



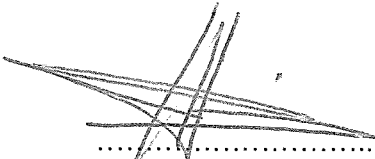
Building and Construction Industry Training Board

2011 – 2012 Annual Report



**TO HON. MURRAY COWPER MINISTER FOR TRAINING AND
WORKFORCE DEVELOPMENT; CORRECTIVE SERVICES**

In accordance with Section 63 of the Financial Management Act 2006, I have pleasure in submitting for your information and presentation to Parliament the Annual Report of the Building and Construction Industry Training Board for the financial year ended 30th June 2012.



**Ian C Hill
Chairman
BCIT Board**

Overview

This Report

This report describes the function and operations of the Building and Construction Industry Training Board and Fund, outlining outputs, financial results and performance indicators for the year ended 30th June 2012. This and earlier annual reports are available on the Training Fund's website at www.bcitf.org.

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Who we are

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

The Fund is managed by a Board of industry representatives and an independent Chairperson. Members of the Board are appointed by the Minister for Training and Workforce Development.

The Fund is a small team of less than 20 staff, based in Osborne Park. It works very closely with stakeholders in the building and construction industry, registered training providers, local government agencies, secondary schools, the Department of Training and Workforce Development and the State Training Board.

What we do

The Fund administers a levy on all building and construction work in Western Australia, with the exception of engineering construction associated with the resources sector.

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

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

Values

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

The standards of conduct and integrity expected of Building and Construction Training Board members and Fund employees are expressed in the following principles.

- **Personal Integrity**
We act with care and diligence and make decisions that are honest, fair, impartial, timely and consider all relevant information
- **Relationships with others**
We treat people with respect, courtesy and sensitivity and recognise their interests, rights, safety and welfare.
- **Accountability**
We use the resources of the Fund in a responsible and accountable manner that ensures the efficient, effective and appropriate use of human, natural, financial and physical resources, property and information.

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

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Training Support Outcomes

- Provided 5,199 apprentice subsidies to employers **(-6%)**.
- Provided 1,300 bonus subsidies to enable employment of Mature Age Apprentices **(-11%)**.
- Provided a further 760 bonus apprentice subsidies including; regional training, Indigenous apprentices, accommodation allowance and skills assessment.
- Provides 582 subsidies for skills assessment (RPL).
- Funded 20,365 people to undertake Skills Training **(+3%)**.
- Funded 12,211 people to undertake Occupational Safety & Health training **(+2.3%)**.

Career Promotion Outcomes

- 110,000 Visits to Information Websites.
- 3,128 School students supported to undertake School to Work Transition programs.
- 148 Presentations made on careers at schools and expos including 72 regional presentations.
- 490 information visits made to employers and probationary apprentices on building sites.
- The Fund provides support through relationships with 160 schools in the metropolitan and country regions.

Training Advisory Services Outcomes

- Updated the Construction Industry Workforce Development Plan.
- Developed and obtained Curriculum Council endorsement of a new VET in Schools training program.
- Facilitated introduction of variable term indenture for the construction trades.
- Developed and gained State Training Board endorsement for a new longer term pre-apprenticeship suitable for periods of economic downturn.
- Refined and published a quarterly industry snapshot report detailing employment and training trends in the industry.

ECONOMIC UNCERTAINTY AND CONTINUED VOLATILITY

2011/12 was once again marked by significant uncertainty in the economy generally and resultant volatility in the construction industry.

The housing sector remained depressed and is approximately 30% below its peak several years ago. Activity in the other sectors of commercial and civil engineering construction fluctuated widely and work slowed in the last months of the financial year.

A YEAR OF REVIEW AND CONSOLIDATION

The Board initiated a number of strategic reviews of financial and program operations which included financial scenario planning should economic circumstances deteriorate further and impact on the Funds revenue.

In late 2011 as part of financial scenario planning the Board decided to make reductions in subsidy levels for several specifically targeted programs. A subsequent reduction in revenue during the last six months of the financial year confirmed the soundness of those decisions.

The adjustments to subsidies were made after careful deliberation and broad consultation with stakeholders who were supportive of the measured approach taken by the Board.

- From the 1st January the subsidy to employers to recoup part of off the job training fees paid for their apprentices ceased.
- The supplementary skills and OS&H training subsidy which was 80% of the median course cost was reduced to 70%.

FINANCIAL RESULTS

The 2011/12 operational plan targeted income of \$32.2 million however a further slowdown in the economy and in building activity in the last 6 months of the year resulted in total revenue of \$29.85 million which was \$2.35 million or 7.3% below target. Expenditure for the year was \$31.99 million which was \$900,000 or 2.7% below budget

The Fund achieved an operating short fall of \$2.1 million which reduced its net equity to \$9.52 million. This is approximately \$2.7 million below the target equity of \$12.24 million set for 2011/12.

TRAINING SUPPORT PROGRAMS STABLE

Despite the slowdown in the economy and in industry activity the Training Fund remained busy and provided approximately 5,200 apprentice subsidies and over 32,000 worker training subsidies during the year.

Although there has been a marked reduction in apprentice commencements during the year, the number of apprentices in training has remained reasonably stable.

IMPACT FROM RESOURCES INDUSTRY RECRUITMENT OF SKILLED WORKERS

There are currently about 120,000 workers employed in the building and construction industry and the number employed has fallen from a peak of approximately 138,000 due to the downturn in activity.

Despite this fall in numbers there has been a significant increase in the workforce involved in engineering construction work in the resources industry.

There is currently about \$90 billion of resource industry infrastructure work either currently under construction or planned for commencement and as a result approximately 30,000 or 25% of the industries workforce is servicing the mining, gas and petroleum industries.

The resources industry also continues to recruit skilled workers from the construction industry for operations jobs which is having a negative impact and creates a great deal of discontent in the construction industry.

Stakeholders in the construction industry consider that it is unfair for this situation to continue, particularly when the resources industry is exempt from payment of the training levy on engineering construction work.

The resource industry pays the levy on commercial and residential construction but this is a very small percentage of total construction in the sector.

The Board has noted that apprentice subsidies provided for the electrical mechanics trade represent approximately 34% of all subsidies provided and is concerned that this sector of the industry is receiving an inequitable proportion of the Training Funds resources.

There has been growth in the number of electrical apprentices employed driven by demand from the resources industry which reinforces the argument for a stronger contribution to be made by the resources industry to Training Fund levy payments.

The BCIT Board proposes that the Building and Construction Industry Training Fund and levy collection regulations be amended to remove the resource industry exemption from payment of the training levy.

ACKNOWLEDGEMENTS

During the year Mr Tony Hall was appointed as a member to replace Mr Steve McCartney who resigned due to heavy work commitments.

The efforts and achievement of the Executive Director, senior officers and staff of the Fund have been greatly appreciated by the Board as 2011/12 has involved additional responsibilities and a heavy workload from normal operations as well as reviews, system development and changes in policy.

CHAIRMAN'S OVERVIEW

The Board appreciates the strong working relationship between the Training Fund and the Department of Training and Workforce Development and State Training Board.

This cooperative relationship is important to the success of all three organisations and Dr Ruth Shean, Director General of the Department and Keith Spence, Chairman of the State Training Board are thanked sincerely for their support.

The Board has also appreciated the support of the Hon Peter Collier MLC Minister for Energy; Training and Workforce Development; Indigenous Affairs and his staff during the year.

A handwritten signature in black ink, appearing to read 'Ian C Hill', written over a horizontal line.

Ian C Hill
Chairman
BCIT Board

BOARD MEMBERSHIP

The Building and Construction Industry Training Board is a body corporate which is responsible for the administration of the training levy and Fund operations.

The Board has seven members appointed by the Minister for Training and Workforce Development. The current term of appointment of Board members expires on the 20th June 2013.

BOARD MEMBER 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 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).

Mrs Sue Hartree
(member)

Was appointed as a member in June 2010, Mrs Hartree was previously employed as a Learning Director with the Real Estate Institute of WA and has held other management roles within the Institute. Prior to this Mrs Hartree was employed as a Senior Social Worker within the community services sector. Mrs Hartree possesses a Bachelor of Arts and Masters Degree in Training and Development from Edith Cowan University.

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.

BOARD MEMBERSHIP

Mr Les Wellington
(member)

Was appointed to the Board in 2010 and has been employed as CEO of the Construction Skills Training Centre in Welshpool since 1998. Prior to this employment Mr Wellington has been employed for a number of years as a union official with the Construction Forestry, Mining and Energy Union of WA.

Mr Tony Hall

Was appointed to the Board in July 2011. He is currently the State President of the Australian Manufacturing Workers Union and has a career spanning a number of roles including boilermaker, domestic services supervisor, library technician and union organiser.

BOARD ACTIVITIES

During the year the Board met on eight occasions and hosted two significant industry liaison events including a half day planning workshop with key industry representatives. The Board held its September 2011 meeting in Bunbury and then participated in a presentation and discussion forum with industry stakeholders from the South West. An annual meeting was held with the Construction Industry Strategic Group (CISG) to discuss issues of common interest. The CISG is comprised of senior representatives from industry who provide input to strategic issues relating to training and workforce development in the construction industry.

EXECUTIVE DIRECTOR'S REPORT

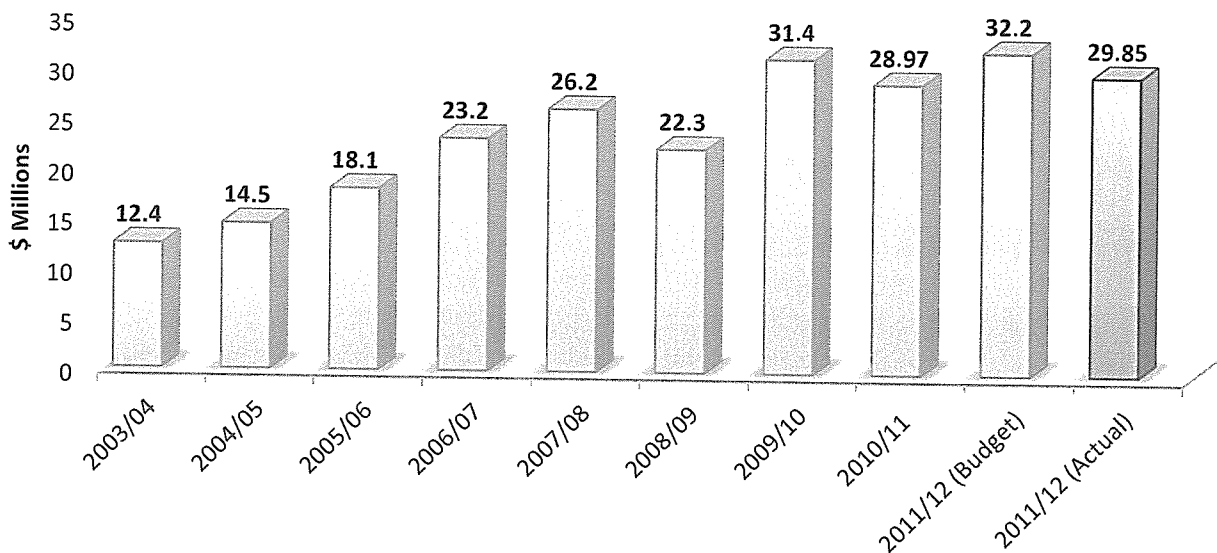
AN OVERVIEW OF THE YEAR

2011/12 has seen a continuation of difficult economic conditions. Construction, particularly in the residential sector has slowed appreciably in the last six months of the financial year and building companies have struggled to maintain a pipeline of work to retain their workforce.

The Funds revenue has been affected and although income was \$880,000 more than received in 2010/11 it was \$2.3 million less than the operational budget for the year.

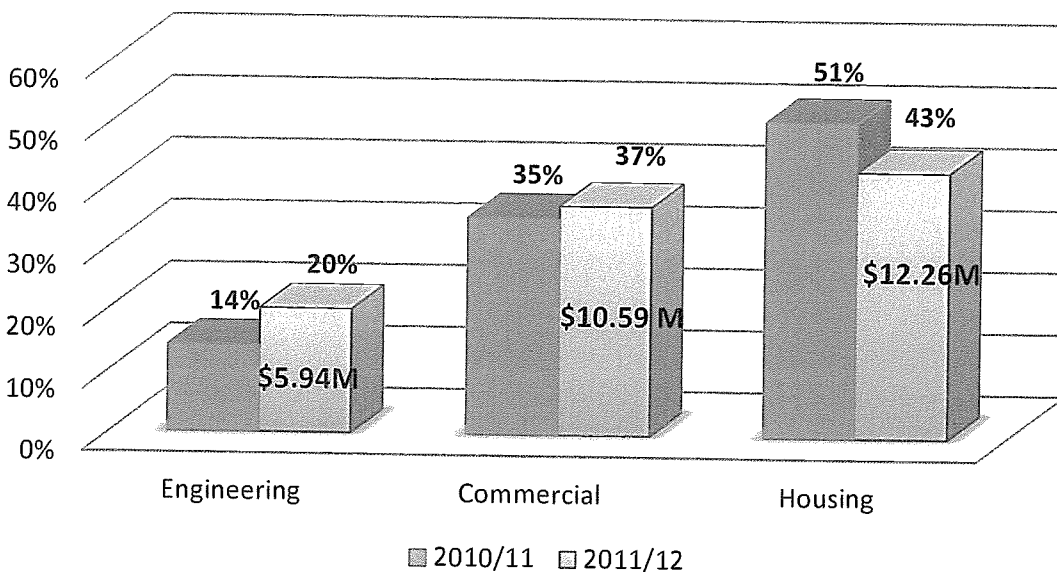
TRAINING FUND REVENUE \$MILLIONS

(Including levy and other income)



Since 2007/08 the global financial crisis and continuing economic uncertainty has resulted in significant volatility in the Fund's revenue.

INDUSTRY SECTOR LEVY REVENUE



EXECUTIVE DIRECTOR'S REPORT

Levy income from the engineering and commercial sectors increased as a percentage of total income during the year. This was due to several major projects including the desalination plant at Binninyup. The housing sector fell significantly.

The last six months of the financial year saw a significant downturn in levy revenue which reflected a slowdown in the industry.

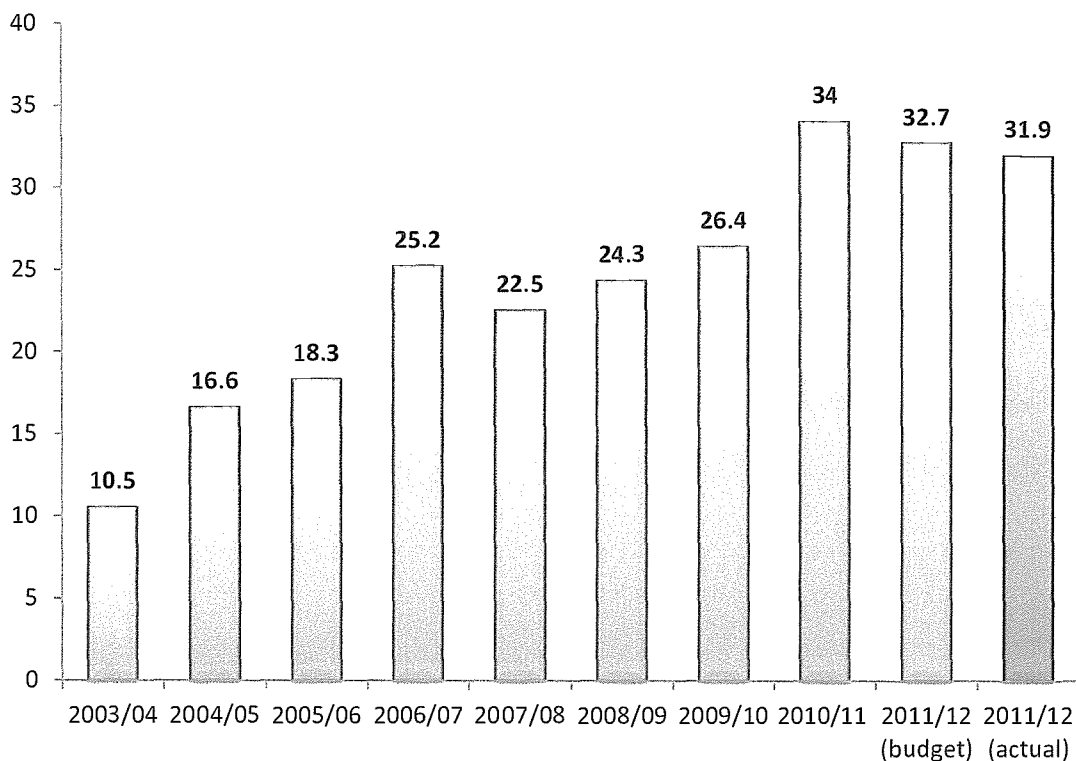
EXPENDITURE RESULTS

The Funds 2011/12 operational plan budgeted for \$32.7 million in recurrent and \$200,000 in capital expenditure and the BCIT Board made adjustments to subsidies for several programs during the year as a financial management strategy. As a result total recurrent expenditure for the year was \$31.99 million which was \$710,000 below budget.

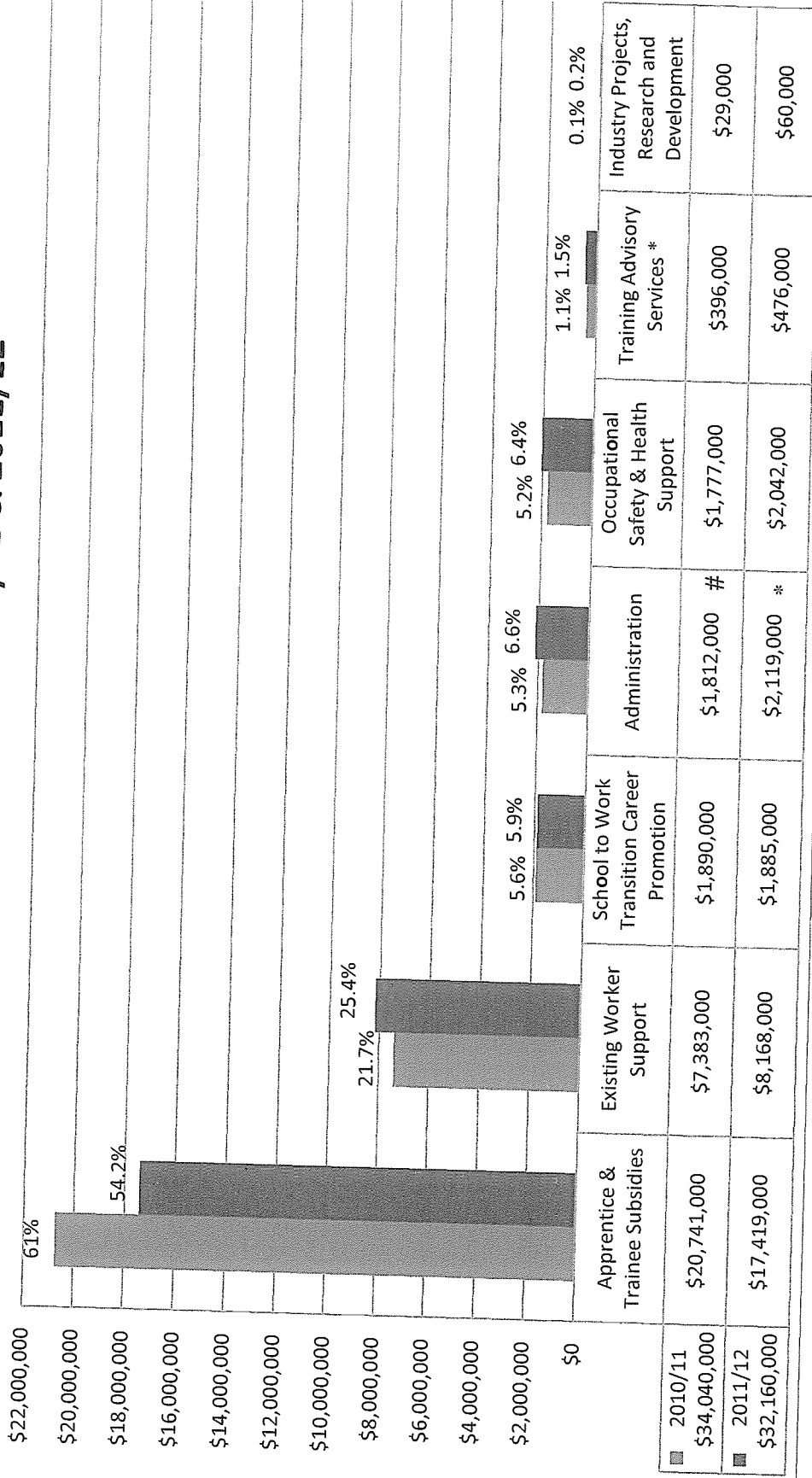
Despite a downturn in the industry the number of apprentices in training has remained stable as employers have tried to maintain their workforce.

The number of employees in the industry has dropped from a peak of 138,000 to 119,000. However, supplementary skills and OH&S training along with apprentice support programs have remained strong.

Expenditure on apprentice support was also lower than the previous year which was due to a reduction in apprentice commencements caused by the slowdown in construction activity.



PROGRAM EXPENDITURE 2010/11 & 2011/12



* includes \$160,000 capital expenditure and \$169,000 depreciation

includes \$50,000 capital expenditure

* fully funded by contract with Department of Training & Workforce Development

LEGISLATIVE CHANGES

Minor amendments were made to the Building and Construction Industry Training Fund Levy Collection Act and Regulations during the year as a consequence of the introduction of the new Building Act 2011.

The Building Act replaces previous requirements under Local Government Legislation for construction work to obtain a "building licence" with a permit and for the training levy to be paid prior to issue of a building licence.

The change in the Training Fund Act and Regulations reflect the change in name from building licence to permit and includes a provision referring to the definition of demolition work under the new Building Act 2011.

The new Building Act includes a provision in which permit issuing authorities such as Local Government Authorities are still required to sight evidence of payment of the Building and Construction Industry Training Fund levy before a permit to construct can be issued.

ADMINISTRATIVE CHANGES AND ACTIVITIES

During the year the Training Fund conducted a number of reviews of programs and as a result introduced various changes to subsidies and processes to improve effectiveness and efficiency. The reviews include:

- Supplementary Skills and OS&H program
 - Resulting in a reduction in subsidy levels from the 1st January 2012 and a change in subsidy methodology from the 1st July 2012.
 - Changes endorsed for implementation on the 1st July 2012 (2012/13 year) include:
 - Withdrawal of funding for training related to licencing of trade occupations (post apprenticeship).
 - Reduction in maximum subsidy for supplementary skills and OS&H training from \$1,500 to \$1,000 (metropolitan) and from \$1,800 to \$1,500 (for regional training).
- Review of certificate IV level training subsidies. Subsidies remain in place but the Fund will be tracking individual claimants to ensure that they claim only the maximum payment for the qualification.
- Review of subsidies for online delivery of training. Support for online delivery of safety awareness training has been withdrawn. Support remains for online delivery in other training courses but is subject to satisfaction that rigorous assessment processes are in place.
- Apprentice subsidy program
 - No change.
- Off the job tuition subsidy program
 - ceased from the 30th December 2012
- Pre apprenticeship scholarship
 - reduced from \$500 to \$250 from 1st January 2012
- Financial contingency planning
 - established to monitor income and expenditure and adjustments made to programs to ensure the Fund operates within its financial targets.
- Review and revamp of the "No Limits" career information website

EXECUTIVE DIRECTOR'S REPORT

- Development and implementation of the "Schools 2 Skills" school to work transition support program which builds on the support programs previously implemented by the Fund.
- Reviewed the relevance of the current \$20,000 threshold for application of the training levy. The Board determined to leave the threshold unchanged and review the issue at a future date.
- Review and development of new media materials to promote new concepts and complement existing advertising campaign.
- Review of levy collection fee to local government agencies. The Board increased the current fee of \$6.00 to \$7.50 per transaction which reflects the CPI increase since the last review.
- Development and implementation of new information management system that will support revenue collection, program administration and financial management of the Fund.
 - The project has progressed satisfactorily and will commence operations in early July 2012.
- Reviewed and updated funding guidelines for subsidy programs.
- Developed and implemented a Memorandum of Understanding to support the relationship with Registered Training Providers.
- Reviewed the application of subsidies to training required for licensing of trade occupations. The Board has determined to withdraw funding of this type of training for the 1st July 2012.
- Reviewed the application of subsidies to training undertaken by temporary workers who do not permanently reside in Western Australia.
 - The Board determined to leave the current policy making temporary workers eligible in place and to monitor the situation.
- Review and establishment of new Key Performance Indicators. A review of the Funds KPI's was undertaken and following development and liaison with the office of Auditor General and Treasury new KPI's were approved and are used to report outcomes in the 2011/12 financial year.

SUMMARY

The Training Fund has had a very busy year responding to steady demand for training support in an environment where industry activity and resultant levy revenue has deteriorated and fluctuated widely.

This has made planning difficult and has prompted the need to make adjustments to support levels at short notice.

In addition, the Fund has undertaken a significant number of operational reviews, system and program improvements and changes. These have all been completed successfully with a minimum of disruption.



Ralph Dawson
Executive Director
Construction Training Fund

APPRENTICESHIP / TRAINEESHIP SUPPORT

HOW IT WORKS

- Employers are paid a subsidy of up to \$9,000 depending on term of indenture to support the employment of apprentices.
 - Employers of directly indentured apprentices receive payment in 3 instalments.
 - Group Training Schemes receive the same amount but paid as a monthly contribution which is passed on to the hirer of the apprentice.
 - Bonus subsidies of up to \$3,000 each are also provided if the apprentice resides in the country, is a mature age apprentice or is an Indigenous apprentice.
- **KEY RESULT: Provided 5,199 subsidies and 1,300 bonus subsidies to support employment of mature age apprentices and trainees.**
- **KEY RESULT 358 bonus subsidies for regional apprentices and 101 bonus subsidies for Indigenous apprentices were provided during the year.**

2011/12 RESULTS

	NUMBER	EXPENDITURE
■ Direct Indenture Apprentices	*2,938	\$10,207,000
■ Group Training Apprentices	*2,261	\$6,198,000
■ Mature Age Bonus (direct indenture)	720	\$680,000
■ Apprentice Living Away from Home Allowance	19	\$5,000
■ Indigenous Bonus (Direct Indenture)	101	\$46,000
■ Skills assessment (RPL)	582	\$115,000
■ Off the Job Training (fee subsidy)	282	\$158,000
TOTALS	*5,199	\$17,409,000

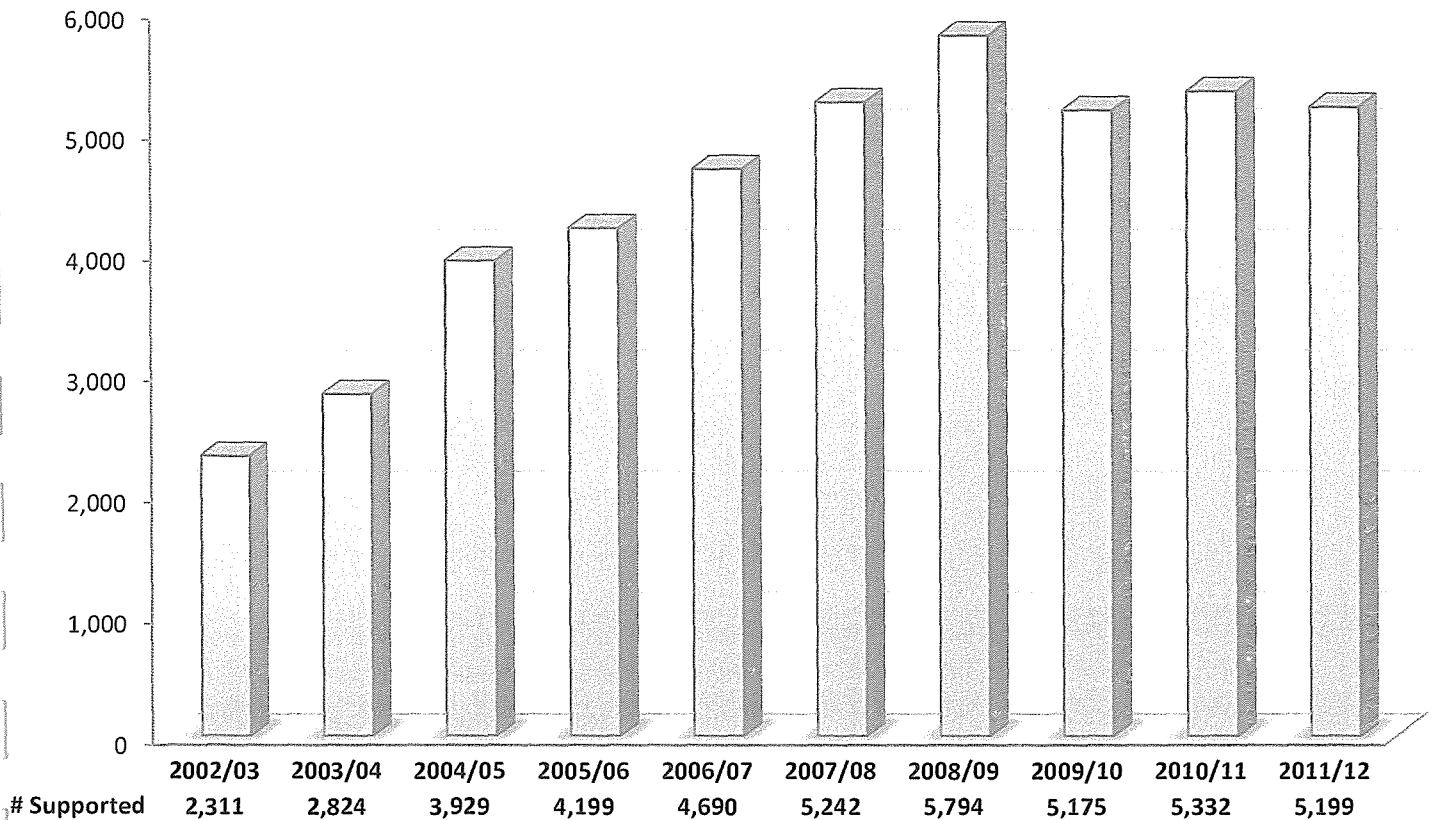
At the end of the financial year there were approximately 8,000 apprentices in training which was a slight increase on the previous year and achieved despite a significant downturn in commencements in the construction trades.

This downturn was offset to a certain extent by an increase in commencements in the electrical mechanics trade which currently receive approximately 34% of all apprentice subsidies.

The overall reduction in apprentice subsidies has resulted in a reduction in expenditure to \$17.4 million.

APPRENTICESHIP / TRAINEESHIP SUPPORT

History of Apprentice Subsidies Provided



The 5,199 subsidies provided during 2011/12 represents a 6% decrease on the number provided in 2010/11.

The decrease in subsidies provided reflects the recent reduction in apprentice commencements with construction trades 22% lower but offset by a 15% increase in electrical mechanics. Despite the downturn in work it is pleasing to see in training numbers stable which indicates that employers are trying to maintain their workforce.

Subsidies are provided on the achievement of outcomes. In the case of direct indenture, grants are paid in instalments to encourage retention and successful completion. In the case of group schemes, subsidies are paid monthly in arrears to support continued employment of the apprentice.

RECOGNITION OF SKILLS (PRIOR LEARNING)

HOW IT WORKS

- Workers in the industry who are assessed in order to receive a qualification or, formal recognition for skills previously developed, are able to claim a subsidy for part of the cost involved.
- A subsidy of up to \$400 is available for apprenticeships and traineeships recognised by the Training Fund.
- A subsidy of up to \$200 is available for verification of competencies and certification relating to occupations such as plant operations.

2011/12 RESULTS

- During the year the Fund provided 582 subsidies for recognition of prior learning or assessment of competencies at a cost of \$115,000.

SUPPLEMENTARY SKILLS SUPPORT

HOW IT WORKS

- Workers in the industry receive a subsidy of up to 70% of the median course cost to undertake skills and Occupational Health and Safety training (changed from 80% to 70% on the 1st January 2012).
- The Fund recognises approximately 300 courses delivered by 60 private Registered Training Providers (RTPs)
- Workers accessing subsidised training with a bulk billing training provider pay 30% of the course fee and the RTP recoups the 70% from the Fund. Alternatively workers make a claim for reimbursement direct from the Training Fund.

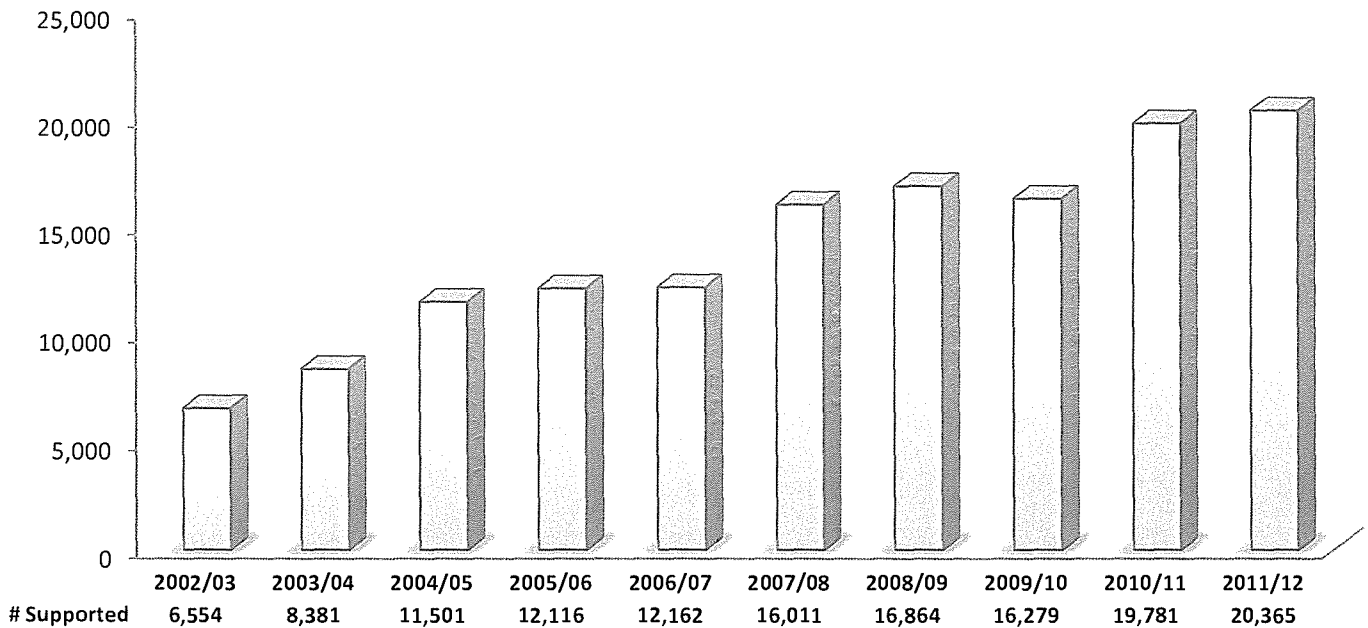
2011/12 RESULTS

	NUMBER OF SUBSIDIES	EXPENDITURE
■ Supplementary Skills	20,365	\$ 8,168,000
■ Occupational Safety & Health	12,211	\$ 2,042,000
TOTAL	32,573	\$ 10,210,000

There are currently 119,000 workers employed in the construction industry in WA of which approximately 30,000 are employed on engineering construction in the resources sector which is exempt from application of the training levy.

The 32,576 workers supported with training subsidies therefore represent 36% of the workforce involved in construction which is subject to the levy.

HISTORY OF WORKERS SUBSIDISED TO UNDERTAKE SUPPLEMENTARY SKILLS TRAINING



The number of workers subsidised for supplementary skills training in 2011/12 was 20,365 or 3% higher than 2010/11. This was a significant result given that the size of the workforce actually decreased during the year.

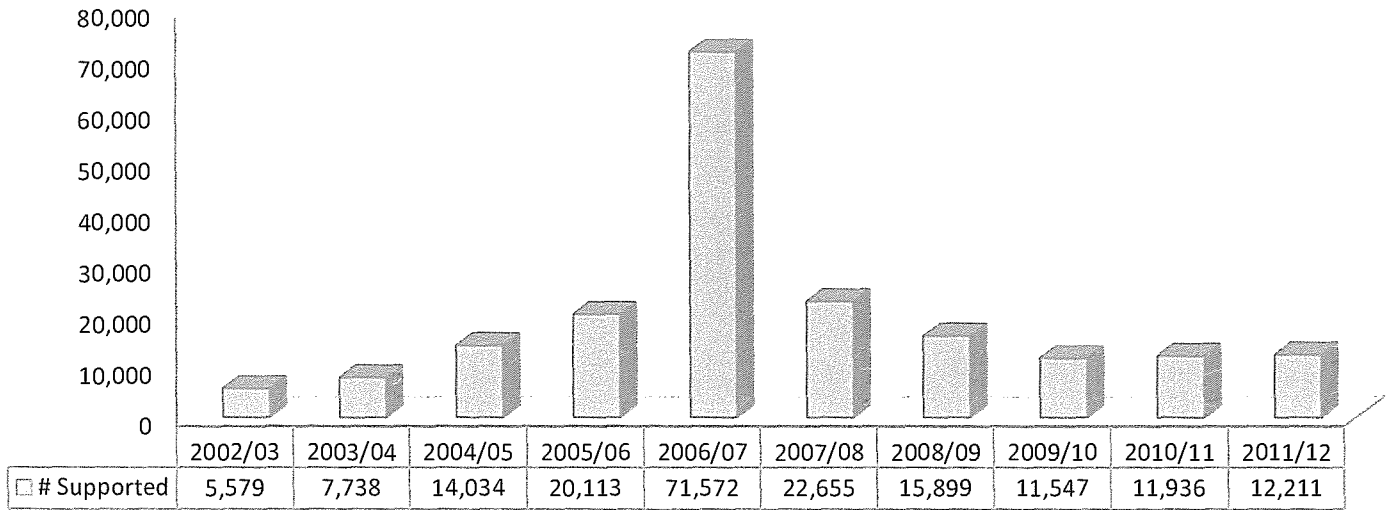
The strong results indicate that many employees upgraded their skills in order to make themselves more attractive to employers in a difficult labour market.

There are also concerns that the increase in number of people undertaking supplementary skills training is being driven by growth in the resources sector when, the resources sector does not contribute to the Training Fund levy for the vast majority of construction in its sector of industry.

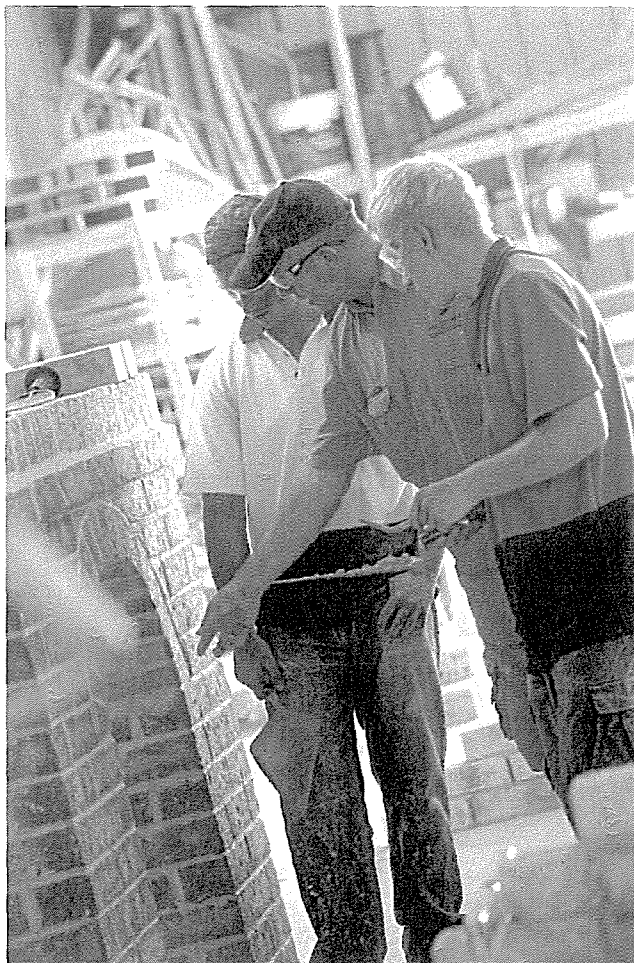
OCCUPATIONAL SAFETY AND HEALTH SUPPORT

HISTORY OF WORKERS SUBSIDISED TO UNDERTAKE OCCUPATIONAL SAFETY & HEALTH TRAINING

The number of workers supported to undertake OSH training was 12,211 which was 2% higher than 2010/11.



This was a surprising result considering the workforce reduced by 13% during the year and reflects the higher mobility of the workforce with new starters during the year.



“The Shed” school based vocational education training.

CAREER PROMOTION AND SCHOOL TO WORK TRANSITION SUPPORT

“NO LIMITS” CAMPAIGN CONTINUES ITS SUCCESS

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

HOW WE DO IT

- Comprehensive media campaigns in TV, radio, print and online advertising, promoting the “One Industry – No Limits” information web site and careers in the industry;
- Distribution of information to schools and career presentations to school students, parents and teachers;
- Attendance at career expos;
- Promotion of apprenticeship and other training to employers through brochures and advertisements in industry magazines and newsletters;
- Visits to apprentices and employers onsite to provide information on apprenticeships in order to support a reduction in attrition rates;
- Funding School to Work Transition programs aimed at giving school students practical knowledge and understanding of apprenticeships;
- Funding awards for training excellence provided by industry employer organisations and training providers;
- Funding scholarships for pre-apprenticeship students to pay for part of course fees.
- The Fund expended \$1.88 million on the Career Promotion / School to Work Transition program in 2011/12. \$793,000 was used to support students in transition programs and \$593,000 was allocated to advertising and promotion.



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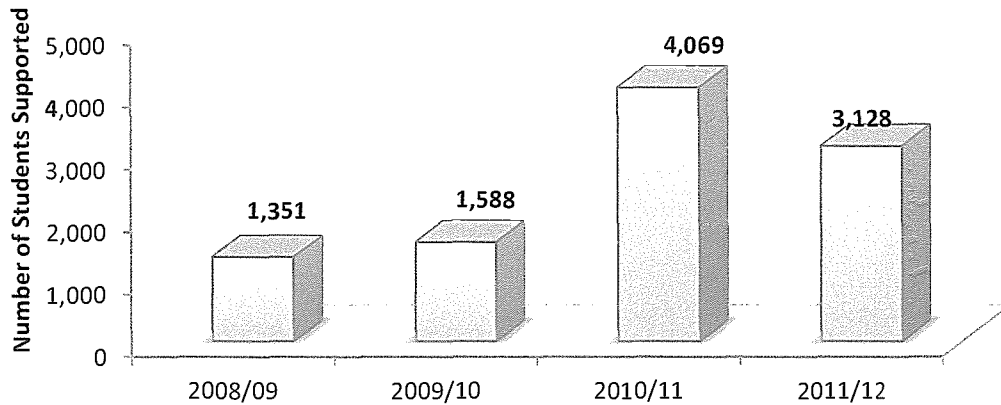
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CAREER PROMOTION AND SCHOOL TO WORK TRANSITION SUPPORT

2011/12 RESULTS

■ STUDENTS SUPPORTED

Subsidised 3,128 school students to undertake School to Work Transition programs including; 1,010 Structured Work Experience, 512 Pre-Apprentice Scholarships, 1,606 Try a Trade taster courses

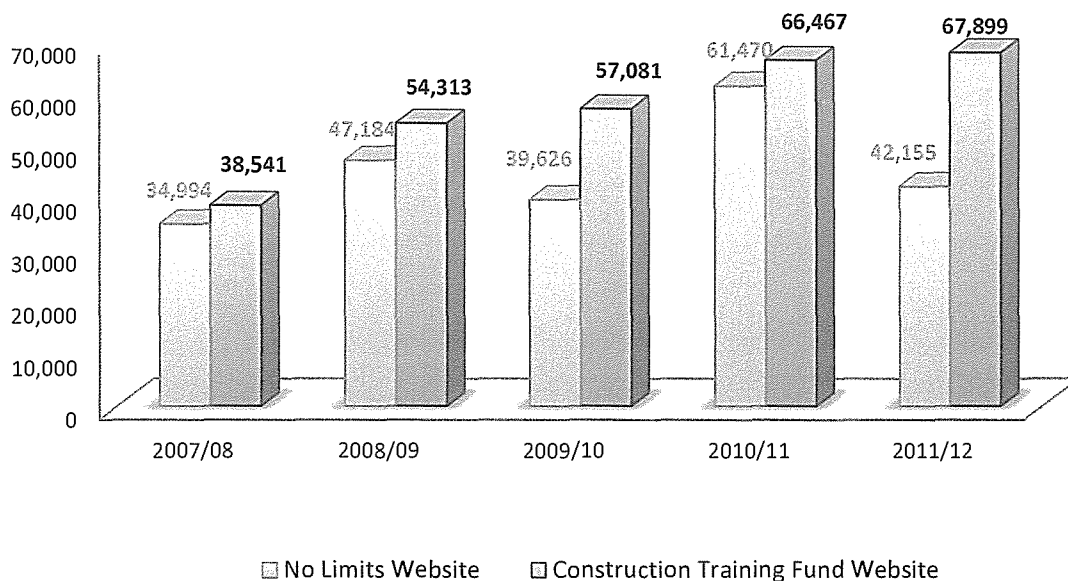


The decrease in number of subsidies provided compared to 2010/11 was due to changes in the secondary education system with only a half cohort of students enrolling in year 10 and a revamp of the way in which financial support has been provided to schools.

Funding is being focussed on school programs where there is greater likelihood of students undertaking a course of study related to the construction industry.

WEBSITE VISITS

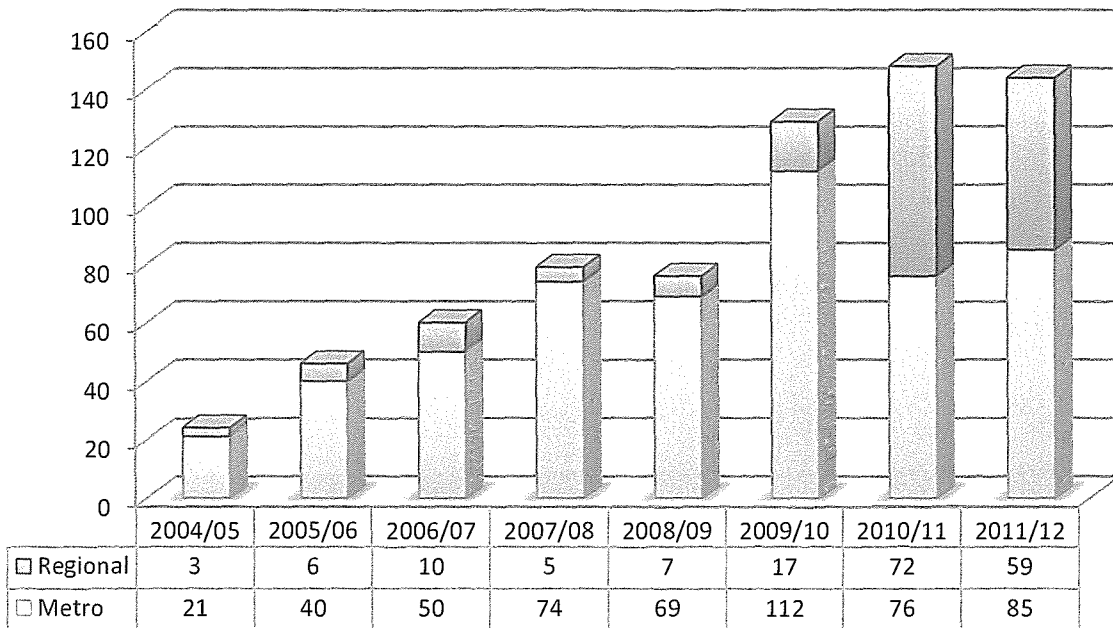
The Fund received approximately 110,000 visits to its information websites in 2011/12.



CAREER PROMOTION AND SCHOOL TO WORK TRANSITION SUPPORT

SCHOOL PRESENTATIONS AND CAREER EXPOS

Fund officers made career presentations and participated in career expos on 144 occasions during the year.



APPRENTICE/ EMPLOYER AND OTHER SUPPORT

- Training Support Officers visited 295 apprentices and their employers during the first eight weeks of the apprenticeship to provide information and support;
- Training Support Officers continue to make contact with employers and apprentices in regional Western Australia whilst also attending regional schools and career expos;
- Maintained a cooperative relationship with 160 schools involved in Vocational Education and Training programs;
- Funded 15 industry organisations to provide awards for excellence;
- Managed a successful school based pre-apprenticeship program in wet trades for 16 students which has been hosted by the Royal Agricultural Society at the Claremont Showgrounds.

RESEARCH AND DEVELOPMENT PROGRAM

During the past year the Research and Development area has, in addition to working on the Industry Workforce Development Plan and Industry Snapshots, focussed on the following specific key projects:

PROVISION OF KEY PERFORMANCE INDICATORS FOR THE ANNUAL REPORT

For 2012, surveys have been modified to suit the latest KPIs.

- Surveys were completed for the following Key Performance Indicators :
 - KPI 2.1- The proportion of workers surveyed who are satisfied overall with the quality of training supported by the Building and Construction Industry Training Fund. The result was a 96% satisfaction rate using a 12 month longitudinal survey of subsidy recipients.
 - KPI 2.2- The proportion of employers surveyed who are satisfied overall with the quality of training supported by the Building and Construction Industry Training Fund. The result was a 92.5% satisfaction rate. This KPI relates to Supplementary Skills and not apprentice training, as in previous years.

IMPACT OF MAJOR RESOURCE AND INFRASTRUCTURE PROJECTS ON THE CONSTRUCTION INDUSTRY WORKFORCE

- It is evident from the results of this project that the demand for construction trade workers over the next four years will be high during the construction phase of the current and proposed resources sector projects. Trades that are most likely to be affected are carpenters and joiners, concreters, construction labourers, electricians and structural steel construction workers.

EVALUATION OF THE TRANSITION OF WORKERS FROM THE CONSTRUCTION INDUSTRY TO THE RESOURCE SECTOR.

- The project is investigating the "Impact of Major Resource and Infrastructure Projects". This research commenced in May 2012. Initial results show that there is a shortage of available qualified tradespersons in the metropolitan area. The trades most sought after are electricians, cabinet makers, carpenters, concreters, labourers, plumbers and bricklayers. Completion of this project will take place after the release of ABS figures in September/October 2012

DETERMINING THE EFFECTIVENESS OF MANDATORY CONSTRUCTION SAFETY AWARENESS TRAINING IN WA

- This project was completed in 2011 and demonstrated that the Safety Awareness Training (white card) has had a positive effect within the industry. There has been a reduction in 'Lost Time Injury' (LTI) due to work related accidents. However there was a general response from industry that there needs to be a more regulated and robust training on an ongoing basis, as work-related injuries remain at an unacceptably high level.

RESEARCH AND DEVELOPMENT PROGRAM

IMPACT OF SUBSIDIES ON EMPLOYER DECISIONS TO RECRUIT APPRENTICES AND TRAINEES

- This research established that the main motivating factors for employers to employ apprentices and trainees were:
 - A means of overcoming the skills shortages of the future.
 - Create a business advantage and enable employers to complete projects in the face of skills shortages.

The subsidies were found to be a key component in supporting employers during the indenture period, especially employers of less than ten employees.

It was also established that in a comparison with all other industries training efforts show there is substantially more training activity in Construction. This comparison supports the proposition that the ability to access apprentice and trainee subsidies is a distinguishing factor that drives high levels of training activity in the construction industry.

APPRENTICESHIP COMPLETION RATES

- An extensive examination of data from the last ten years was performed.

The total number of apprentices working in construction showed trades that had low levels of activity, training rate and completion rates.

It was recommended that trades with low levels of apprentice engagement should be targeted for additional subsidies and support to encourage employers to engage and retain apprentices.

TRAINING ADVISORY SERVICES – INDUSTRY TRAINING COUNCIL

Over the past 12 months the BCIT Board in its capacity as the Construction Training Council, has provided advice to Government and the Department of Training and Workforce Development (DTWD) on a number of key training issues.

Key industry stakeholders have participated in the Construction Industry Strategic Group and Industry Working Group and together with the BCIT Board have developed solutions for a number of issues including;

- The Construction Industry Workforce Development Plan.
- Implementation of VET in Schools, Trade and Para-Professional pathways for entry into the Construction Industry.
- Strategies to raise the amount of Regional Training for first year apprentices.
- The establishment and variation of apprenticeships and traineeships in construction and civil construction.
- Quarterly industry status reports to key stakeholders using a Construction Industry Snapshot.
- Advice to the DTWD related to the State Priority Occupation List (SPOL).
- Consultation and advice on key changes to Training Packages at State and National level.
- Consultation with industry stakeholders and DTWD on key issues relating to mandatory reduction of terms for pre-apprentices, Apprenticeship Policy changes and the retrospective introduction of Trade Certificates.

A comprehensive Industry Workforce Development Plan was completed in November 2011 and submitted to the DTWD. The plan made four key and eighteen specific recommendations that relate to five industry specific areas of concern. A Construction Industry Snapshot report is developed on a quarterly basis and provided to our key industry stakeholders, DTWD, State Training Board and Industry Skills Council.

Industry stakeholders again identified VET in Schools as a key issue where reform was required. In addition, there was an identified need to develop learning resources to support school students who are pursuing a Construction Industry career. A new delivery model was developed for VET in Schools (Construction) in conjunction with the School Curriculum and Standards Authority. The model provides distinct pathways for VET in Schools students and fully articulates directly into a trade or para-professional career. The new pathways were introduced into schools for the commencement of 2012 and 2013 respectively.

In response to reduced industry activity, an Advanced Pre-Apprenticeship program has been piloted in 2012 after gaining approval from the State Training Board. The program will deliver up to 70% of trade competencies and substantial work experience over a one year period. This program has also been piloted in two other industry sectors as part of the State Training Board's 'Responsive Trade Training' working group, of which the Construction Training Council was a member.

A major concern for regional employers has been the need for travel and accommodation away from home for approximately 30% of the State's construction apprentices who reside in regional areas. For 2012, the DTWD has implemented policy that will provide regional funding levels to metropolitan colleges to allow them to assist regional colleges with teaching staff and resources. This policy will enable regional colleges to provide training for more first year trade apprentices. This will

TRAINING ADVISORY SERVICES

reduce travel and accommodation costs for apprentices who currently have to attend metropolitan colleges.

Following industry support for the introduction of a variable term of indenture for the painting and decorating apprenticeship, industry stakeholders requested that the Training Council survey industry in regards to applying the same variable term to all construction apprenticeships. Based on the results of the survey and application to the State Training Board, all existing three year Construction apprenticeships were moved to the variable term model. The same model is now being proposed for use in other industry sectors.

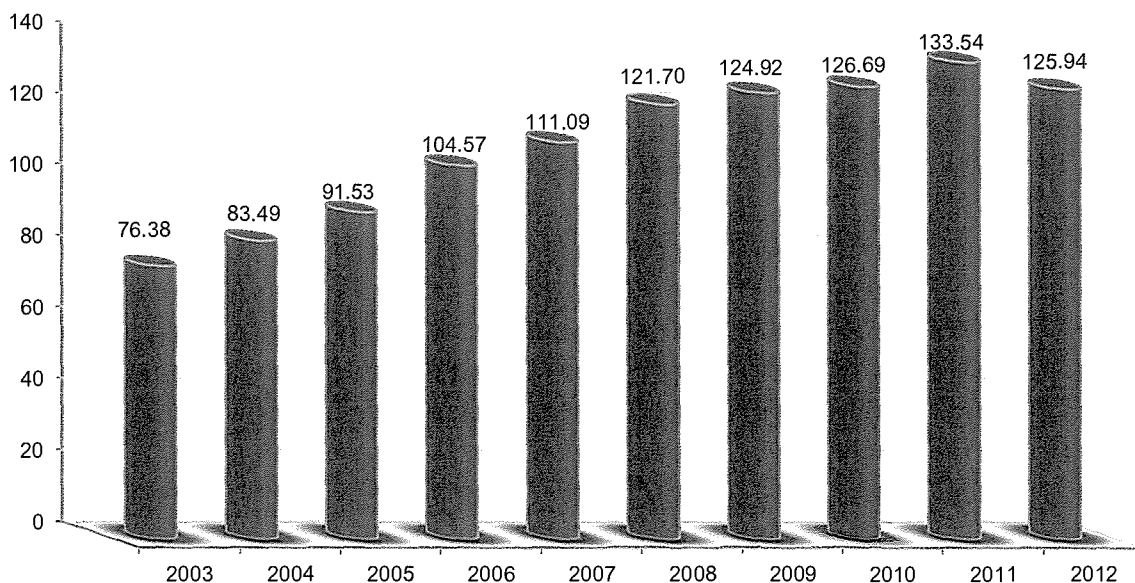
Throughout the year the Training Council has produced quarterly reports that provide industry stakeholders with a summary of the status of the industry using specific performance indicators. The indicators are based on Australian Bureau of Statistics, Construction Forecasting Council and other key providers of statistical information and trends.

The following graph shows the 'annualised average growth' of employment in the construction industry over the last 10 years to May 2012. The industry employs 10% of the State workforce.

The annualised growth in the industry is at a higher rate than all industries combined. In the past 10 years while the construction industry workforce has increased by 59%, the Western Australian workforce has increased by 35%.

For the first time in nine years the industry has experienced a reduction in the number of workers employed, falling 5.7% in 2012. This appears to be due primarily to the uncertain global economic environment and the significant downturn in construction particularly in the housing sector.

NUMBER EMPLOYED – CONSTRUCTION INDUSTRY WA IN 000'S



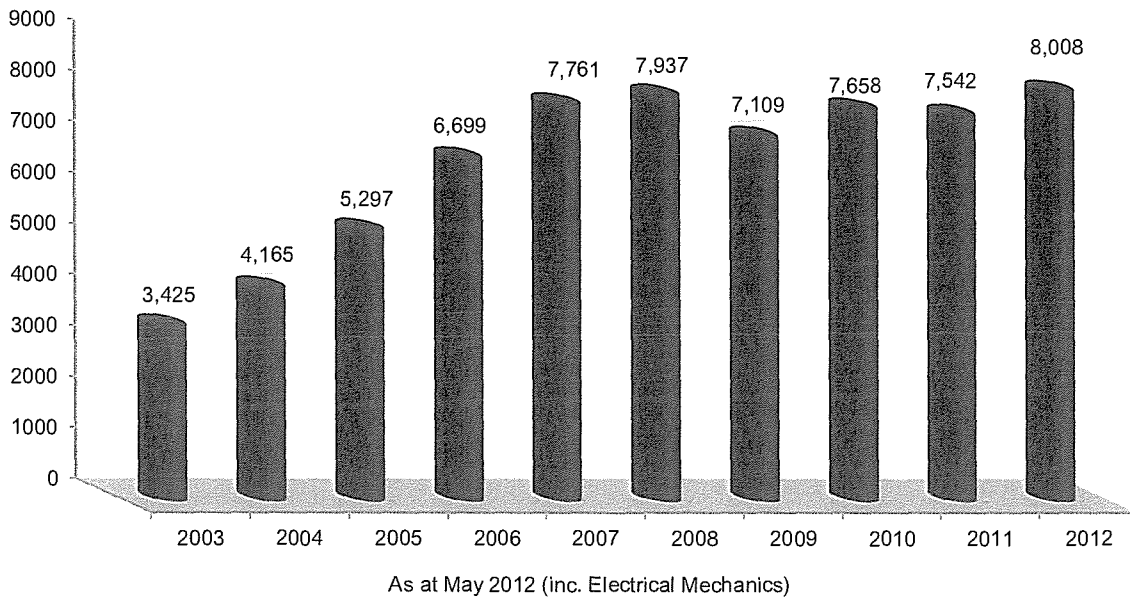
Annualised at May each year

TRAINING ADVISORY SERVICES

The construction industry employs approximately 40% of all apprentices, including electrical mechanics, in Western Australia. The following graph shows the growth of construction apprenticeships over the past 10 years and the reliance that is placed on apprenticeships to meet skills demand.

The 'training rate' (apprentice to tradesperson ratio) is currently approximately 16% which compares favourably with the 'all other industries' average of 8%.

CONSTRUCTION APPRENTICES 'IN TRAINING' OVER PAST 10 YEARS



PLANNED OPERATIONS FOR 2012/13

The Minister for Energy; Training and Workforce Development; Indigenous Affairs approved the Construction Training Fund's Operational Plan for 2012/13 in June 2012. Below is a summary of the plan:

1 JULY 2012 TO 30 JUNE 2013 OPERATIONAL PLAN	
INCOME	
■ Levy Receipts	\$ 28,900,000
Interest Income	\$ 540,000
Other Income	\$ 560,000
TOTAL INCOME	\$ 30,000,000
■ APPRENTICE TRAINING SUBSIDIES	
Group Training Schemes	\$ 6,650,000
Direct Indenture	\$ 10,500,000
Mature Age Bonus	\$ 550,000
Other bonus payments and subsidies	\$ 200,000
TOTAL PROGRAM EXPENDITURE	\$ 17,900,000
■ SUPPLEMENTARY SKILL PROGRAMS	
Construction Skills	\$ 5,000,000
Industry Skills	\$ 1,600,000
Safety & Health Program	\$ 2,000,000
■ CAREER PROMOTION / SCHOOL TO WORK TRANSITION	\$ 1,550,000
■ RESEARCH & DEVELOPMENT / INDUSTRY SUPPORT PROGRAMS	\$ 150,000
■ ADMINISTRATION	\$ 1,800,000
■ CAPITAL EXPENDITURE	\$ 50,000
■ TRAINING ADVISORY SERVICES	\$ 490,000
TOTAL PROGRAM EXPENDITURE	\$ 30,540,000
(Draw) Increase on reserves	\$ (540,000)

PERFORMANCE MANAGEMENT FRAMEWORK

GOVERNMENT GOAL(S)

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

AGENCY LEVEL GOVERNMENT DESIRED OUTCOME(S)

Training Fund programs support an increase in the number of persons in the building and construction industry with the skills required to meet the industry's workforce needs.

Training Fund programs support an improvement in the quality of training for the Construction Industry.

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 9% of the Gross State Product and employs 10% of the State's workforce, this includes 40% of the State's apprentice workforce.

The Construction Training Fund provides financial support to both employers and workers in the industry to employ and train apprentices and to undertake skills enhancement and OSH training. This support has a significant impact and during 2011/12 support has been provided to over 2,000 employers for employment of 5,199 apprentices.

In addition, support has been provided in the form of 32,576 subsidies for workers to undertake skills or OSH training.

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

The BCIT Board has administrated a number of policies aimed at providing further support in the regions which include:

- A weighting on apprentice support subsidies for regional apprentices with employers in the South West receiving an additional 10% and in the North West 20%;
- A living away from home allowance for regional apprentices who have to undertake their training at centres remote from their residence;
- Employment of Field Officer's who visit regions regularly to provide support for employers, apprentices and schools in regional centres.
- Following representations to the Department of Training and Workforce Development agreement for first year apprentices be trained in their own region where possible.

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	▪ Industrial Relations Act 1979 (Employment Act)
▪ Auditor General Act 2006	▪ Library Board of Western Australia Act 1951 – 1983
▪ Building Act 2011	▪ Local Government Act 1995
▪ Building and Construction Industry Training Fund Levy Collection Act 1990	▪ Minimum conditions of Employment Act 1993
▪ Commercial Arbitration Act 1985	▪ Occupational Safety and Health Act 1984
▪ Copyright Act 1968	▪ Public and Bank Holidays Act 1972
▪ Corruption and Crime Commission Act 2003	▪ Public Interest Disclosure Act 2003
▪ Criminal Code	▪ Public Sector Management Act 1994
▪ Disability Services Act 1993	▪ State Records Act 2000
▪ Electoral Act 1907	▪ State Supply Commission Act 1991
▪ Electronic Transactions Act 2003	▪ Statutory Corporations (Liability of Directors) Act 1996
▪ Equal Opportunity Act 1984	▪ Superannuation and Family Benefits Act 1938
▪ Financial Management Act 2006	▪ Superannuation Guarantee (Administration) Act 1992
▪ Freedom of Information Act 1992	▪ Vocational Education and Training Act 1996
▪ Fringe Benefits Tax Act 1986	▪ Work Place Agreement Act 1993
▪ Government Employees Superannuation Act 1987	▪ Workers Compensation and Injury Management Act 1981

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

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

STATUTORY AND OBLIGATORY REPORTING

PUBLICATIONS

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

▪ Annual Report	▪ Quarterly Newsletter
▪ Career information booklets	▪ Training subsidy pamphlets
▪ Program information on website bcitf.org	▪ Career information on website nolimits.com.au
▪ Quarterly Construction Industry Snapshot	▪ Formal research reports

These documents are all available on the Training Fund's www.bcitf.org or www.nolimits.com.au websites.

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

Minor amendments were made to the Building and Construction Training Fund Levy Collection Act and Regulations during the year as a consequence of the introduction of the new Building Act 2011.

The Building Act replaces previous requirements under Local Government Legislation for construction work to obtain a "building licence" with a permit and for the training levy to be paid prior to issue of a building licence.

The change in the Training Fund Act and Regulations reflects the change in name from building licence to permit and includes a provision referring to the definition of demolition work under the new Building Act 2011.

The new Building Act includes a provision in which permit issuing authorities such as local government authorisations are still required to sight evidence of payment of the Building and Construction Industry Training Fund levy before a permit to construct can be issued.

MINISTERIAL DIRECTIVES

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

The Minister approved the 2012/13 Operational Plan in June 2012.

No ministerial directives were issued.

STATUTORY AND OBLIGATORY REPORTING

STAFF DEVELOPMENT

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

\$12,124 was spent on staff development in 2011/12. In addition to external training programs staff members have received training on new information management systems.

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 2011/12 was \$483,660.73			
Advertising Agencies	\$ 92,135.85		
Aspermont	\$ 1430.00	Executive Media	\$ 2,709.08
Vinten Browning	\$ 3,861.30	HIA	\$ 6,200.00
Branch Media	\$ 34,279.54	Dubsat Pty Ltd	\$ 33.00
Business Promotions Aust	\$ 4,500.00	Perth Expo Hire	\$ 1470.00
Construction Worker	\$ 5,000.00	NECA WA	\$ 3,894.56
Crowther Blayne	\$ 7,150.00	Times Publications	\$ 6,000.00
Dowd Publications	\$ 3,990.00	Master Painters Association	\$ 250.00
Australian Trade	\$ 9,130.00	Rural Press	\$ 1,255.00
Electrical Communication Industry	\$ 983.37		
Polling Organisations	nil		
Direct Mail Organisations	nil		
Media Advertising Organisations	\$391,524.88		
Optimum Media	\$ 2,461.20		
Mitchell and Partners	\$ 389,063.68		

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 Training and Workforce Development to deliver training advisory services for the construction industry. The contract for the period under review is valued at \$463,000 for delivery of services until 30th June 2012.

INSURANCE PREMIUMS PAID TO INDEMNIFY MEMBERS OF THE BOARD

A Directors and Officers 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 2011/12 was \$7,634.

FREEDOM OF INFORMATION

The BCITF has published and maintained information statements in the form of hard copy pamphlets and information on its www.bcitf.org website enabling people to access information about programs, policies and procedures.

Procedures are in place to respond to applications under the Freedom of Information Act. No applications were received during the year under review.

STATUTORY AND OBLIGATORY REPORTING

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

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

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

- A standing agenda item on management and staff meetings;
- Maintenance of the Occupational Safety and Health management plan as part of the Fund's Human Resource Management processes as detailed in the Human Resources Manual;
- Identification of Health and Safety risks and monitoring by management and staff;
- Dissemination of information and discussion at staff meetings;
- Dissemination of information and monitoring at management meetings.

The Training Fund's Human Resource Manual includes a policy on injury management, which was developed in accordance with the Workers' Compensation and Injury Management Act 1981.

In May 2011, Occupational Safety and Health policies were updated and documented through a consultation process with all staff members. These policies and processes were documented in the Fund's Human Resource Manual and provided to all staff and forming part of the induction for all new staff and are used as a reference by all staff.

The Fund has an employee assistance program in place. There were no compensation claims processed during the year.

The Construction Training Fund's Occupational Safety and Health statistics for 2011/12 are shown below:

Occupational Safety and Health Statistics	2011/12 Target	2011/12 Actual
Number of fatalities	0	0
Lost time injury / diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within (I) 13 weeks (II) 26 weeks.	Greater than or equal to 80% within 26 weeks.	n/a
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	Greater than or equal to 80%	*60%

** Arrangements are in place for additional supervisors to undertake training in order to meet the target*

STATUTORY AND OBLIGATORY REPORTING

DISABILITY ACCESS AND INCLUSION PLAN

The Construction Training Fund is a non SES organisation which does not fall within the jurisdiction of the Disability Services Act.

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

Work is commencing on the development of a DAIP to assist staff in meeting the objectives and the plan will include the following:

Initiative 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

- People with a disability have an equal opportunity to participate in consultation, decision making, events, processes, complaints and other services provided by the Fund. Venues for events and meetings are assessed for suitable access for people with disabilities. 'Special access or dietary requirements' are considered for events coordinated by the Fund.

Initiative 2: People with disabilities have the same opportunities as others to access the buildings and other facilities of a public authority.

- The Funds office is located on the ground floor of 40 Hasler Road Osborne Park which provides access for people with disabilities. An accessible toilet is located on the ground floor.

Initiative 3: People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

- All office documents are in plain English. Publications are available in alternative formats on request. Information published in the office website can be viewed and printed in alternative sizes and formats. The Fund provides suitable equipment to enable employees with vision or hearing impairments to access electronic information.

Initiative 4: People with disabilities receive the same level and quality service from the staff of a public authority as other people receive from staff of that public authority.

- Staff will receive disability access awareness training.

Initiative 5: People with disabilities have the same opportunities as other people to make complaints to a public authority.

- Anyone with a disability has an equal opportunity to make a complaint. Where necessary, the complaint process will be modified to meet the needs of a person with a disability. This includes meeting people outside of the office and modifying communication strategies.

Initiative 6: People with disabilities have the same opportunities as other people to participate in any public consultation by public authority.

- Staff and members of the public with a disability have an equal opportunity to participate in any consultation process. Most consultation is handled electronically and the website meets disability access requirements. Documents can be made available in alternative formats to meet the needs of people with disabilities.

STATUTORY AND OBLIGATORY REPORTING

RECORDKEEPING PLANS

Records Management Framework

The Training Fund is committed to maintaining record keeping practices consistent with the State Records Act 2000. The current Record Keeping Plan was approved by the State Records Commission for five years in September 2008 and has approval for continuation until 2014.

Evaluation and Review of Efficiency and Effectiveness of Systems

During 2011/12 the Fund's record keeping processes were subject to review resulting in a decision to implement a new records management system using TRIM software which is a product used widely within the Public Sector. Implementation has been delayed pending successful implementation of a new information management system for the Fund which will be completed early in the 2012/13 financial year.

Offsite Storage and Disposal

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

Electronic Records Management

All incoming, outgoing and significant internal documents are being saved electronically into the Electronic Records Management System.

INDUCTION AND TRAINING

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

SUSTAINABILITY CODE OF PRACTICE

As a non SES organisation the Construction Training Fund 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 principles;
- Staff are encouraged to make the most effective use of recycled paper products and to minimise light and power usage;
- The Construction Training Fund has responded to new training programs in the building and construction industry relating to sustainable building practices by providing training subsidies.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

ACTION TO MONITOR AND ENSURE COMPLIANCE WITH WESTERN AUSTRALIAN PUBLIC SECTOR STANDARDS

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

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

All staff attended a Continuous Professional Development session titled Public Sector Reform Legislation Update delivered by the Public Sector Commission in February 2011. The session outlined the changes to recruitment, selection and appointment and discipline as a result of the legislative changes to the Public Sector Management Act 1994.

Compliance issues:

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

ACTION TO MONITOR AND ENSURE COMPLIANCE WITH WESTERN AUSTRALIAN PUBLIC SECTOR CODE OF ETHICS

The code of ethics is available in the Fund's Human Resources manual which is available in the electronic records systems and is part of the induction for new staff.

The code of ethics is reinforced as part of personal performance management processes. Regular information is provided to staff together with relevant training and references made in job descriptions.

Compliance issues:

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

ACTION TO MONITOR AND ENSURE COMPLIANCE WITH TRAINING FUND CODE OF CONDUCT

The Training Fund's Code of Conduct links the corporate values with expected standards of personal conduct. All staff, contractors and consultants who carry out work for, or on behalf of, the Fund are required to comply with the spirit of the Code of Conduct which has the premise that all staff accept personal responsibility for their behaviour.

Compliance issues:

There has been no evidence of non-compliance with the Fund's Code of Conduct. The Training Fund Executive has a Public Interest Disclosure Policy and supports disclosures being made by staff. The Director will take all reasonable steps to provide protection to staff who make such disclosures from any detrimental action in reprisal for making public interest disclosure. The Fund provides guidelines to staff wishing to

make such disclosures. In 2011/12 there were no public interest disclosures about the activities of the Training Fund or issues raised about breaches of the Code of Conduct.

CORPORATE GOVERNANCE FRAMEWORK

The Training Funds governance framework is based on the Public Sector Commissioners Good Governance guide.

GOVERNMENT AND PUBLIC SECTOR RELATIONSHIPS

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

The Board reports to the Minister for Training and Workforce Development.

MANAGEMENT AND OVERSIGHT

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

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

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

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

ORGANISATIONAL STRUCTURE

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

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

OPERATIONS

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

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

PEOPLE

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

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

OTHER DISCLOSURES AND LEGAL COMPLIANCE

FINANCE

The office produces an annual budget, by program and division, which is approved by the Corporate Executive to ensure that it is in line with the strategic direction of the Fund. Financial integrity and accountability is secured through reporting to Corporate Executive and the Board every month.

The Fund also has documented Financial Management processes, designed to assist employees to perform their tasks efficiently and effectively. These manuals ensure disruptions to operations are minimised as a result of staff changes. The processes are consistent with relevant Treasurer's Instructions and State Supply Commission policies.

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

COMMUNICATION

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

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

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

RISK MANAGEMENT

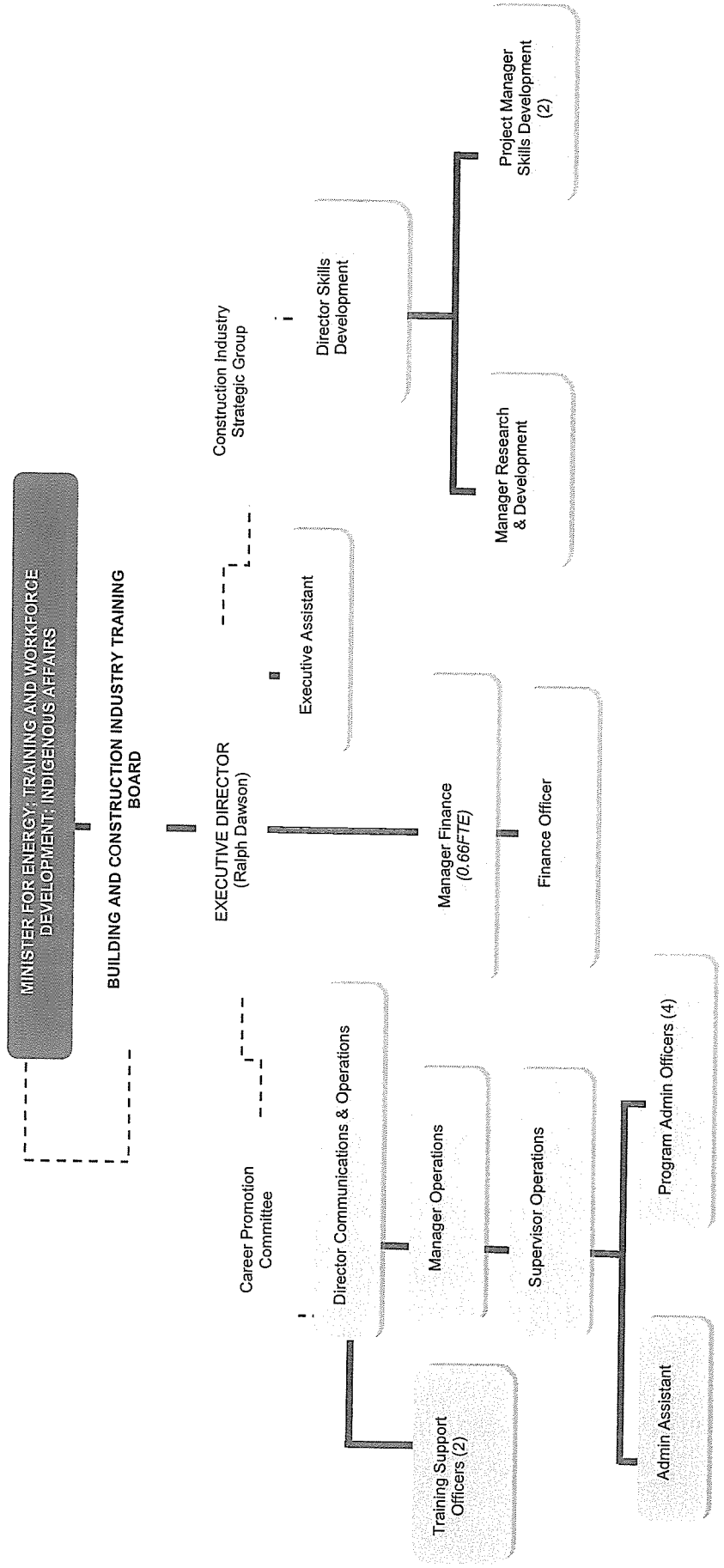
The Training Fund identifies and manages its risk through a Risk Management Plan that has been created following consultation with Risk Cover. A new plan was created during 2011/12. The plan includes actions required to maintain business continuity.

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

CONSTRUCTION TRAINING FUND STAFF PROFILE

	Full Time Permanent	Full Time Contract	Part Time Permanent	TOTAL FTE
2010/11	10	4	1 @ .5 FTE 1 @ .66 FTE	15.16
2011/12	16.6	1	1 @ .66FTE	17.66
As at 30 June 2012				

CONSTRUCTION TRAINING FUND ORGANISATIONAL CHART





Auditor General

INDEPENDENT AUDITOR'S REPORT

15 AUG 2012

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Report on the Financial Statements

I have audited the accounts and financial statements of the Building and Construction Industry Training Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Building and Construction Industry Training Board at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Building and Construction Industry Training Board during the year ended 30 June 2012.

Controls exercised by the Building and Construction Industry Training Board are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Board's Responsibility for Controls

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Building and Construction Industry Training Board based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Board complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the Building and Construction Industry Training Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In my opinion, the key performance indicators of the Building and Construction Industry Training Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

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

This auditor's report relates to the financial statements and key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2012 included on the Board's website. The Board is responsible for the maintenance and integrity of the Board's website. I have not been engaged to report on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements and key performance indicators. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and key performance indicators and related auditor's report dated 14 August 2012 to confirm the information included in the audited financial statements and key performance indicators presented on this website.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 August 2012

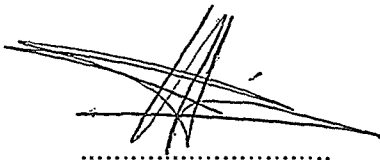
**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

PERFORMANCE INDICATORS

For the year ended 30 June 2012

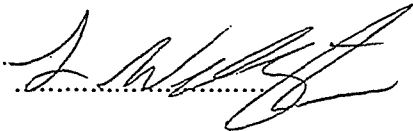
CERTIFICATION OF PERFORMANCE INDICATORS

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 2012.



.....
Ian C Hill
Chairman
For the BCIT Board

.....
Date 13/08/2012



.....
Board Member
For the BCIT Board

.....
Date 13/8/12



KEY PERFORMANCE INDICATORS

During the year the BCIT Board undertook a review of existing Key Performance Indicators and on the 6th March 2012 the Under Treasurer confirmed that a new Outcome Based Management (OBM) structure, including new Key Performance Indicators was approved. The new structure and KPI's for 2011/12 are detailed as follows:

Mission

"The demands of the Building and Construction industry for skilled workers are supported"

GOVERNMENT GOAL(S)

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

AGENCY LEVEL GOVERNMENT DESIRED OUTCOME(S)

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

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

<i>KPI 1-1 "The number of apprentices and trainees employed in the Building and Construction Industry as a percentage of the trade workforce in the industry."</i>			
Number of Apprentices and Trainees	2011-12	2010-11 ¹	2009-10 ²
Apprentices and Trainees in Training (includes Electrical Mechanics) Source: Department of Training and Workforce Development	8,681	7,877	7,750
Number of Tradespeople	2011-12	2010-11	2009-10
Tradespeople in industry* (includes Electrical Mechanics) Source: ABS ³	52,000	74,000	59,000
Percentage	2011-12	2010-11	2009-10
Training Rate ⁴ Source: Derived	16.7%	11%	13%

*The number of tradespeople in the industry has reduced by 29.7% from the previous year due to a downturn in activity primarily in the housing sector.

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

The current number of apprentices 'in training' has increased marginally by 1.7% in the year to May 2012. It should be noted that in previous years the data did not include traineeships.

¹ 2010-2011 - uses 'original' data available in year of previous Annual Report

² 2009-2010 - uses 'original' data available in year of previous Annual Report

³ Australian Bureau of Statistics, Labour Force, 6291.0.55.003 - Australia, Detailed, Quarterly

⁴ Training Rate in Outcome 1 is the ratio of apprentices to tradespeople



KEY PERFORMANCE INDICATORS

Although the 'training rate' in KPI 1.1 shows an increase in overall percentage, there are 29.7% less tradespeople in the industry compared to 2010-2011. A significant number of total workers are employed in Engineering Construction in the resources sector where apprentice employment is limited.

KPI 1.2 "The number of people supported to undertake supplementary skills and Occupational Safety and Health training or skills assessment as a percentage of the total workforce in the Building and Construction Industry."					
Number of People		2011-12	2010-11⁵	2009-10⁶	
Workers in industry trained with Construction Training Fund support Source: CTF	-	33,155	31,717	27,826	
Number of Workers		2011-12	2010-11	2009-10	
Numbers of Workers in the Industry (actual employed at end of May 2012) Source: ABS ⁷	-	89,220	103,140	91,500	
Percentage		Target	2011-12	2010-11	2009-10
Training Rate ⁸ Source: Derived	20%	37%	31%	31%	

Note: All percentages are rounded up or down to the nearest whole number
The above figures do not include apprentice subsidies which are paid directly to employers of the apprentice.

Although the 'training rate' in KPI 1.2 shows an increase compared to 2010-11, the number of workers in the industry has decreased by 13.5% while the workers in industry that are supported by the Construction Training Fund have actually increased by 4.5%.

As at May 2012 there were 118,960 workers employed in the construction industry.

The 'Number of Workers in the Industry' includes the Engineering Construction workforce within the Mining sector and is estimated as 25% of the Construction workforce⁹. These workers are not entitled to access subsidies from the Construction Training Fund but are included as workers in the industry. These workers are excluded from the above tables to reflect the true workforce eligible for Training Fund support.

The decrease of 18,560 workers in the industry appears to be related to a sharp decline in Housing Approvals during March to June 2012.

The increase in the number of people supported is attributed to the continued recruitment of skilled workers by the resource industry with the construction industry left to recruit and up skill new workers to replace those lost.

⁵ 2010-2011 - uses 'original' data available in year of previous Annual Report

⁶ 2009-2010 - uses 'original' data available in year of previous Annual Report

⁷ Australian Bureau of Statistics, Labour Force, 6291.0.55.003 - Australia, Detailed, Quarterly

⁸ Training Rate in Outcome 2 is the ratio of people trained in Supplementary Skills compared to total people in workforce

⁹ ABS Labour Mobility and Intentions Survey 2008



KEY PERFORMANCE INDICATORS

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

KPI 2.1 *“The proportion of workers surveyed who are satisfied with the quality of training supported by the Construction Training Fund”*

Name: Building Worker satisfaction levels
Source: Course feedback

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2011-12	2010-11	2009-10	2008-09
18,941	9,019	8,703	80%	96%	91%	91%	89%

Methodology of Survey – Building Worker Satisfaction Levels

The indicator relating to ‘worker satisfaction’ is a measure of the level of satisfaction with Supplementary Skills training, and Occupational Safety and Health Training that was subsidised by the Construction Training Fund (CTF) within the last twelve months.

Building worker satisfaction levels were determined by surveying students who had undertaken Supplementary Skills training courses at private Registered Training Providers (RTP) who delivered courses subsidised by the CTF. The Survey was included on the CTF claim form which had to be completed and returned to the CTF in order to obtain a reimbursement for the course completed. Results from the survey were entered into the CTF database and the level of satisfaction was derived from these responses.

Based on a random sample across nine private RTPs, 9,019 responses were considered. The percentage of overall satisfaction was 96% with a confidence interval of 0.39 and a level of confidence of 99%.

In addition to the responses received from the direct survey of employers and workers to determine satisfaction levels for training supported by the CTF, the Fund relies on other feedback mechanisms. These include industry stakeholder advisory groups, industry employer/employee associations and regular contact with RTPs.



KEY PERFORMANCE INDICATORS

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

Name: Employer satisfaction levels
 Source: Satisfaction survey of employers

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2011-12	2010-11 ¹⁰	2009-10 ¹⁰	2008-09 ¹⁰
218	70	65	80%	93%	60%	59%	62%

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

Methodology of Survey – Employer Satisfaction Levels

Due to changes in the Key Performance Indicator, the KPI target group for 2011-12 relates to employer satisfaction with Supplementary Skills training rather than apprentice training and therefore, fewer employers were eligible to participate in the survey.

The previous KPI surveyed employers and workers level of satisfaction with the quality of training and included apprenticeship off the job training which is not supported by the Training Fund.

The new KPI's detailed in this report separate satisfaction surveys for employers and workers and only relates to training which is subsidised by the Training Fund.

The majority of this training is short training courses delivered by private training providers which it is assumed has resulted in the significant increase in satisfaction level from previous years.

The current economic climate has seen a decline in the number of apprenticeship commencements in the last quarter of 2011 and the first quarter of 2012.

The survey was distributed to Construction Industry employers whose employees had undertaken Supplementary Skills training subsidised by the Construction Training Fund.

The responses to the survey were entered into an on-line survey collector for analysis.

Of the 218 employers surveyed, a total of 70 completed surveys were received, which represents a 32.1% response rate. Satisfaction levels were calculated on a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied and was derived from the question "How would you rate your level of satisfaction with the subsidised training undertaken by your employee/s". Response levels 4 - 5 were included as positive responses in the result.

Based on the sample of 70 responses the percentage of overall satisfaction was 92.85% with a confidence interval of 4.98 at a level of confidence of 95%.

A 95% confidence level was used due to the smaller sample return size for this survey. This level is commonly used by researchers using this type of survey.¹¹



¹⁰ Based on previous KPI 2008-11 relating to Apprentice Training
¹¹ Survey Monkey and Survey System

KEY EFFICIENCY PERFORMANCE INDICATORS

KPI 3.1 "The total administration costs of the Building and Construction Industry Training Fund as a percentage of the Fund's total expenditure."

2011/12	2010/11	2009/10	2008/09
6.6%	5.8%	6.6%	5.7%

Total administration costs as a percentage of total expenditure for 2011/12 falls well within the targeted 10% of the Fund's expenditure, and the ratio of 6.6% remains in line with previous years.

There has been a 0.8% increase in the administration cost as a percentage of total expenditure in 2011/12 due to the following reasons:

- Total expenditure reduced from \$34 million to \$32 million following reductions in subsidy support for programs
- The staff establishment increased by two positions to accommodate stronger compliance and program auditing processes.

KPI 3.2 "The specific administration costs of the Building and Construction Industry Training Fund represented as a cost per apprentice or trainee subsidised by the Building and Construction Industry Training Fund."

2011/12	2010/11	2009/10
\$76.53	\$70.27	\$67.98

During 2011/12 the Building and Construction Industry Training Board undertook a review of all of its support programs and made adjustments to subsidy levels and payment methodology in a number of cases. This required changes in administrative structure which are being implemented in full in 2012/13. The Board will be establishing individual cost targets for administration of the apprenticeship and supplementary skills programs during 2012/13.

The increased cost in 2011/12 can be directly attributed to a decrease in the number of apprentice subsidies due to reduction in commencements during the course of the year.

Comparative figures for the 2008/09 financial year are unavailable due to the Communications and Operations Directorate and Career Promotion not being recorded as a separate cost and the introduction of the Training Council part way through the year.



KEY EFFICIENCY PERFORMANCE INDICATORS

KPI 3.3 'The specific administration costs of the Building and Construction Industry Training Fund represented as a cost per person supported by the Building and Construction Industry Training Fund to undertake skills training or vocational education.'

2011/12	2010/11	2009/10
\$12.21	\$12.71	\$14.43

During 2011/12 the Building and Construction Industry Training Board undertook a review of all of its support programs and made adjustments to subsidy levels and payment methodology in a number of cases. This required changes in administrative structure which are being implemented in full in 2012/13. The Board will be establishing individual cost targets for administration of the apprenticeship and supplementary skills programs during 2012/13.

The decrease in cost in 2011/12 can be directly attributed to a higher number of subsidies with employers taking advantage of training subsidies to up skill employees during the downturn in the industry.

Comparative figures for the 2008/09 financial year are unavailable due to the Communications and Operations Directorate and Career Promotion not being recorded as a separate cost and the introduction of the Training Council part way through the year.



**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**


FINANCIAL STATEMENTS

For the year ended 30 June 2012

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Building and Construction Industry Training Board have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2012 and the financial position as at 30 June 2012.

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



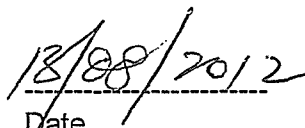
Mark Lukan
Chief Finance Officer



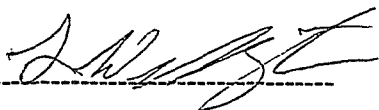
Date



Ian C Hill
Chairman
For the BCIT Board



Date



Board Member
For the BCIT Board



Date



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD (BCITB)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

	Note	2012 (\$'000)	2011 (\$'000)
INCOME			
Revenue			
Levy receipts	3	28,781	27,744
Interest revenue	4	545	835
Other revenue	5	525	394
TOTAL INCOME		<u>29,851</u>	<u>28,973</u>
EXPENSES			
Employee benefits expense	6	1,792	1,572
Supplies and services	7	455	512
Depreciation expense	8	169	156
Accommodation expenses	9	213	209
Grants and subsidies - programs recurrent	10	1,300	1,495
Grants and subsidies - training expenditure recurrent	10	27,875	29,902
Other expenses	11	35	33
Revenue collection costs	12	150	160
TOTAL EXPENSES		<u>31,989</u>	<u>34,039</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(2,138)</u>	<u>(5,066)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(2,138)</u>	<u>(5,066)</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Note	2012 (\$'000)	2011 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	13	8,809	10,244
Receivables	14	171	353
Other current assets	15	1,825	2,431
Total Current Assets		<u>10,805</u>	<u>13,028</u>
Non-Current Assets			
Property, plant and equipment	16	277	224
Total Non-Current Assets		<u>277</u>	<u>224</u>
TOTAL ASSETS		<u>11,082</u>	<u>13,252</u>
LIABILITIES			
Current Liabilities			
Payables	18	29	37
Provisions	19	274	262
Other current liabilities	20	1,129	1,202
Total Current Liabilities		<u>1,432</u>	<u>1,501</u>
Non-Current Liabilities			
Provisions	19	130	93
Total Non-Current Liabilities		<u>130</u>	<u>93</u>
TOTAL LIABILITIES		<u>1,562</u>	<u>1,594</u>
NET ASSETS		<u>9,520</u>	<u>11,658</u>
EQUITY			
Retained earnings	21	9,520	11,658
TOTAL EQUITY		<u>9,520</u>	<u>11,658</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Note	Contributed equity	Reserves (\$'000)	Retained Earnings surplus/(deficit) (\$'000)	Total Equity (\$'000)
Balance as at 1 July 2010	34	-	-	16,724	16,724
Restated balance at 1 July 2010		-	-	16,724	16,724
Surplus/Deficit				(5,066)	(5,066)
Other Comprehensive Income		-	-	-	-
Balance at 30 June 2011		-	-	11,658	11,658
Balance as at 1 July 2011		-	-	11,658	11,658
Surplus/Deficit				(2,138)	(2,138)
Other Comprehensive Income		-	-	-	-
Balance at 30 June 2012		-	-	9,520	9,520

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

	Note	2012 (\$'000)	2011 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Levies from project owners		29,232	27,150
Interest received		699	835
Other receipts		526	392
GST receipts from taxation authority		714	998
		<u>31,171</u>	<u>29,375</u>
Payments			
Employee benefits		(1,767)	(1,586)
Supplies and services		(488)	(534)
Accommodation		(214)	(208)
Grants and subsidies - programs recurrent		(1,281)	(1,487)
Grants and subsidies - training expenditure recurrent		(27,996)	(30,156)
GST payments on purchases		(702)	(767)
		<u>(32,448)</u>	<u>(34,738)</u>
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	22b	<u>(1,277)</u>	<u>(5,363)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(158)	(54)
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(158)</u>	<u>(54)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,435)	(5,417)
Cash and cash equivalent at the beginning of the period		10,244	15,661
CASH AND CASH EQUIVALENT ASSETS AT THE END OF THE PERIOD	22a	<u>8,809</u>	<u>10,244</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Index of Notes to the Financial Statements

For the year ended 30 June 2011

Subject	Policy Note	Disclosure Note	Title of the Disclosure note
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General	2		Summary of significant accounting policies
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General	2b		Basis of Preparation
General	2c		Reporting Entity
Income	2d		Income
Income		3	Levy receipts
Income		4	Interest revenue
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Assets	2j	13	Cash and cash equivalents
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Assets	2l	14	Receivables
Assets	2i	28	Financial instruments
Assets	2m		Investments and Other Financial Assets
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	2o (ii)		Provisions – Other
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General	2s		Disclosure of changes in accounting policy and estimates
General	2t		Judgements made by management in applying accounting policies
General	2u		Key sources of estimation uncertainty
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General		34	Equity



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

1. Australian Accounting Standards

General

The Building and Construction Industry Training Board's (Board) financial statements for the year ended 30 June 2012 have been prepared in accordance with Australian Accounting Standards. The term "Australian Accounting Standards" includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Board has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Board for the annual reporting period ended 30 June 2012.

2. Summary of significant accounting policies

(a.) General Statement

The Board is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

(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).

Note 2t "Judgements made by management in applying accounting policies" discloses judgements that have been made in the process of applying the Board's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

Note 2(u) "Key sources of estimation uncertainty" discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(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 recognised and 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: 2012 \$977,048 (2011: \$1,061,750).

Interest

Revenue is recognised as the interest accrues.

Gains

Realised and unrealised gains 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 immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

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

Subsequent measurement

Subsequent to initial recognition as an asset, the historical cost model is used for all plant and equipment. All items of plant and equipment are stated at historical 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 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

Plant and equipment are tested for any indication of impairment at the end of each reporting period. 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. As the Board is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

(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.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

(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.

Financial Instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Term deposits

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or face 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 Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(k.) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(l.) Receivables

Receivables are recognised 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'.



(m.) Investments and Other Financial Assets

The Board classifies its investments into the following categories: financial assets at fair value 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 the end of the reporting period. 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 or 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 and 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 Statement of Comprehensive Income 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.

(n.) Payables

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

(o.) Provisions

Provisions are liabilities of uncertain timing or 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 the end of the reporting period. See note 19 'Provisions'.

(i) Provisions - Employee Benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long Service Leave

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Board has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

(ii) Provisions – Other

Employment on-costs

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

(p.) 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"

(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 at fair value. Where the resource received represents a service that the Board would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services are received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(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.

Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Board.

AASB 1054	Australian Additional Disclosures
	This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
AASB 2009-12	Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 ANAD Int 2, 4, 16, 1039 & 1052]
	This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13].



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Notes to the Financial Statements
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The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.

The amendments to AASB 101 clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity is no longer required. There is no financial impact.

AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & Int 112, 115, 127, 132 & 1042]

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfer of Financial Assets [AASB 7 & 7]

This Standard introduces additional disclosure relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 AND Int 2, 112 & 113]

This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]

This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

Future impact of Australian Accounting Standards not yet operative

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

		Operative for reporting periods beginning on/after
AASB 9	Financial Instruments	1 Jan 2013
	This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.	
	The Standard was reissued in December 2010. The Board has not yet determined the application or the potential impact of the Standard.	
AASB 13	Fair Value Measurement	1 Jan 2013
	This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.	
AASB 119	Employee Benefits	1 Jan 2013
	This Standard supersedes AASB 119 Employee Benefits, introducing a number of changes to accounting treatments.	
	The Standard was issued in September 2011. The Board has not yet determined the application or the potential impact of the Standard.	
AASB 1053	Application of Tiers of Australian Accounting Standards	1 Jan 2013
	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.	
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023, & 1038 and Int 10 & 12)	1 Jan 2013
	(Modified by AASB 2010-7)	



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
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AASB 2010-2

1 Jan 2013

Amendments to Australian Accounting Standards arising from Reduced Disclosure requirements (AASB 1 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121,123, 124, 127, 128, 131, 133, 134, 137, 138, 140, 141, 1050, & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 127)

This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.

AASB 2010-7

1 Jan 2013

Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Int 2, 5, 10, 12, 19, & 127)

This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Board has not yet determined the application or the potential impact of the Standard.

AASB 2011-2

1 Jul 2013

Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements (AASB 101 & 1054)

This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.

AASB 2011-7

1 Jan 2013

Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138,139, 1023, & 1038 and Int 5 9, 16, & 17)

This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. The Board has not yet determined the application or the potential impact of the Standard.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2012

AASB 2011-8

1 Jan 2013

Amendments to Australian Accounting Standards arising from AASB 13 (AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131, & 132)

This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.

AASB 2011-9

1 Jul 2012

Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income (AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039, & 1049)

This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit and loss subsequently (reclassification adjustments). The Board has not yet determined the application or the potential impact of the Standard.

AASB 2011-10

1 Jan 2013

Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (AASB 1, 8, 101, 124, 134, 132, 1049, & 2011-8 and Int 14)

This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 Employee Benefits in September 2011. The Board has not yet determined the application or the potential impact of the Standard

AASB 2011-11

1 Jan 2013

Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements

This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.

(t.) Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Board evaluates these



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

judgements regularly.

(u.) Key sources of estimation uncertainty

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

Long Service Leave

Several estimations and assumptions used in calculating the Board's long service leave provision, expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

	2012	2011
	(\$'000)	(\$'000)
3 Levy Receipts		
Levy receipts	<u>28,781</u>	<u>27,744</u>
Levy receipts by sector		
Housing	12,264	14,126
Commercial	10,575	9,611
Engineering construction	<u>5,942</u>	<u>4,007</u>
	<u>28,781</u>	<u>27,744</u>
4 Interest Revenue		
Interest revenue	<u>545</u>	<u>835</u>
Earned on current bank accounts and investments by way of term deposits	<u>545</u>	<u>835</u>
5 Other Revenue		
DET - Skills Development	463	360
Training 457 Visa	62	32
Sundry/Other Income	<u>0</u>	<u>2</u>
	<u>525</u>	<u>394</u>
6 Employee Benefits Expense		
Wages & Salaries (a)	1,376	1,213
Superannuation- superannuation guarantee levy	130	109
Long service leave (b)	74	16
Annual leave (b)	(26)	44
Other employee costs	<u>238</u>	<u>190</u>
	<u>1,792</u>	<u>1,572</u>
 (a) Includes the value of fringe benefit to the employee plus the fringe benefit tax component. (b) Includes a superannuation contribution component		
 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'.		
7 Supplies and Services		
Bank charges	8	9
Communications	55	70
Consumables	75	78
Accounting & audit fees	12	12
Board costs	138	137
Insurance	20	15
Legal Fees	7	3
Other supplies & services	89	112
Conferences and Seminars	7	12
Travel	<u>44</u>	<u>64</u>
	<u>455</u>	<u>512</u>
8 Depreciation Expense		
Office equipment	<u>169</u>	<u>156</u>



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

	2012 (\$'000)	2011 (\$'000)
9 Accommodation Expense		
Lease rentals	195	187
Outgoings	11	10
Repairs & maintenance	0	5
Cleaning	7	7
	213	209
10 Grants & Subsidies		
<u>Programs recurrent</u>		
Career promotion	1,240	1,466
Industry initiatives	0	0
RPL	18	13
Research & development	42	16
Apprentices management	0	0
	1,300	1,495
<u>Training expenditure recurrent</u>		
by sector-		
Housing	11,874	15,130
Commercial	10,230	10,406
Engineering construction	5,771	4,366
	27,875	29,902
11 Other Expenses		
Employment on-costs (a) (see note 6 'Employee benefits')	1	1
Other (b)	34	32
	35	33
<p>(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.</p> <p>(b) Audit Fees, see note 30 'Remuneration of Auditor'.</p>		
12 Revenue Collection Costs		
Levy collection fees	150	160
13 Cash and Cash Equivalents		
Bank accounts	621	62
Funds on deposit	80	80
Other financial assets- term deposits	8,108	10,102
	8,809	10,244
14 Receivables		
Receivables	27	27
GST receivable	123	152
Interest receivable	21	174
	171	353

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

	2012 (\$'000)	2011 (\$'000)
15 Other Assets		
Accrued levy income	1,817	2,415
Prepayments	8	16
	<u>1,825</u>	<u>2,431</u>
16 Plant & Equipment		
Office equipment at cost	734	517
Accumulated depreciation	(457)	(293)
	<u>277</u>	<u>224</u>

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	
	2012 (\$000)	2011 (\$000)	2012 (\$000)	2011 (\$000)
Carrying amount at start of year	224	325	224	325
Additions	222	54	222	54
Disposals	6	0	6	0
Depreciation	(169)	(155)	(169)	(155)
Impairment losses	0	0	0	0
Depreciation writeback	6	0	6	0
Carrying amount at end of year	<u>277</u>	<u>224</u>	<u>227</u>	<u>224</u>

17 Impairment of Assets

There were no indications of impairment to plant & equipment assets at 30 June 2012.

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	29	37
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See also note 2 (m) "Payables" and note 28 Financial Instruments.

19 Provisions

Current

Employee benefits provision:

Annual leave (a)	119	145
Long service leave (a)	154	117
	<u>274</u>	<u>262</u>

Other provisions:

Employment on-costs (c)	0	0
	<u>274</u>	<u>262</u>

Non current

Employee benefits provision:

Long service leave (b)	130	93
	<u>130</u>	<u>93</u>



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

	2012 (\$'000)	2011 (\$'000)
19 Provisions (Cont...)		
(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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	64	75
More than 12 months after the reporting period	55	70
	119	145
(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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	84	52
More than 12 months after the reporting period	70	65
	154	117
(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	901	1,104
Accrued expenses	228	98
	1,129	1,202
21 Equity		
Retained Earnings		
Balance at the start of year	11,658	16,724
Result for the period	(2,138)	(5,066)
Balance at the end of year	9,520	11,658
22 Notes to the Statement of Cash Flows		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents		
Bank accounts	621	62
Funds on deposit	80	80
a) Other financial assets- term deposits	8,108	10,102
	8,809	10,244



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2012

	2012 (\$'000)	2011 (\$'000)
22 Notes to the Statement of Cash Flows (Cont...)		
<u>Reconciliation of profit/ (loss) to net cash flows provided by/(used in) operating</u>		
Profit/(Loss)	(2,138)	(5,066)
Non cash items:		
Depreciation expense	169	156
Assets accrued	(64)	0
(Increase)/ decrease in assets:		
Current receivables(c)	182	320
Other current assets	606	(438)
Increase/ (decrease) in liabilities		
Current payables	(8)	16
Current provisions	12	81
Other current liabilities	(73)	(412)
Non-current provisions	37	(20)
Net GST receipts/(payments)(a)	11	230
Change in GST receivables/payables(b)	(11)	(230)
b) Net cash provided by /(used in) operating activities	<u>(1,277)</u>	<u>(5,363)</u>

(a) This is the net GST paid/received, ie. Cash transactions

(b) This reverses out the GST in receivables and payables

(c) Note that the Australian Taxation Office (ATO) receivables/payables in respect of GST and the receivables/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

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

The commitments below are inclusive of GST where relevant.

Lease commitments

Commitments in relation to leases contracted at the end of the reporting period but not recognised in the financial statements as liabilities, are payable as follows:

Within 1 year	211	164
Later than 1 year and not later than 5 years	208	276
	<u>419</u>	<u>440</u>
Representing:		
Non-cancellable Operating Leases	<u>419</u>	<u>440</u>



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2012

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 four motor vehicles with State Fleet. Board policy is to replace vehicles on the expiry of the lease, the latest of which matures in September 2014.

25 Contingent Liabilities

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

Levy refunds

During the 2011/12 year \$28.78 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 2012 amounted to \$0.977m being 3.39% of the amount received. No other contingent liabilities have since come to our knowledge.

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 the end of the reporting period.

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

27 Explanatory Statement

Significant variations between the estimates and actual results for 2012 and between the actual results for 2011 and 2012 are shown below. Significant variations are considered to be those greater than 10% of budget and/or \$50,000.

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 2011.

	2012 Estimate \$'000	2012 Actual \$'000	Variation \$'000
Income			
Levy Receipts	31,000	28,781	(2,219)
Interest	700	545	(155)
Expenditure			
Employee Benefits Expense	1,750	1,792	(42)
Training Expenditure	28,329	27,875	454

Levy Receipts

Levy receipts were \$2.2m or 7% less than budget expectations, due to a great deal of uncertainty and volatility in the economy generally and in the industry as a whole.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2012

Interest

Interest income from Board reserves were \$155,000 or 22% lower than budget expectations due to a reduction in the funds on deposit and decreasing interest rates.

Training expenditure

Training expenditure was \$0.45m or 2% lower than budget expectations. This variation can be directly attributed to measures taken during the year to respond to the downturn in revenue.

Significant Variances between actual and prior year actual

	2012	2011	Variation
	\$'000	\$'000	\$'000
Income			
Levy Receipts	28,781	27,744	1,037
Interest	545	835	(290)
Expenditure			
Employee benefits expense	1,792	1,572	(220)
Supplies & services	455	512	57
Collection fees	150	160	10
Training expenditure	27,875	29,902	2,027

Levy receipts

Levy receipts were \$1.04m or 3.7% higher than 2010/11. This variance is not considered significant.

Interest

Interest income from Board reserves were \$290,000 or 35% lower than last year due to a reduction in the funds on deposit and decreasing interest rates.

Employee expenses

Employee expenses were \$220,000 or 14% higher than 2010/11 due to the taking on of additional staff in order to meet operational requirements.

Training expenditure

Total expenditure was \$2.03m or 7% lower than 2010/11. This variation can be directly attributed to measures taken during the year to respond to the downturn in revenue.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2012

28 Financial Instruments

Financial Instrument Disclosures

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, restricted cash and cash equivalents, borrowings, finance leases, Treasurer's advances, loans and 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

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

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 28(c) "Financial instruments disclosures" and note 14 "Receivables"

Liquidity risk

Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due. The Board is exposed to liquidity risk through its trading in the normal course of business. The Board's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and finance leases. The Board has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments. The Board does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at note 28(c), the Board is not exposed to interest rate risk because apart from cash and cash equivalents it has no borrowings.

(b) Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2012 \$000's	2011 \$000's
Financial Assets		
Cash and cash equivalents	8,809	10,224
Receivables	171	463
Other current assets	1,825	2,369
Financial		
Financial liabilities measured at amortised cost (a)	901	1,339

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

28 Financial Instruments (Cont)

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.



28 Financial Instruments (Cont)
(c) Financial instrument disclosures

Credit Risk

The following table discloses the Board's maximum exposure to credit risk, and the ageing analysis of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Board.

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

Aged analysis of financial assets

	Carrying amount	Not past due and not impaired	Up to 1 month	1 - 3 months to 1 year	3 months to 1 year	1 - 5 months	More than 5 years	Impaired financial assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012								
Cash and cash equivalents	8,809	8,809	-	-	-	-	-	-
Restricted cash & cash equivalents	-	-	-	-	-	-	-	-
Receivables (a)	171	171	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-
Other financial assets	1,825	1,825	-	-	-	-	-	-
	10,805	10,805	-	-	-	-	-	-
2011								
Cash and cash equivalents	10,244	10,244	-	-	-	-	-	-
Restricted cash & cash equivalents	-	-	-	-	-	-	-	-
Receivables (a)	463	463	-	-	-	-	-	-
Loans and advances	0	0	-	-	-	-	-	-
Other financial assets	2,353	2,353	-	-	-	-	-	-
	13,060	13,060	-	-	-	-	-	-

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



28 Financial Instruments (Cont)
(c) Financial instrument disclosures

Liquidity risk and interest rate exposure

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

Interest rate exposures and maturity analysis of financial assets and liabilities

	Weighted average effective interest rate %	Interest rate exposure			Non interest bearing	Nominal Amount	Maturity Date				
		Carrying amount \$000	Fixed interest rate \$000	Variable interest rate \$000			Up to 1 month \$000	1-12 months \$000	1-2 years \$000	2-5 years \$000	>5 years \$000
2012											
Financial Assets											
Cash and cash equivalents	5.1	8,809	-	8,809	-	-	-	-	-	-	-
Restricted cash & cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Receivables	5.1	171	-	-	171	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-
Other financial Asstes	5.1	1,825	-	-	1,825	-	-	-	-	-	-
		10,805	-	-	1,996	-	-	-	-	-	-
Financial Liabilities											
Payables	-	29	-	-	29	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-
WATC/Bank borrowings	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	901	-	-	901	-	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-	-	-	-	-	-	-
Amounts due to the treasurer	-	-	-	-	-	-	-	-	-	-	-
		930	-	-	930	-	-	-	-	-	-

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



28 Financial Instruments (Cont)
(c) Financial instrument disclosures

Interest rate exposures and maturity analysis of financial assets and liabilities

	Weighted average effective interest rate %	Interest rate exposure			Nominal Amount	Maturity Date												
		Carrying amount \$000	Fixed interest rate \$000	Variable interest rate \$000		Non interest bearing \$000	Up to 1 month	1-3 months	1-2 years	2-5 years	>5 years							
2011																		
Financial Assets																		
Cash and cash equivalents	5.8	10,244	-	10,244	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash & cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	5.8	463	-	-	463	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial Asstes	5.8	2,353	-	-	2,353	-	-	-	-	-	-	-	-	-	-	-	-	-
		13,060	-	10,244	2,816	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities																		
Payables		37	-	-	37	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Overdraft		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WATC/Bank borrowings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities		1,104	-	-	1,104	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance lease liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due to the Treasurer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		1,141	-	-	1,141	-	-	-	-	-	-	-	-	-	-	-	-	-

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



28 Financial Instruments (Cont)
(c) Financial instrument disclosures

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Boards financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis point in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2012	Carrying amount \$000	-100 basis points Surplus \$000	Equity \$000	+100 basis points Surplus \$000	Equity \$000
Financial Assets					
Cash and cash equivalent	8,809	(88)	(88)	88	88
Receivables	171	-	-	-	-
Other financial assets	1,825	-	-	-	-
	<u>10,805</u>	<u>(88)</u>	<u>(88)</u>	<u>88</u>	<u>88</u>

Financial Liabilities					
Payables	29	-	-	-	-
Other financial liabilities	901	-	-	-	-
Total Increase/(Decrease)	<u>930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2011	Carrying amount \$000	-100 basis points Surplus \$000	Equity \$000	+100 basis points Surplus \$000	Equity \$000
Financial Assets					
Cash and cash equivalent	10,244	(102)	(102)	102	102
Receivables	463	-	-	-	-
Other financial assets	2,353	-	-	-	-
	<u>13,060</u>	<u>(102)</u>	<u>(102)</u>	<u>102</u>	<u>102</u>

Financial Liabilities					
Payables	37	-	-	-	-
Other financial liabilities	1,104	-	-	-	-
Total Increase/(Decrease)	<u>1,141</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 2012

29 Remuneration of Members of the Accountable Authority and Senior Officers

Remuneration of Members 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:

	2012	2011
\$10,000 - \$20,000	6	6
\$20,001 - \$30,000	0	0
\$30,001 - \$40,000	1	1

The total remuneration of Members of the Accountable Authority is 132 131

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:

	2012	2011
\$110,001 - \$120,000	0	1
\$120,001 - \$130,000	0	0
\$130,001 - \$140,000	1	0
\$140,001 - \$150,000	0	0
\$150,001 - \$160,000	0	0
\$160,001 - \$170,000	0	0
\$170,001 - \$180,000	0	1
\$180,001 - \$190,000	1	1
\$190,001 - \$200,000	1	0

The total remuneration of Senior Officers is: 519 473

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:

	2012	2011
Auditing the accounts, financial statements and performance	<u>34</u>	<u>32</u>

Expenses are included in 'Other Expenses' at note 11



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements

For the year ended 30 June 2012

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.

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

Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Board on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current Assets.

34 Retained Earnings

	2012	2011
	\$'000	\$'000
Balance at start of year	11,658	16,724
Results for the period	(2,138)	(5,066)
Income and expenditure recognised directly in equity	0	0
Dividends paid	0	0
Balance at end of year	<u>9,520</u>	<u>11,658</u>

