2008

The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

18 Payables

Trade payables	20	13
----------------	----	----

See also note 2 (m) "Payables" and note 28 Financial Instruments.

19 Provisions

Current

Employee benefits provision:

Annual leave (a)	101	70
Long service leave (b)	62	62
	163	132

Other provisions:

Employment on-costs (c)	0	0
	163	132

Non current

Long service leave (b)	58	37
	58	37

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	52	34
More than 12 months after balance sheet date	49	36
	101	70



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

	2009 (\$'000)	2008 (\$'000)
19 Provisions (Cont...)		
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance sheet date	28	22
More than 12 months after balance sheet date	34	40
	62	62

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 11 'Other expenses'.

20 Other Liabilities		
Accrued training expenses	1,578	1,433
Accrued salaries	24	13
Accrued expenses	274	209
	1,876	1,655

21 Equity		
Accumulated Surplus		
Balance at the start of year	13,700	9,983
Result for the period	(1,968)	3,717
Balance at the end of year	11,732	13,700

22 Notes to the Cash Flow Statement
Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents		
Bank accounts	135	(71)
Funds on deposit	40	40
a . Other financial assets- term deposits	11,010	13,149
	11,185	13,118

Reconciliation of profit/ (loss) to net cash flows provided by/(used in) operating activities:

Profit/(Loss)	(1,968)	3,717
Non cash items:		
Depreciation expense	16	20
Assets expensed	17	0
(Increase)/ decrease in assets:		
Current receivables	(69)	22
Other current assets	(187)	450



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

	2009 (\$'000)	2008 (\$'000)
22 Notes to the Cash Flow Statement (Cont...)		
Increase/ (decrease) in liabilities		
Current payables	7	0
Current provisions	31	42
Other current liabilities	221	(779)
Non-current provisions	21	8
Net GST payments	52	(29)
Change in GST receivables/payables	(52)	29
b Net cash provided by/(used in) operating activities	<u>(1,911)</u>	<u>3,480</u>

23 Resources Provided Free of Charge

During the year there were no resources provided to other agencies free of charge for functions outside the normal operations of the Board.

24 Commitments

Commitments in relation to leases contracted for the balance sheet date but not recognised in the financial statements as liabilities, are payable as follows:

Within 1 year	181	70
Later than 1 year and not later than 5 years	554	11
Later than 5 years	0	-
	<u>735</u>	<u>81</u>
Representing:		
Non-cancellable Operating Leases	<u>735</u>	<u>81</u>

The existing property lease for the Homebase Centre expired on 30th June 2009. The Board has negotiated an extension until 30th October 2009.

The Board has entered into a non-cancellable five year lease with the option of a five year term extension for premises in Hasler Road Osborne Park. Rent is payable monthly in advance. Contingent rent provisions within the lease agreement require that the current lease payments should be reviewed on 30th June each year and are subject to increase at a rate equivalent to prevailing market rates.

The Board has entered into non-cancellable operating leases for three motor vehicles with State Fleet. Board policy is to replace vehicles on the expiry of the lease, the latest of which matures in February 2012.

25 Contingent Liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Levy refunds

During the 2008/09 year \$21.4 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 2009 amounted to \$873,892 being 4.1% of the amount received. No other contingent liabilities have since come to our knowledge.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

25 Contingent Liabilities (Cont)

Litigation in progress

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.

26 Events Occurring After Balance Date

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

27 Explanatory Statement

This statement provides details of any significant variations between the estimates and actual results for 2008/09 and between the actual results for 2007/08 and 2008/09. Significant variations are considered to be those greater than 10% of budget and \$10,000.

Significant variances between estimate and actual results for the financial year

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 2009.

	2009 Estimate \$'000	2009 Actual \$'000	Variation \$'000
Revenue			
Levy Receipts	23,000	21,442	(1,558)
Interest	800	760	(40)
Expenditure			
Employee Benefits Expense	843	1,000	(157)
Training Expenditure	21,010	21,731	(721)

Levy receipts

Levy collections were 6.8% below budget for the year due to the stronger than anticipated on going effects of the economic downturn. The downturn was felt across all sectors.

Interest

Interest income from Board reserves was 5% lower than budget expectations as a result of lower than expected revenue collections and significant reductions in interest rates during the year.

Employee costs

Employee costs were \$158,000 or 18.7% higher than budget, and can be directly attributed to taking on the Skills Development function from January 1st 2009. This function was not included in the original operating plan. If the costs of \$120,000 associated with the Skills Development function are deducted, total employee costs are in line with budget.

Training expenditure

Training expenditure was \$721,000 or 3.5% higher than budget expectations. This variation is not considered significant.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

Significant Variances between actual and prior year actual - revenues and expenditures

	2009	2008	Variation
	\$'000	\$'000	\$'000
Revenue			
Levy Receipts	21,442	25,407	(3,965)
Interest	760	823	(63)
Expenditure			
Employee benefits expense	1,000	890	(110)
Supplies & services	391	382	(9)
Collection fees	151	173	22
Training expenditure	21,731	20,139	(1,592)

Levy receipts

Levy receipts were 15.6% lower than 2007/08 due to an easing in the building and construction industry associated with the current economic downturn.

Interest

Income from interest bearing deposits was 7.7% lower than the previous year as a result of the lower revenue collections and significant decreases in interest rates during the year.

Employee expenses

Employee expenses were \$111,000 higher than 2007/08 due to the taking on of the Skills Development function from January 1st 2009. If the costs of \$120,000 associated with the Skills Development function are deducted, total employee costs are slightly less than last year. This can be attributed to a reduction in the use of temporary staff.

Collection Fees

Collection Fees were 12.8% lower than 2007/08 and are directly related to the decrease in levy revenue.

Training expenditure

Total expenditure of \$21.7 million was \$1.6 million or 7.9% higher than 2007/08. The major portion was in the Direct Indenture program which recorded a \$2 million or 34% increase in expenditure and the Mature Age Subsidy which experienced a 31% increase. This was partially offset by a 38% decrease in the OH & S program and a 30% decrease in Pre Apprenticeships.

Due to the decrease in levy revenue and the continued strong demand for training funds, resulted in a cash shortfall for the year of \$1.9m and consequently cash reserves fell to \$11 million.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

28 Financial Instruments

Financial Instrument Disclosures

(a) Financial Risk Management Objectives and Policies

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

Credit risk

The Board trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

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

Market risk

The Board does not trade in foreign currency and is not materially exposed to other price risks. The Board is not exposed to any significant interest rate risk because cash and cash equivalents have short term maturities of less than three months and there are no borrowings.

(b) Categories of Financial Instruments

	2009 \$000's	2008 \$000's
Financial Assets		
Cash and cash equivalents	11,185	13,118
Receivables	529	460
Other current assets	2,119	1,932
Financial Liabilities		
Financial liabilities measured at amortised cost (a)	1,897	1,668

(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable)

(c) Financial Instrument Disclosures

Credit Risk Liquidity Risk and Interest Rate Exposure

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Board's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to the senior management of the Board. The Board's maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

The Board does not hold any collateral as security or other credit enhancements relating to the financial assets it holds

The Board does not hold any financial assets that have had their terms renegotiated that would have otherwise resulted in them being past due or impaired.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2009

28 Financial Instruments (Cont)

	Contractual Maturity Dates						Adjustment for discounting	Carrying Amount
	Weighted average effective interest rate	Variable interest rate	Non interest bearing	Within 1 year	greater than 1 year			
2009	%	\$000	\$000	\$000	\$000	\$000	\$000	
Financial Assets								
Cash and cash equivalents	5.8	11,185	-	-	-	-	11,185	
Receivables	-	-	529	-	-	-	529	
Other financial assets	-	-	2,119	-	-	-	2,119	
	-	11,185	2,648	-	-	-	13,833	

Financial Liabilities								
Payables			20				20	
Other financial liabilities			1,876				1,876	
			1,896				1,896	

	Contractual Maturity Dates						Adjustment for discounting	Carrying Amount
	Weighted average effective interest rate	Variable interest rate	Non interest bearing	Within 1 year	greater than 1 year			
2008	%	\$000	\$000	\$000	\$000	\$000	\$000	
Financial Assets								
Cash and cash equivalents	6.9	13,118	-	-	-	-	13,118	
Receivables	-	-	460	-	-	-	460	
Other financial assets	-	-	1,932	-	-	-	1,932	
	-	13,118	2,392	-	-	-	15,510	

Financial Liabilities								
Payables	-	-	13	-	-	-	13	
Other financial liabilities	-	-	1,655	-	-	-	1,655	
	-	-	1,668	-	-	-	1,668	



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

28 Financial Instruments (Cont)
Interest Rate Sensitivity Analysis

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

	Carrying Amount	-1% change Profit	Equity	+1% change Profit	Equity
2009	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents	11,185	(112)	(112)	112	112
Receivables	529	-	-	-	-
Other financial assets	2,119	-	-	-	-
	<u>13,833</u>	<u>(112)</u>	<u>(112)</u>	<u>112</u>	<u>112</u>
Financial Liabilities					
Payables	20	-	-	-	-
Other financial liabilities	1,836	-	-	-	-
	<u>1,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2008					
	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents	13,118	(131)	(131)	131	131
Receivables	460	-	-	-	-
Other financial assets	1,932	-	-	-	-
	<u>15,510</u>	<u>(131)</u>	<u>(131)</u>	<u>131</u>	<u>131</u>
Financial Liabilities					
Payables	13	-	-	-	-
Other financial liabilities	1,655	-	-	-	-
	<u>1,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

29 Remuneration of Member of the Accountable Authority and Senior Officers

Remuneration of Member of the Accountable Authority

The number of members of the Accountable Authority, whose fees, salaries superannuation and other benefits for the financial year, fall within the following bands are:

	2009	2008
\$10,000 - \$20,000	6	6
\$20,001 - \$30,000	0	-
\$30,001 - \$40,000	1	1
The total remuneration of Members of the Accountable Authority is	<u>125</u>	<u>127</u>

The total remuneration included here represents the superannuation expense incurred by the Board in respect of members of the Accountable Authority.

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Accountable Authority, whose total fees, salaries and other benefits for the financial year, fall within the following bands are:

	2009	2008
\$110,001 - \$120,000	-	-
\$120,001 - \$130,000	-	-
\$130,001 - \$140,000	-	-
\$140,001 - \$150,000	-	-
\$150,001 - \$160,000	1	1
The total remuneration of Senior Officers is:	<u>153</u>	<u>137</u>

The total remuneration 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.

30 Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows:

	2009	2008
Auditing the accounts, financial statements and performance indicators.	<u>30</u>	<u>28</u>

Expenses are included in 'Other Expenses' at note 11

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 FMA.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2009

32 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 FMA.

33 Supplementary Financial Information

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

