



CONSTRUCTION TRAINING FUND

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

**ANNUAL REPORT
2015-16**

STATEMENT OF COMPLIANCE

To the Hon Liza Harvey MLA, Deputy Premier; Minister for Police; Road Safety; Training and Workforce Development; Women's Interests.

In accordance with Section 63 of the *Financial Management Act 2006*, I have pleasure in submitting for your information and presentation to Parliament the Annual Report of the Building and Construction Industry Training Board for the financial year ended 30 June 2016.



Ian C Hill
Chairman
BCIT Board

OVERVIEW

This report describes the function and operations of the Building and Construction Industry Training Board and Fund, outlining outputs, financial results and performance indicators for the year ended 30 June 2016. This and earlier annual reports are available on the Fund's website at bcitf.org.

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CONTENTS

STATEMENT OF COMPLIANCE	
OVERVIEW OF THE CONSTRUCTION TRAINING FUND.....	1
PERFORMANCE HIGHLIGHTS 2015-16.....	2
CHAIRMAN'S OVERVIEW.....	4
ORGANISATIONAL STRUCTURE	7
AGENCY PERFORMANCE	8
Legislative changes	11
Administrative changes and activities.....	11
Apprenticeship / traineeship subsidies program.....	12
Support for employers.....	12
Outcomes	12
Supplementary skills and occupational safety and health program	14
Higher qualifications.....	14
Recognition of prior learning (RPL)	14
Career promotion and Schools2Skills program.....	16
What we do.....	16
Outcomes	17
Students supported.....	18
Website visits.....	18
School presentations and careers expos	18
Research and development program.....	19
Industry Training Council.....	21
SIGNIFICANT ISSUES IMPACTING THE AGENCY	23
Summary.....	23
Career information centre	23
Planned operations for 2016-17.....	24
PERFORMANCE MANAGEMENT FRAMEWORK	25
STATUTORY AND OBLIGATORY REPORTING.....	26
AUDITOR GENERAL'S REPORT	
CERTIFICATION OF KEY PERFORMANCE INDICATORS	
CERTIFICATION OF FINANCIAL STATEMENTS	
FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2016	

OVERVIEW OF THE CONSTRUCTION TRAINING FUND

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 Building and Construction Industry Training Board are appointed by the Minister for Training and Workforce Development.

As at 30 June 2016, a small team of 21.9 staff service the Fund which is based in Osborne Park. The Fund works closely with stakeholders in the building and construction industry, Department of Training and Workforce Development, State Training Board, registered training providers, local government agencies, secondary schools, and the Department of Training and Workforce Development.

What we do

The Fund administers a levy on 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. These subsidies reduce costs associated with skills training required by a modern and progressive building and construction industry.

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

Values

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

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

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

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.

PERFORMANCE HIGHLIGHTS 2015-16

Significant results have been achieved in training during 2015-16. Despite a decline in building activity across all sectors of the building and construction industry, currently there are 8,189 apprentices in training. This is the second highest number on record.

As at May 2016, the building and construction industry employed almost 48% of all Western Australia's apprentices and this industry employs just over 11% (annualised) of the overall state workforce. The Construction Training Fund continues to support this industry through financial subsidies which help keep skill shortages to minimal levels.

Training support outcomes

Program	Number supported	Funding expenditure
Apprentice subsidies	5,666	\$16.58 million
Skills training subsidies	9,419	\$3.04 million
OS&H training subsidies	9,800	\$1.37 million
Vocational Education and Training in Schools (VETiS), Schools2Skills and Career Promotion	2,961 Schools2Skills	\$3.38 million
	794 VETiS	
	324 Presentations	

Ongoing initiatives

During the year the Fund has provided ongoing funding support for:

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

Career information and school support

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

- 181,022 visits to No Limits and BCITF information websites.
- 2,961 school students in Schools2Skills work transition programs.
- 794 student semester enrolments funded to undertake VETiS programs.
- 324 career presentations and expos undertaken.

PERFORMANCE HIGHLIGHTS 2015-16

Research / Construction Training Council

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

- Research completed into the need for pre-employment vocational training in the construction industry.
- Training needs analysis for the commercial construction sector.
- Research the need for changes to trade training and assessment in the building and construction industry.

Administration costs

In spite of the reduced revenues received by the Fund during the year, administration costs were maintained at a level which was similar to previous years. Overall administration costs were \$2.5 million which is just 8.4% of total expenditure. Consequently, all current programs were able to be maintained and supported during the financial year because these costs were kept to a minimum.

CHAIRMAN'S OVERVIEW

Construction industry activity - 2015-16

The slow-down in the resource sector had a flow on effect across all three sectors of the building and construction industry. As at June 2016, the following seasonally adjusted figures show total building approvals (dwelling units) fell from 32,788 to 24,347 or down 25.7%. Building approvals for houses decreased from 23,683 to 17,470 or down 26.2% and overall dwelling commencements as at March 2016, fell from 32,577 to 26,387 or down 19.0%¹.

The commercial and civil construction sectors also remained subdued. This downturn in activity was reflected in both the Fund's revenue and expenditure patterns. Despite this, by closely monitoring industry activity and predicting trends, the Board has been able to set budgets accordingly. The revenue achieved for the year of \$29.4 million was \$3.8 million or 11.4% below the budget of \$33.2 million. Expenditure of \$29.9 million was \$3.2 million or 9.7% under the budget of \$33.1 million.

Training support programs

The Construction Training Fund expended \$16.6 million in financial support for employment of apprentices and just over \$4.4 million in supplementary skills training.

Participation in additional industry skills and occupational safety and health training decreased slightly and this could be due to the numbers of fully trained and certified tradespersons returning from the resource sector. It is estimated there are approximately 17,000 construction industry employees still working on resource infrastructure construction projects, however, approximately 12,000 are estimated to have been displaced and have since returned to the building and construction industry. As at May 2016, there was an estimated 149,140 workers employed in the building and construction industry which is a 9.3% increase (annualised) compared to May 2015¹.

There has been ongoing support for the number of VETiS students undertaking the new construction industry pathways programs. The Fund has funded over 794 student semester enrolments during the financial year with a further 2,961 students receiving support within the Fund's Schools2Skills programs.

New career information centre

The Board recently approved the plans for the new career information centre and the tender for the construction of this new building has now gone out to market.

The building and construction industry employs nearly 11% of the state workforce and almost 48% of all apprentices. However, it struggles to attract enough school leavers with the aptitude and basic skills to meet its recruitment needs.

The career information centre will be developed in the form of a Scitech for the construction industry and should be a catalyst for greater and more positive interest by students, teachers and parents about careers in construction.

The new centre will also service the Construction Training Fund's accommodation needs. Commissioning of this facility is planned for mid-2017.

¹ Source – Australian Bureau of Statistics

Board structure

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

Board member profiles

Mr Ian Hill, Chairman

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

Ms Susan Bailey

Ms Bailey has worked in the housing construction industry for 34 years. Her experience includes serving as past President of the Housing Industry Association (WA/Asia) and recent experience as a senior executive of the Homestart/JCorp organisation.

Mr Maxwell Rivett

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

Mr Les Wellington

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

Ms Kathleen Soumanis

Ms Soumanis is the Workforce Planning and Capability Manager (Engineering) for the Downer Group. Previously she was the Human Resources Manager – Infrastructure North West for the John Holland Group for six years. Ms Soumanis has held human resource management roles in several large organisations over the past 20 years.

Mr Michael Unger

Mr Unger is General Manager Infrastructure with Ertech Pty Ltd, a civil contracting company and has worked in the construction industry for 15 years. Mr Unger is also the Branch President of the Civil Contractors Federation WA and a member of the Kimberley Training Institute Governing Council.

Mr Gregory Wilton

Mr Wilton has been employed in the electrical contracting industry in a number of states and is currently employed as a Trainer and Assessor. He is also a member of the Trades Recognition Australia WA Electrical Committee and the WA Electrical Licensing Board.

Board reappointments

During the year, the Minister made the following reappointments to the Board: Mr Ian Hill (5 years); Ms Kathleen Soumanis (3 years) and Mr Gregory Wilton (3 years).

Board retirements

Mr Michael Unger retired from the Board in June 2016. The Board and the Construction Training Fund wish to thank Mr Unger for his dedication, commitment and service to the Board. His contribution has been greatly appreciated and the Board wish him all the best for the future.

Board appointments

The Minister appointed Ms Cheng Rolfe from DM Civil to the Board on 20 June 2016 for a three-year term.

Board activities

During the past year the Board met on ten occasions. In March 2016, Board members also participated in an annual strategic planning workshop with approximately 40 industry stakeholders. This workshop assisted the Board to set priorities and strategic program objectives for the future.

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

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

Acknowledgements

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

During the year, the Board had the pleasure of working with the Hon Liza Harvey MLA, Deputy Premier; Minister for Police; Road Safety; Training and Workforce Development; Women's Interests. A strong working relationship has been established with the Minister and her staff which is appreciated.

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

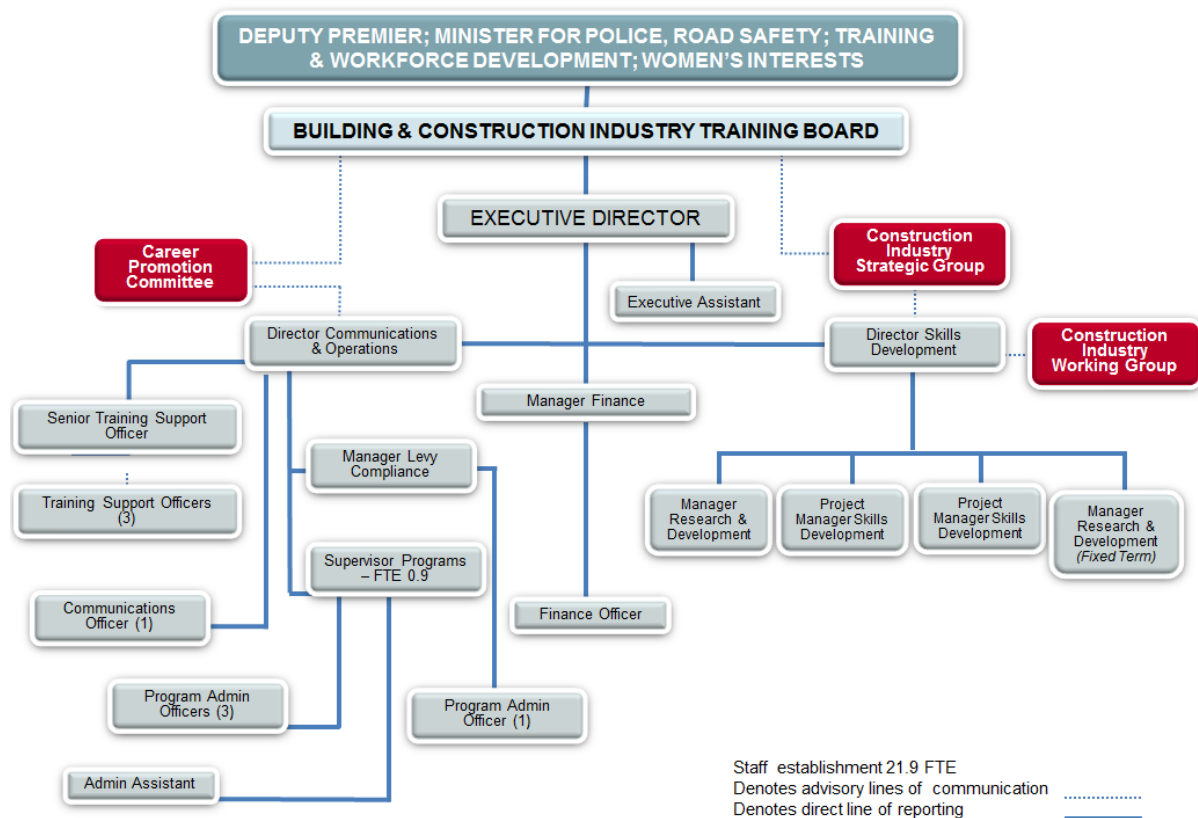
Finally, the Board wishes to acknowledge the very strong efforts and results achieved by Mr Ralph Dawson. Mr Dawson retired in March after 11 years as the Executive Director of the Construction Training Fund so the Board and staff wish him all the very best in his retirement. The contribution made by Mr Dawson and all of the Construction Training Fund staff is greatly appreciated.

The Board looks forward to working with his replacement, Mr Alan Jackson, who commenced on 1 February 2016. Mr Jackson has been an Executive Director in the public sector for the past 16 years and prior to this, for 20 years held senior management roles in the private, training and education sectors.



Ian C Hill
Chairman
Building and Construction Industry Training Board

ORGANISATIONAL STRUCTURE



SENIOR OFFICERS

Mr Alan Jackson

In March 2016, Mr Alan Jackson replaced Mr Ralph Dawson who held the position of Executive Director since 2003.

Mr Jackson has been an Executive Director in the public sector for the past 16 years in the Department of Treasury and Finance and the Department of Commerce. Prior to this, he held senior management roles for 20 years in the private, training and education sectors.

Mr Alan Davis – Director Skills Development

Mr Davis has been employed by the Construction Training Fund since 2009. He has over 28 years' experience in the delivery and management of VETiS programs.

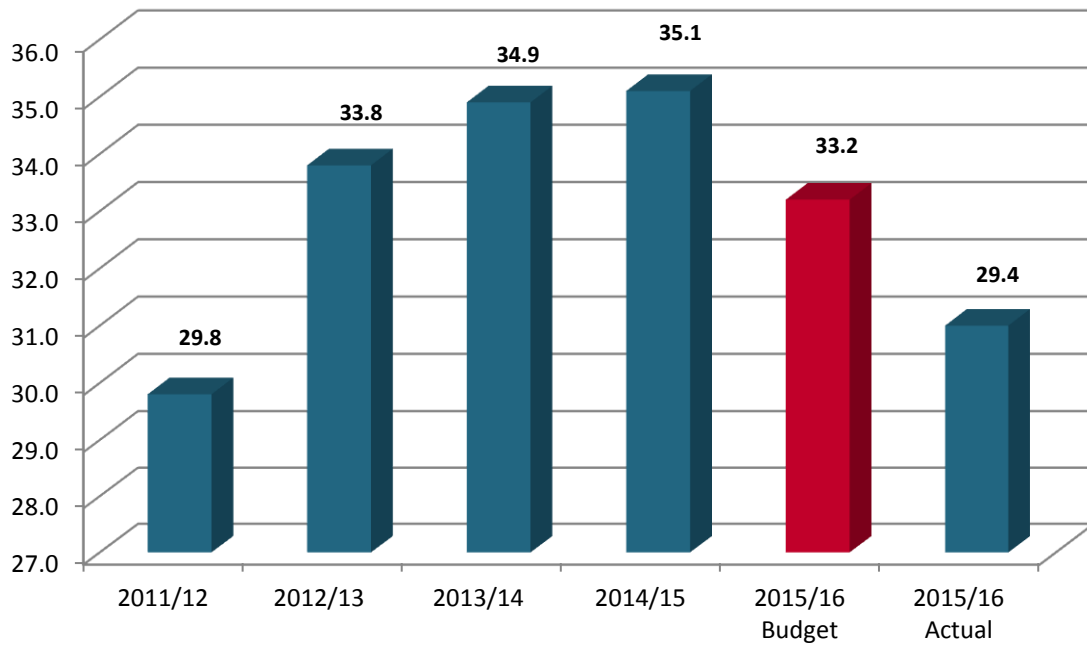
Mr Eamon Moore - Director Communications and Operations

Mr Moore has been employed within the Construction Training Fund since 2004 and his previous experience includes nearly 20 years in the education and private sectors.

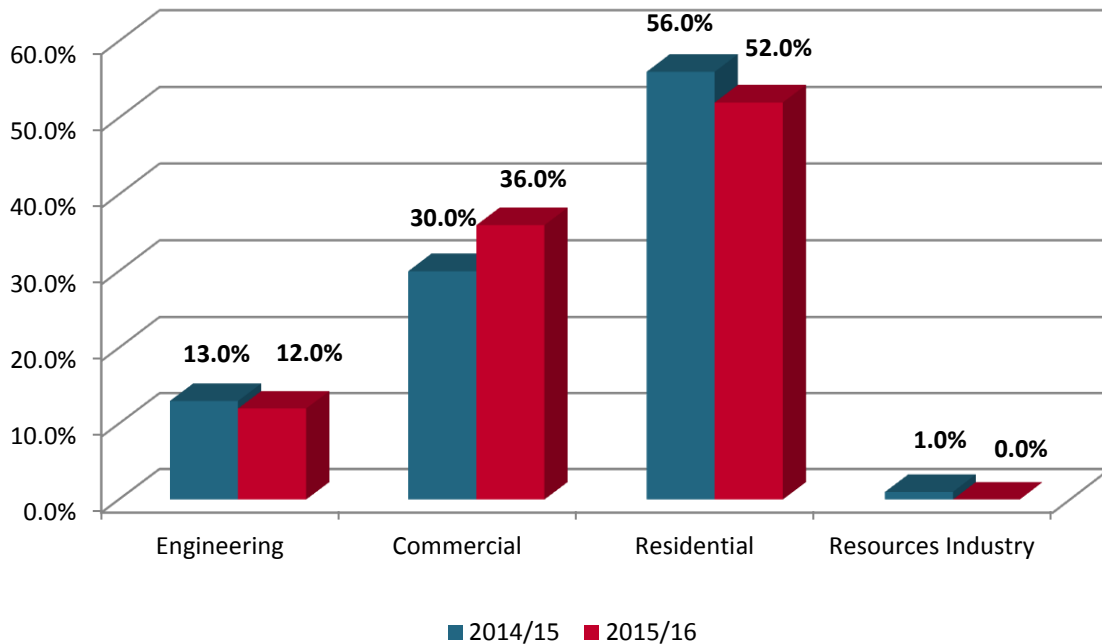
AGENCY PERFORMANCE

Income of \$29.4 million was \$3.8 million below the 2015-16 Operational Plan budget of \$33.2 million.

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



Industry sector revenue



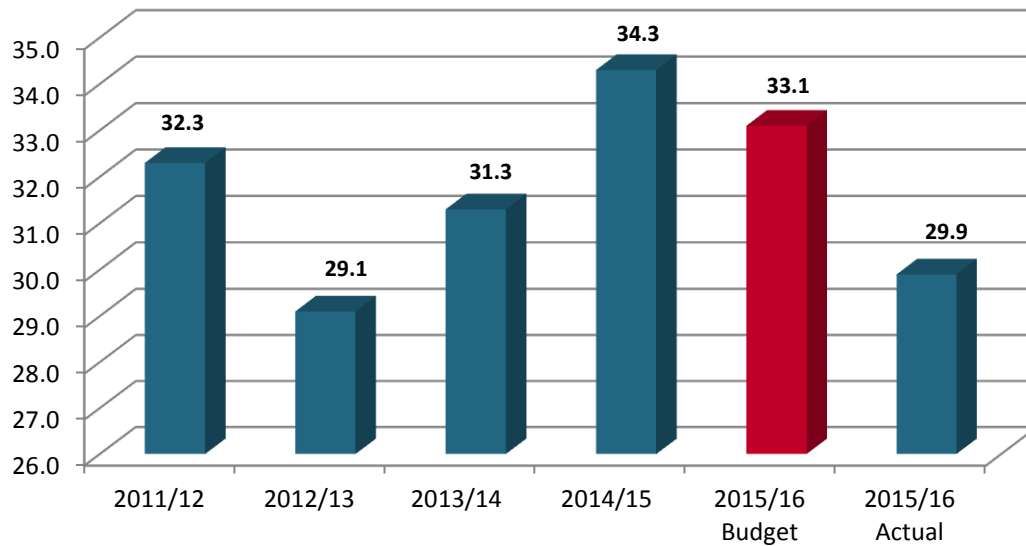
Residential dwelling commencements decreased during the financial year. Civil construction also slowed as a result of the overall decline being experienced across the sector.

AGENCY PERFORMANCE

Expenditure results

Expenditure of \$29.9 million was \$3.2 million below the 2015-16 Operational Plan budget of \$33.1 million.

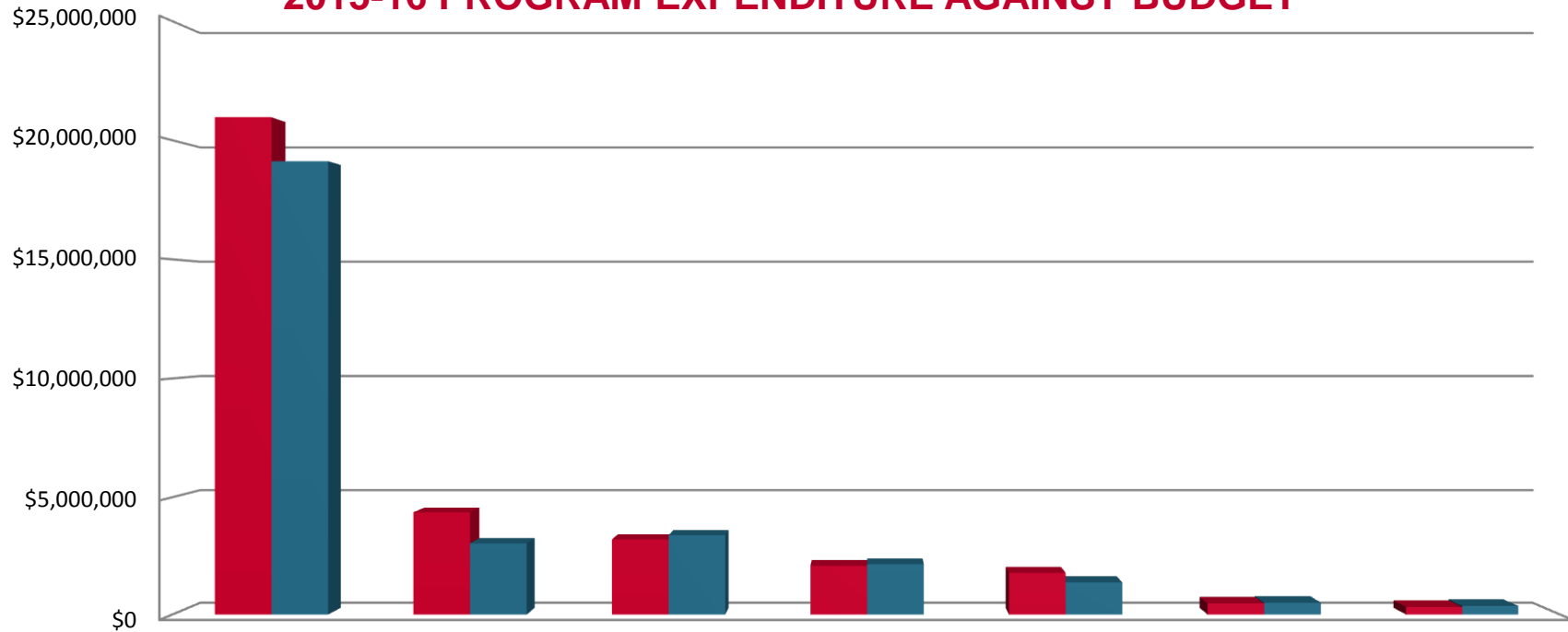
Annual expenditure



In addition to the recurrent budget, \$6 million was allocated for capital expenditure to support the purchase of a property for the proposed new centre but only \$3.9 million was expended. A property was purchased in Belmont and settlement took place in September 2015, however, the commencement of the building was delayed due to the plans being modified. The tender for construction has gone out to market and it is expected this building will be completed by mid-2017.

AGENCY PERFORMANCE

2015-16 PROGRAM EXPENDITURE AGAINST BUDGET



	Apprentice & Trainee Subsidies	Existing Worker Support	School to Work Transition Career Promotion	Administration	Occupational Safety & Health Support	Training Advisory Services*	Industry Projects, Research and Development
■ Budget \$33,170,000	\$20,965,000	\$4,360,000	\$3,200,000	\$2,075,000	\$1,780,000	\$470,000	\$320,000
■ Actual \$29,924,000	\$19,118,000	\$3,036,000	\$3,384,000	\$2,145,000	\$1,373,000	\$503,000	\$365,000

***Training Advisory Services:**

Budget – Fully funded by contract with Department of Training and Workforce Development. Funding was increased to \$523,000 after sign off of Operational Plan.

Actual – Budget was underspent to offset increased expenditure in research and development.

AGENCY PERFORMANCE

Legislative changes

No changes were made to the *Building and Construction Industry Training Fund and Levy Collection Act 1990* or the regulations during the year. However, the *Building and Construction Industry Training Fund and Levy Collection Amendment Bill 2015* was tabled in Parliament in June 2015 and is still awaiting approval.

The Bill proposes to make the following amendments:

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

Administrative changes and activities

Changes to support programs

Program subsidy changes included:

- Funding was continued to support the delivery of VETiS programs. This has proven to be an outstanding success. The Board approved funding of this initiative to demonstrate that VETiS in building and construction had value and would be supported, however, this funding ceases in December 2016. School administrators need to ensure that the gains which have been made are not lost through the lack of VETiS funding.
- The career information and school support program continued to expand to respond to growth in demand.
- Funding support was introduced to support scholarships for young women entering the construction industry and for employers recruiting women in apprenticeships and traineeships. This is a new initiative implemented by the Minister for Training and Workforce Development.

Apprenticeship / traineeship subsidies program

Support for employers

Employers are paid a grant depending on the term of indenture to subsidise the employment of apprentices. The base grant for most construction trades is \$10,000. From June 2015 to May 2016, there has been a combined decline (building and construction and electrical) of 22% in apprentice commencements in line with a reduction in new construction activity, particularly in the residential sector.

Additional supplements of up to 20% of the base grant was paid to employers who hire female and regionally based apprentices and 30% of the base grant is paid to employers who engage Indigenous apprentices.

Outcomes

During the twelve months to May 2016 there was a 15.9% decrease in electrical apprentice commencements and a 24.9% decrease in building and construction apprentices. There are still currently 8,189 apprentices in training (including electrical) which is slightly below the highest number on record.

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

Apprentice subsidies	Number	Expenditure
Direct indenture	3,942	\$11,772,000
Group training*	1,724	\$4,809,000
Support programs		
Bonus trade and other subsidies	1,382	\$2,445,000
Accommodation allowance	8	\$1,000
Scholarships/bursaries**	7	\$6,000
Indigenous bonus	106	\$86,000
TOTALS	7,169	\$19,118,000

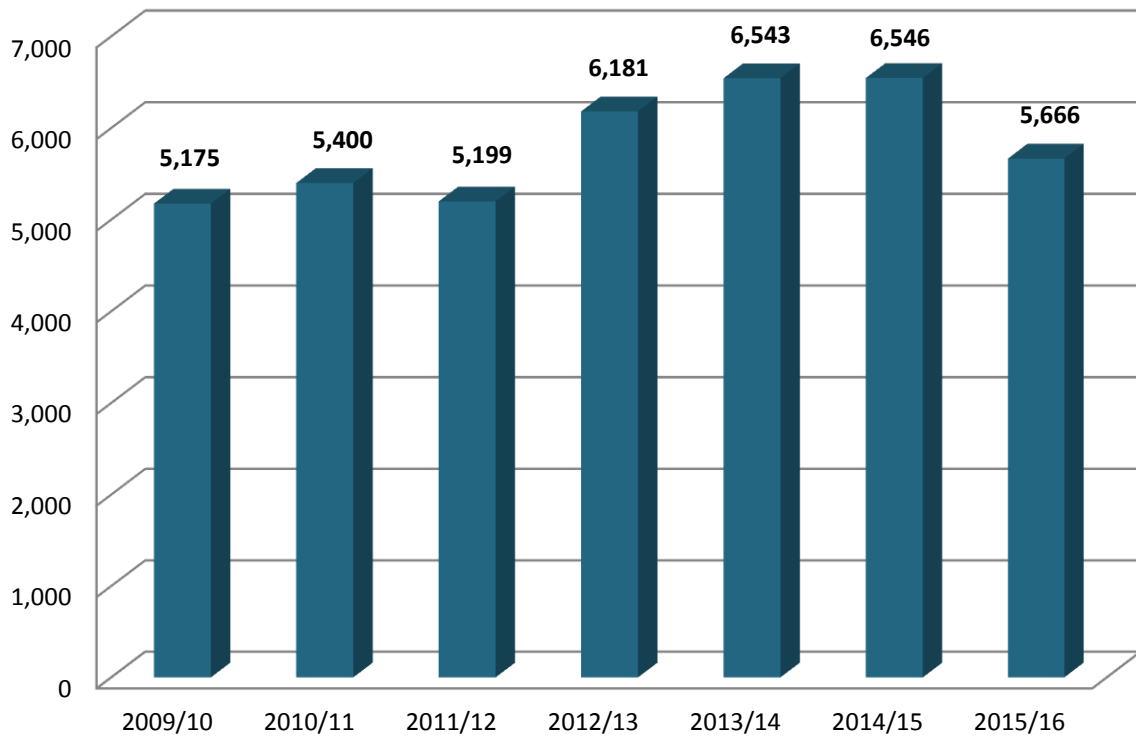
*Average per month (bonus subsidies shown in base figures) total base subsidies.

**Scholarships/bursaries expired 1 July 2015. Payments were for apprentices registered prior to the expiry date.

Apprenticeship / traineeship subsidies program

The Construction Training Fund expended \$16.6 million on apprenticeship subsidies during the year which was \$2.8 million less than in 2014-15.

Number of apprentice subsidies provided



Supplementary skills and occupational safety and health program

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

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

The subsidy available to eligible workers attending training in metropolitan areas is calculated on an hourly rate of \$30 per hour of training or 70% of the course cost, whichever is the lower amount. The maximum subsidy available per trainee per course is \$1,300.

For training delivered in regional Western Australia, the subsidy is calculated at \$33 per hour of training or 80% of the course cost, whichever is lower. The maximum subsidy available per trainee per course is \$1,700.

Higher qualifications

The Construction Training Fund supports industry workers that complete Certificate IV qualifications in Occupational Safety and Health, Builder's Registration and Project Management. This year the Fund provided 106 subsidies for these higher level qualifications, with an expenditure of \$123,222.

Recognition of prior learning (RPL)

During the year, the Construction Training Fund provided 23 subsidies at a cost of \$9,910 to support existing construction industry workers to gain trade qualifications and recognition.

Major outcomes

Courses	Number	Expenditure
Supplementary skills (excluding RPL and higher qualifications)	8,810	\$2,742,137
Occupational safety and health	9,800	\$1,371,493
Occupational and trade licences	480	\$160,399
TOTALS	19,090	\$4,274,029

The 19,090 supplementary skills and occupational safety and health subsidies provided in 2015-16 was 6.8% lower than last year. Skills training decreased and it is assumed this may be due to the tightening market conditions. Occupational safety and health (OS&H) training also decreased compared to 2014-15 however, this may be due to the return of OS&H trained tradespersons returning from the resource sector.

New initiatives

During the year, funding support was increased to include training required for industry workers to obtain occupational licences. The maximum subsidy available to an individual for training for a recognised occupational licence is \$500 (metropolitan) and \$550 (regional).

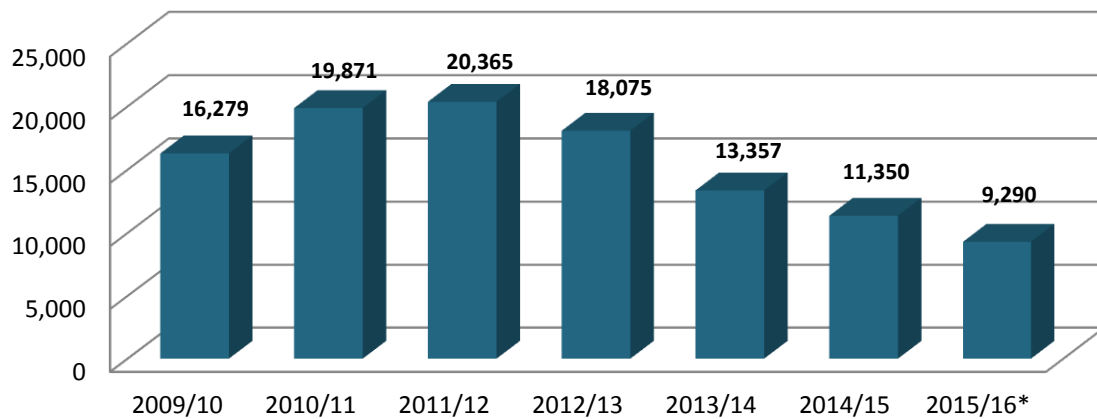
Supplementary skills and occupational safety and health program

The occupational licence program includes training for:

- Electrical contractors' licence.
- Plumbing contractors' licence.
- Painters' registration.
- Co-axial cabling.
- ACMA open cabling registration.
- Restricted electrical licence.

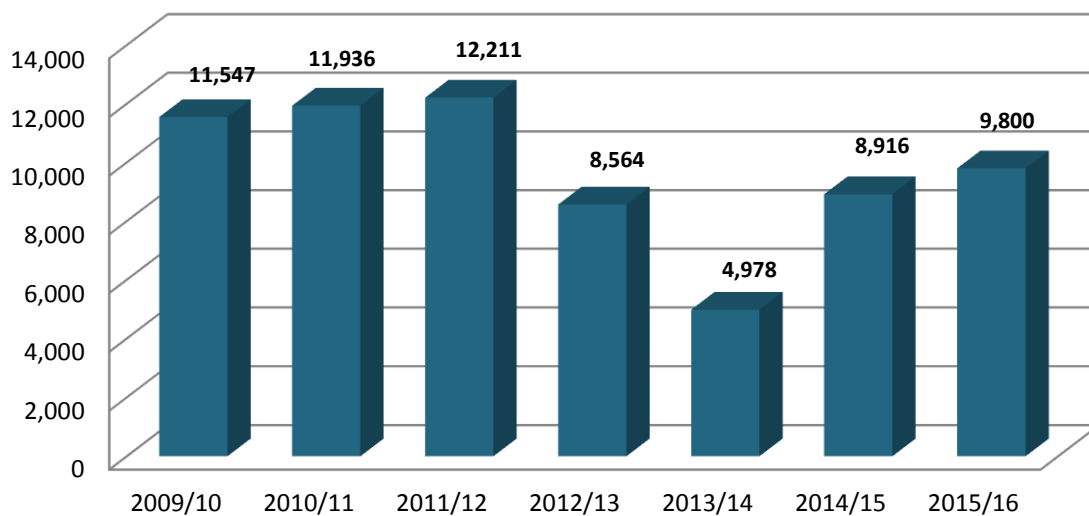
This year the Construction Training Fund provided 480 subsidies for occupational licensing with an expenditure of \$160,399.

Number of supplementary skills training subsidies



**Includes 480 subsidies for trade and occupational licences.*

Number of occupational safety and health training subsidies



Career promotion and Schools2Skills program

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

What we do

The Construction Training Fund's promotions and field services achieves this objective through:

- Managing of two websites – bcitf.org for information about the Construction Training Fund and also support nolimits.com.au for information on careers.
- Conducting comprehensive campaign advertising in television, radio, press and digital media, promoting careers in the industry.
- Advertising in industry publications promoting the Fund's support programs.
- Providing information brochures regarding support programs and careers.
- Attending public, industry and school-based careers expos and industry forums.
- Funding industry-based awards which promote excellence in training.
- Conducting visits to employers of new apprentices on construction sites to provide information and guidance.

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

- Funding school-to-work transition initiatives.
- Liaising with district and regional Department of Education, Catholic Education and Independent Schools to promote VETiS courses and training.
- Conducting in-school presentations to students and educators about career opportunities.
- Promoting VETiS qualifications to secondary students, parents and educators.
- Funding VETiS programs related to construction.
- Supporting students by funding the cost of personal protective equipment for site-based work experience.
- Funding scholarships for students who complete VETiS and pre-apprenticeship qualifications.

The delivery costs of VETiS programs are funded by government, however, since 2013-14, the Board has provided funding for delivery of new construction VETiS qualifications where demand for these qualifications may exceed funding allocated by government. This funding commitment by the Board continued throughout 2015-16, however, this will cease at the end of the 2016 calendar year.

Career promotion and Schools2Skills program

Outcomes

- Funded 2,210 Year 9 and 10 students to complete Try-a-Trade courses, an increase of 27% over 2014-15.
- Provided \$150 to 751 Year 11 and 12 students in VETiS construction qualifications for personal protection equipment (PPE), an increase of 14%.
- Funded delivery of training for 350 students in VETiS qualifications between July-December 2015 and 444 students between January-July 2015 for a total expenditure of \$994,038. This is a 30% increase over 2014-15 figures.
- Funded 142 pre-apprenticeship scholarships – a decrease of 17%.
- Delivered 324 school-based presentations to students and career expos – a 168% increase.
- 1,017 visits to employers of new apprentices and trainees – an increase of 74%.
- 181,022 visits to the Construction Training Fund's websites – a 26% increase.

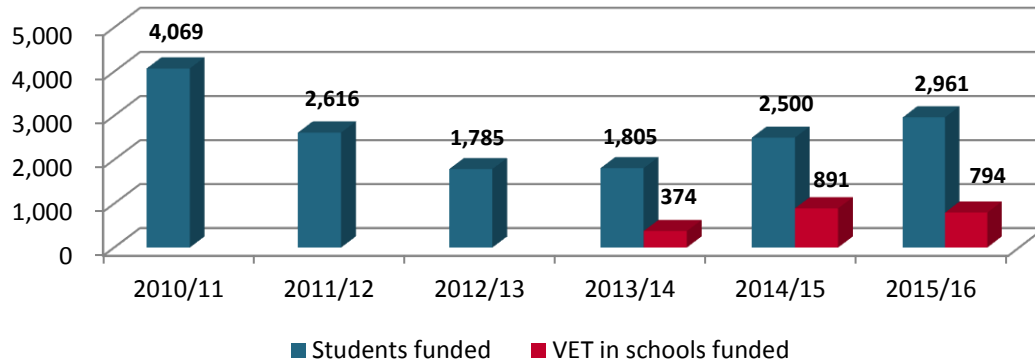
The high retention rates of secondary students in Years 11 and 12 and the growth in participation in construction related VETiS qualifications has resulted in a decrease in the number of students enrolling in post school, full time pre-apprenticeship courses.

The Construction Training Fund expended \$3,384,000 on the Career Promotion and Schools2Skills program in 2015-16 which represents 11.3% of total expenditure.

Career promotion and Schools2Skills program

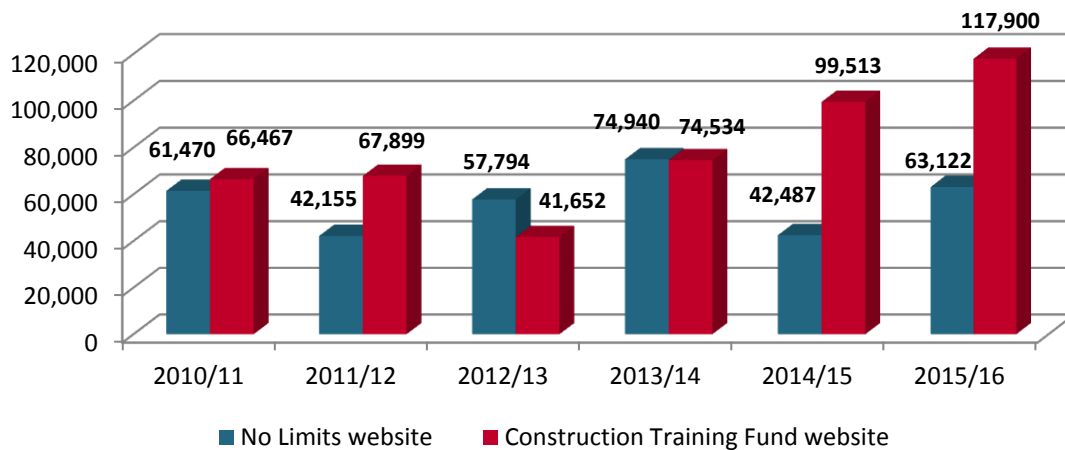
Students supported

The Fund supported a total of 3,755 students in 2015-16.



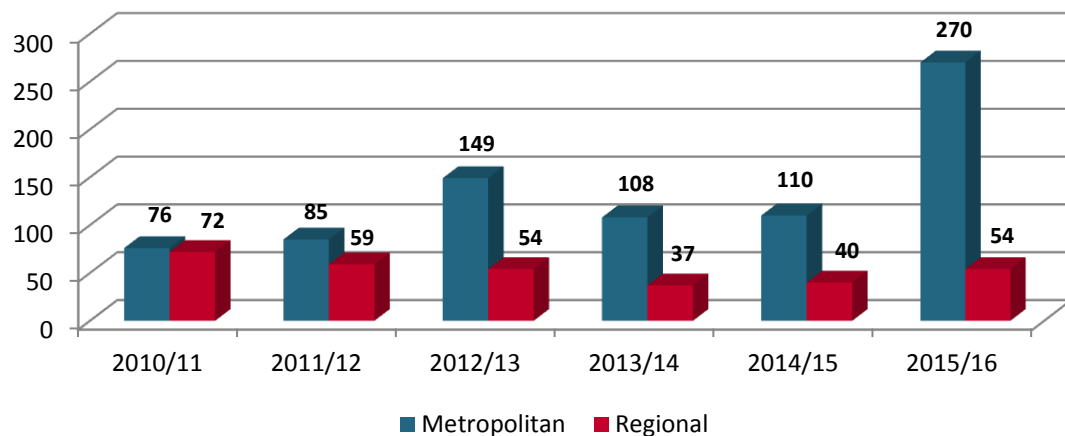
Website visits

The Fund received approximately 181,022 visits to its information websites in 2015-16.



School presentations and careers expos

The Fund conducted a total of 324 school presentations and career expos in 2015-16.



Research and development program

During the past year, the Construction Training Fund's research and development team has contributed to the bi-monthly Construction Industry Snapshots, annual key performance indicators and also focused on the following key research programs.

The need for pre-employment vocational training in the construction industry

This project was initiated after the 2013-14 research into the financial support for VETiS provided by the Construction Training Fund.

In 2015, desktop research and consultation with RTOs found that the additional funding provided by the Fund had led to a significant increase in the uptake within the VETiS (pre-employment) courses.

An extensive market research project was undertaken by Painted Dog Research and the Fund. The research aimed to determine what the building and construction industry needs are, from pre-employment vocational training (pre-apprenticeships) and whether those needs are being met. The focus was on the 52443WA Certificate II in Building and Construction, which can be delivered as a 'traditional' institution-based pre-apprenticeship course, or via a VETiS pathway.

Overall, the findings suggest that most employers agree that pre-apprenticeship training courses are important for the building and construction industry and there is an undersupply of training places for industry approved pre-apprenticeship training. There is also a link between the level of awareness and level of support for pre-apprenticeship training and a need for greater promotion of the new course, especially among smaller employers.

Training needs analysis for the commercial construction sector

This project was established following feedback from stakeholders in the commercial construction sector. Concerns were raised that current trade training and assessment focuses on the residential sector of the industry and does not meet the needs of the commercial sector.

The project also considered whether skill gaps in the commercial sector could be addressed through developing a new qualification or qualifications across all certificate levels.

Research identified that parts of the commercial sector do not employ large numbers of apprentices. However, it does access a significant amount of training support through the supplementary skills training subsidies available through the Fund. In comparison, the residential sector accesses a smaller amount of supplementary funding but has a larger commitment to apprenticeships.

The majority of stakeholders involved in the project were of the view that the current approach to training is acceptable, but with an identified need for ongoing review. Therefore, a proposed training framework, complete with draft new qualifications, was developed. This framework aims to support workers within the commercial sector to ensure that training remains current and reflects new construction materials and methods.

The proposed framework is based on four qualification outcomes ranging from Certificate II to Certificate IV.

Solar training for electrical apprentices

Due to the evolving new technology of solar photovoltaic (PV) power systems within the electrical industry, the Construction Training Fund received a number of requests for supplementary skills funding for licensed electricians to undertake Solar PV post-trade training.

This research project sought to investigate the financial impact on the Construction Training Fund if the courses were allocated to the Fund's supplementary skills funding program. An analysis was undertaken to determine the feasibility of industry support for Solar PV Accreditation Pathway units of competence to be included within the electrical apprenticeship.

The research identified that the potential financial cost to the Fund, if these courses were allocated supplementary skills funding, was estimated to be between \$4.5 million and \$7.5 million over the next five years. Following consultation with industry stakeholders in March 2016, the BCIT Board recommended not to fund any solar PV related training.

The research further established after discussions with the Electrical and Utilities Training Council, that there is no industry support for inclusion of Solar PV Accreditation Pathway units of competence within the electrical apprenticeship, apart from the two units already included.

Industry Training Council

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

Key industry stakeholders have participated in the Construction Industry Strategic Group and Industry Working Group and provided valuable input to:

- The Construction Industry Workforce Development Plan.
- Advice to the DTWD related to the proposed changes to the industry's 'White Card'.
- Advice to DTWD related to the State Priority Occupation List.
- Consultation and advice on key changes to training packages at state and national level and on accreditation and re-accreditation of state-based courses.
- Advice to the State Training Board (STB), Training Accreditation Council and DTWD on issues including the VETiS approved qualifications register; harmonisation of qualifications specifically for apprenticeships and traineeships; advice on strategic industry audit (units of competency that lead to high risk work licences in Western Australia); changes to the state pre-apprenticeship system; and the establishment or variation of apprenticeships and traineeships.

The contract for the Industry Training Council has been extended for a further two years but with a 35% reduction in funding. This funding reduction required a reduction in full-time staffing levels.

A comprehensive Industry Workforce Development Plan was revised and submitted to the DTWD. The plan made five key and twenty-three specific recommendations that relate to six industry specific areas of interest.

During 2015-16, the Training Council produced bi-monthly Industry Snapshot reports that provide industry stakeholders, DTWD, the STB, Industry Skills Councils/Skills Service Organisation (SSO) and registered training providers with a summary of the status of the industry using specific performance indicators. The indicators are based on information from the Australian Bureau of Statistics, Construction Forecasting Council and other key providers of statistical information and trends.

The contract for the National Construction and Property Services Industry Skills Council expired on 30 November 2015. The successful submission for the new SSO for construction was from Tasmanian-based, Artibus Innovation. The Construction Training Council continues to work closely with relevant National Skills Service Organisations.

Number employed – construction industry Western Australia

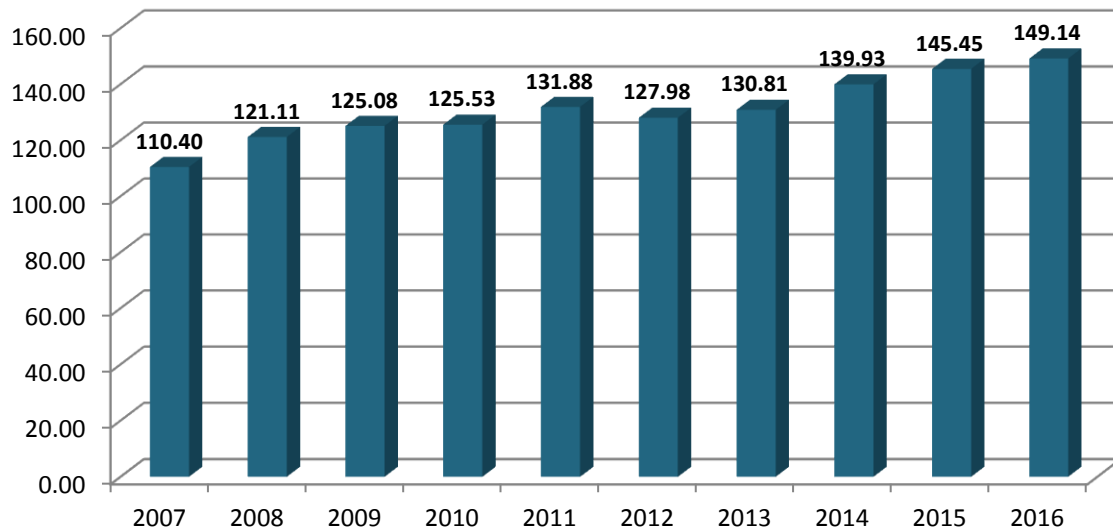
The following graph shows the annualised average growth of employment in the construction industry over the last ten years to May 2016. The industry now employs over 11% of the Western Australian workforce.

However, in the last twelve months to May 2016, the industry experienced an overall decrease in full and part-time workers of 14,390 (9.3%) employed in the industry.

Industry Training Council

Employed in Western Australian construction industry

(000's) – Annualised average

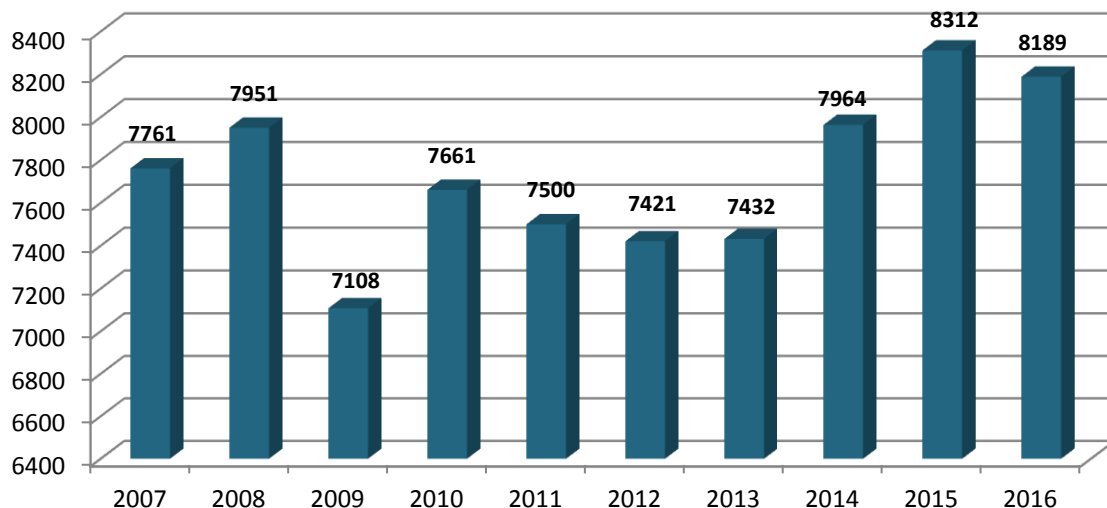


Australian Bureau of Statistics – May 2016

The annualised growth in the industry is at a higher rate than all industries combined. In the past ten years, while the construction industry workforce has increased by 35.1%, the Western Australian workforce has increased by 23.8%.

Apprentices 'in training' over past ten years

The construction industry has a reliance on apprenticeships to help meet skills demand and employs almost 48% of all apprentices, including electrical, in Western Australia. The following graph shows the fluctuation of construction apprenticeships over the past ten years.



As at May 2016* (including Electricians)

The 'training rate', which is the apprentice to tradesperson ratio, is currently 11% and when trainees are included is 12%.

* Due to TRS/ABS data collection methodology change, the end of May 2016 is the latest data available.

SIGNIFICANT ISSUES IMPACTING THE AGENCY

Summary

The Construction Training Fund finished the year with an operating deficit of \$561,000 and net assets of \$18 million. As at May 2016, the construction industry has had a 25% decrease in construction apprentice commencements and a 16% decrease in electrical with a combined decrease of 22%.

The 2016-17 Operational Plan will maintain all the existing subsidy programs that were in operation in 2015-16. However, the Board will be closely monitoring the Fund's revenue projections due to the decline in building activity, particularly in residential construction. In addition, the Board will be tracking the decrease in apprentice commencements and the numbers of apprentice completions. Direct indenture apprentices make up a significant proportion of the apprentices which are currently engaged by host employers and supported by the Fund.

If required, the Board will provide additional support for final year apprentices to enable them to complete their trade qualification.

The Fund will also be working closely with group training organisations (GTOs) and registered training organisations (RTOs) to monitor any issues that may arise as a result of the decline in building and construction activity.

Career information centre

During 2014, the Fund conducted an exhaustive search for properties in commercial/light industrial areas of the metropolitan area which would be suitable for establishment of the proposed career information centre and Fund offices. A suitable property was located in Belgravia Street, Belmont and this was purchased for \$3.475 million. Settlement took place in September 2015.

The design and plans were completed in April 2016, however, further changes were made which delayed the issuing of the tender to construct this building. Tenders went out to market in June 2016 and will close in July 2016. Completion of the build phase is now expected to be finalised by mid-2017.

In addition to building the new office at Belmont, a large amount of work needs to be done in regard to the design, development, installation and commissioning of the interactive centre which will showcase the building and construction industry. This centre will be visited by secondary school students and others employed in the industry. The aim of this centre is to highlight the broad range of careers available in the industry as well as providing other information to advise visitors of various pathways to advance their careers in the industry.

Planned operations for 2016-17

The Deputy Premier; Minister for Police; Road Safety; Training and Workforce Development; Women's Interests, the Hon Liza Harvey MLA, approved the Construction Training Fund's Operational Plan for 2016-17 in June 2016. Below is a summary as submitted to the Minister.

Operational Plan – 1 July 2016 to 30 June 2017

Income	Projected 2015-16 \$	Budget 2016-17 \$
Levy income – general	30,000	26,580
Other income	580	380
Interest income	440	340
TOTAL INCOME	31,020	27,300
Expenditure		
Apprentice & trainee programs		
Group training schemes	4,900	5,000
Direct indenture	11,000	10,000
Other bonuses and support	2,600	3,000
Program total	18,500	18,000
Supplementary skills program		
Construction skills	2,500	2,560
Industry skills/software/occupational licensing	550	340
Program total	3,050	2,900
Occupational safety & health program	1,425	1,550
Career promotion/Schools2Skills transition	3,200	2,475
Training advisory services	480	350
Recognition of prior learning	10	30
Research & development/industry support programs	360	350
Construction Training Fund administration	2,075	2,100
Total recurrent expenditure	29,100	27,755
Capital expenditure (including depreciation)	4,100	4,625
TOTAL EXPENDITURE	33,200	32,380
INCREASE/(DECREASE) ON CASH HOLDINGS	(2,180)	(5,080)
*NET CURRENT ASSETS	17,922	12,848
**NET EQUITY	20,520	20,065

Note:

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

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

PERFORMANCE MANAGEMENT FRAMEWORK

Government goal(s)

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

Agency level government desired outcomes

- Construction 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.
- Construction Training Fund programs support an improvement in the quality of training for the construction industry.

As at May 2016, the Western Australian construction industry contributes approximately 9.1% of the gross state product and employs just over 11% of the state's workforce, which includes almost 48% of the state's apprentices.

The Construction Training Fund provides financial support to both employers and workers in the industry to employ and train apprentices, undertake skills enhancement courses and OS&H training. During 2015-16, the Construction Training Fund provided training support in one form or another for approximately 30,000 people. This indicates 21% of the construction industry's workforce participated in some form of training which was subsidised by the training levy.

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

Services

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

STATUTORY AND OBLIGATORY REPORTING

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

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

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

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

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

Publications

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

▪ Annual report	▪ Quarterly newsletter
▪ Career information brochures	▪ Training subsidy pamphlets
▪ Program information on website: bcitf.org	▪ Career information on website: nolimits.com.au
▪ Bi-monthly construction Industry Snapshot	▪ Formal research reports

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

STATUTORY AND OBLIGATORY REPORTING

Contracts with senior officers

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

Ministerial directives

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

The Minister approved the 2016-17 Operational Plan in June 2016. No further ministerial directives were issued.

Legislative review

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

The Minister initiated such a review which was undertaken by an independent chairperson and steering committee of industry representatives. The review was completed in June 2014 and submitted to the Minister for consideration.

Staff development

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

The sum of \$25,897.94 was spent on staff development in 2015-16. New staff undertake appropriate induction training and existing staff undertake training in accordance with the Construction Training Fund's needs and their personal development requirements.

Major promotional, public relations or marketing activities

The Construction 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:

bcitf.org

nolimits.com.au

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

STATUTORY AND OBLIGATORY REPORTING

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

Total expenditure for 2015-16 was \$629,219			
Agency	Expenditure	Agency	Expenditure
Branch Media	\$ 2,790	HIA – Building News	\$ 4,585
Business Promotions Aust	\$ 4,952	Gatecrasher	\$ 36,067
Construction Worker	\$ 7,500	Student Edge	\$ 10,000
Crowther Blayne	\$ 9,075	Master Plumbers & Gasfitters	\$ 3,300
Dowd Publications	\$ 1,995	Master Painters & Decorators	\$ 4,620
Civil Contractors Federation	\$ 1,654	Executive Media	\$ 1,450
TOTAL \$87,988			
Polling Organisations		Nil	
Direct Mail Organisations		Nil	
Media Advertising Organisations			
Carat Australia Media Services		\$541,231	

Pricing policies on services

The Construction Training Fund does not charge any fees for services it renders, however, the Board entered into a contract with the Department of Training and Workforce Development (DTWD) to deliver training advisory services for the construction industry. The contract for delivery of services until 30 June 2016 at the time of preparing the Operational Plan 2015-16 was \$470,000 but this was subsequently increased to \$523,000. In March 2016, the original contract was extended for a further two years but the previous funding of \$523,000 was reduced by 33% to \$350,000 by the DTWD.

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 2015-16 was \$6,140.

Freedom of information

The Construction Training Fund has published and maintained information statements in the form of hard copy pamphlets and information on its 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 1992*. 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.
- 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 Construction 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*.

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

The policies are reviewed annually as part of a general review of the Construction Training Fund's Human Resources Manual. 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 2015-16 are shown below:

Occupational Safety and Health Statistics	2015-16 Target	2015-16 Actual
Number of fatalities	0	0
Lost time injury / diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within (i) 13 weeks; (ii) 26 weeks	Greater than or equal to 80% within 26 weeks	N/A
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	Greater than or equal to 60%	60%

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 1993*.

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

Recordkeeping plans

Records management framework

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

Evaluation and review of efficiency and effectiveness of systems

During 2015-16 the Construction Training Fund's record keeping processes were reviewed and some processes updated.

Offsite storage and disposal

The Construction Training 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 informed of their 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. These 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.

STATUTORY AND OBLIGATORY REPORTING

Compliance with public sector standards and ethical codes

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

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

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

Compliance issues

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

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

The code of ethics is available in the Construction Training 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. The code of ethics was reviewed during the year.

Compliance issues

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

Action to monitor and ensure compliance with Construction Training Fund code of conduct

The Construction 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 members accept personal responsibility for their behaviour. The code of conduct was reviewed during the year.

Compliance issues

There has been no evidence of non-compliance with the Construction Training Fund's code of conduct. The corporate executive has a Public Interest Disclosure Policy and supports disclosures being made by staff. The Executive Director will take all reasonable steps to provide protection to any member of staff who makes a disclosure. The Fund provides guidelines to staff wishing to make a public interest disclosure. In 2015-16 there were no public interest disclosures about the activities of the Fund or issues raised about breaches of the code of conduct.

Corporate governance framework

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

STATUTORY AND OBLIGATORY REPORTING

Government and public sector relationships

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

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 Construction Training 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 Construction Training Fund's Human Resources Manual and through the internal records managements system.

The Building and Construction Industry Training Board produces an annual strategic plan and an operational plan which is required to be approved by the Minister for 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 Construction Training 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 corporate executive team of the Construction Training Fund.

The organisational structure supports the delivery of Construction 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 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 Construction 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.

STATUTORY AND OBLIGATORY REPORTING

Other disclosures and legal compliance

Finance

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

The Fund 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 2006*.

Communication

To ensure services are accessible, open and responsive, the Construction 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.

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

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

Risk management

The Construction Training Fund identifies and manages its risk through a Risk Management Plan. During 2015-16 the risk base system provided by Risk Cover was decommissioned and replaced by a web based system supported by Risk Wizard. Information from the risk base system was transferred to Risk Wizard prior to its decommissioning.

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

STATUTORY AND OBLIGATORY REPORTING

Construction Training Fund staff profile

	Full Time Permanent	Full Time Contract	Part Time Permanent	TOTAL FTE
2014-15	19.0	1	1 @ .66FTE	19.8
2015-16	20	1	1 @ .9 FTE	21.9

As at 30 June 2016

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

FINANCIAL STATEMENTS

For the year ended 30 June 2016

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 2016 and the financial position as at 30 June 2016.

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

15/08/16

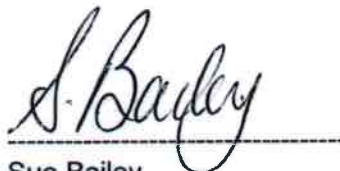
Date



Ian Hill
Chairman
For the BCIT Board

15/8/2016

Date



Sue Bailey
Board Member
For the BCIT Board

15/8/2016

Date



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD (BCITB)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	2016 (\$'000)	2015 (\$'000)
INCOME			
Revenue			
Levy receipts	3	28,335	33,878
Interest revenue	4	444	593
Other revenue	5	583	621
TOTAL INCOME		<u>29,362</u>	<u>35,092</u>
EXPENSES			
Employee benefits expense	6	2,657	2,149
Supplies and services	7	590	559
Depreciation expense	8	22	84
Accommodation expenses	9	256	225
Grants and subsidies - programs recurrent	10	2,606	2,389
Grants and subsidies - training expenditure recurrent	10	23,546	28,707
Other expenses	11	38	37
Revenue collection costs	12	208	246
TOTAL EXPENSES		<u>29,923</u>	<u>34,396</u>
LOSS FOR THE PERIOD		<u>(561)</u>	<u>696</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(561)</u>	<u>696</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 2016

	Note	2016 (\$'000)	2015 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	13	13,837	17,789
Receivables	14	143	149
Other current assets	15	<u>1,379</u>	<u>2,164</u>
Total Current Assets		<u>15,359</u>	<u>20,102</u>
Non-Current Assets			
Property, plant and equipment	16	<u>3,958</u>	<u>35</u>
Total Non-Current Assets		<u>3,958</u>	<u>35</u>
TOTAL ASSETS		<u>19,317</u>	<u>20,137</u>
LIABILITIES			
Current Liabilities			
Payables	18	34	32
Provisions	19	308	233
Other current liabilities	20	<u>802</u>	<u>1,165</u>
Total Current Liabilities		<u>1,144</u>	<u>1,430</u>
Non-Current Liabilities			
Provisions	19	<u>125</u>	<u>98</u>
Total Non-Current Liabilities		<u>125</u>	<u>98</u>
TOTAL LIABILITIES		<u>1,269</u>	<u>1,528</u>
NET ASSETS		<u>18,048</u>	<u>18,609</u>
EQUITY			
Retained earnings	21	<u>18,048</u>	<u>18,609</u>
TOTAL EQUITY		<u>18,048</u>	<u>18,609</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 2016

	Note	Contributed equity	Reserves (\$'000)	Retained Earnings surplus/(deficit) (\$'000)	Total Equity (\$'000)
Balance at 30 June 2014	21	-	-	17,913	17,913
Balance at 1 July 2014		-	-	17,913	17,913
Surplus/(Deficit)				696	696
Other Comprehensive Income		-	-	-	-
Balance at 30 June 2015		-	-	18,609	18,609
Balance as at 1 July 2015		-	-	18,609	18,609
Surplus/(Deficit)		-	-	(561)	(561)
Other Comprehensive Income		-	-	-	-
Balance at 30 June 2016		-	-	18,048	18,048

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 2016

	Note	2016 (\$'000)	2015 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Levies from project owners		28,912	33,393
Interest received		436	614
Other receipts		583	620
GST receipts from taxation authority		465	165
		<u>30,396</u>	<u>34,792</u>
Payments			
Employee benefits		(2,494)	(2,209)
Supplies and services		(619)	(607)
Accommodation		(256)	(226)
Grants and subsidies - programs recurrent		(2,655)	(2,404)
Grants and subsidies - training expenditure recurrent		(23,931)	(28,421)
GST payments on purchases		(449)	(153)
		<u>(30,404)</u>	<u>(34,020)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	22b	<u>(8)</u>	<u>772</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(3,944)	(15)
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(3,944)</u>	<u>(15)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(3,952)	757
Cash and cash equivalent at the beginning of the period		17,789	17,032
CASH AND CASH EQUIVALENT ASSETS AT THE END OF THE PERIOD	22a	<u>13,837</u>	<u>17,789</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 2016

Subject	Policy Note	Disclosure Note	Title of the Disclosure note
General	1		Australian Accounting Standards
General	2		Summary of significant accounting policies
General	2a		General Statement
General	2b		Basis of Preparation
General	2c		Reporting Entity
Income	2d		Income
Income		3	Levy receipts
Income		4	Interest revenue
General	2e		Income tax
Assets	2f	16	Property, Plant and Equipment
Assets	2g	17	Impairment of assets
Assets	2j	13	Cash and cash equivalents
General	2h	24	Leases/Commitments
Assets	2l	14	Receivables
Assets	2i	28	Financial instruments
Assets	2m		Investments and Other Financial Assets
Liability	2n	18	Payables
Liability	2o		Provisions
	2o (i)	19	Provisions – Employee benefits
	2o (ii)		Provisions – Other
Expense	2p	6	Superannuation expense
Liability	2k	20	Other Liabilities
General		23	Assets and Services received free of charge or for nominal cost
Expense	2q		Comparative figures
General	2r		Disclosure of changes in accounting policy and estimates
General	2s		Judgements made by management in applying accounting policies
General	2t		Key sources of estimation uncertainty
Expense		6	Employee benefits expense
Expense		7	Supplies and services
Expense		8	Depreciation
Expense		9	Accommodation expenses
Expense		10	Grants and subsidies
Expense		11	Other expenses
Expense		12	Revenue collection costs
Income		5	Other revenue
Asset		15	Other assets
Liability		20	Other liabilities
Equity		21	Retained earnings
Cash Flow		22	Notes to the Statement of Cash Flows
General		25	Contingent Liabilities and Contingent Assets
General		26	Events occurring after the end of the reporting period
General		27	Explanatory statement
General		29	Remuneration of members of the Accountable Authority and senior officers
General		30	Remuneration of auditor
General		31	Related bodies
External		32	Affiliated bodies
General		33	Supplementary financial information
General		34	Equity

This index does not form part of the financial statements.

1. Australian Accounting Standards

General

The Building and Construction Industry Training Board's (Board) financial statements for the year ended 30 June 2016 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.

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 2006 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).

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

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.

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: 2016 \$747,864 (2015 \$591,082).

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.) Property, Plant and Equipment

Capitalisation/expensing of assets

Items of property, 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 property, 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).

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

For items of property, 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	3-5 years
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(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.

(i.) Financial Instruments

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

- 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

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability 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

Long service leave is not expected to be settled wholly 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.

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

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

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'.

(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.) Comparative Figures

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

(r.) 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, or adopted, for annual reporting periods beginning on or after 1 July 2015 that impacted on the Board.

AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
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Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Board has not yet determined the application or the potential impact of AASB 9.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

AASB 2014-8	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</p> <p>This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. The Board has not yet determined the application or potential impact of AASB 9.</p>
AASB 2015-3	<p>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</p> <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p>
AASB 2015-7	<p>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]</p> <p>This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.</p>

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 2018
<p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p>		

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. The Board has not yet determined the application or the potential impact of the Standard.

AASB 15 Revenue from Contracts with Customers 1 Jan 2018

This Standard establishes the principles that the Board shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Board has not yet determined the application or the potential impact of the Standard.

AASB 16 Leases 1 Jan 2019

This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Board has not yet determined the application or the potential impact of the Standard.

AASB 1057 Application of Australian Accounting Standards 1 Jan 2016

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.

AASB 2010-7 1 Jan 2018

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 mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. 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 2016

method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Board has not yet determined the application or the potential impact of the Standard.

AASB 2014-10

1 Jan 2016

Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]

This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Board has not yet determined the application or the potential impact of the Standard.

AASB 2015-1

1 Jan 2016

Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Board has not yet determined the application or the potential impact of the Standard.

AASB 2015-2

1 Jan 2016

Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

AASB 2015-6

1 Jul 2016

Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Board has not yet determined the application of the Standard, though there is no financial impact.

AASB 2015-8

1 Jul 2017

Amendments to Australian Accounting Standards – Effective Date of AASB 15

This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Board has not yet determined the application or the potential impact of AASB 15.

AASB 2015-10

1 Jul 2016

Amendments to Australian Accounting Standards – Effective Date of AASB 10 & 128

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The Board has not yet determined the application or the potential impact of AASB 2014-10.

AASB 2016-2

1 Jul 2017

Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.

AASB 2016-3

1 Jul 2017

**Amendments to Australian Accounting Standards –
Clarifications to AASB 15**

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

(s.) 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 judgements regularly.

(t.) 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 2016

	2016 (\$'000)	2015 (\$'000)
3 Levy Receipts		
Levy receipts	<u>28,335</u>	<u>33,878</u>
Levy receipts by sector		
Housing	14,608	18,707
Commercial	10,334	10,353
Engineering	3,369	4,638
Mining	24	180
	<u>28,335</u>	<u>33,878</u>
4 Interest Revenue		
Interest revenue	<u>444</u>	<u>593</u>
	<u>444</u>	<u>593</u>
Earned on current bank accounts and investments by way of term deposits		
5 Other Revenue		
Department of Training and Workforce Development	524	515
Training 457 Visa	55	105
Sundry Income	4	1
	<u>583</u>	<u>621</u>
6 Employee Benefits Expense		
Wages & Salaries (a)	2,076	1,823
Superannuation- superannuation guarantee levy	214	181
Long service leave (b)	92	(54)
Annual leave (b)	9	(4)
Other employee costs	266	203
	<u>2,657</u>	<u>2,149</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	24	8
Communications	59	67
Consumables	58	51
Accounting & audit fees	13	13
Board costs	159	152
Insurance	26	21
Legal Fees	5	8
Other supplies & services	220	209
Conferences and Seminars	9	7
Travel	17	23
	<u>590</u>	<u>559</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

	2016 (\$'000)	2015 (\$'000)
8 Depreciation Expense		
Office equipment	22	84
9 Accommodation Expense		
Lease rentals	232	204
Outgoings	12	11
Repairs & maintenance	3	1
Cleaning	9	9
	<u>256</u>	<u>225</u>
10 Grants & Subsidies		
<u>Programs recurrent</u>		
Career promotion	2,591	2,315
RPL	10	15
Research & development	5	59
	<u>2,606</u>	<u>2,389</u>
<u>Training expenditure recurrent</u>		
by sector-		
Housing	16,601	18,229
Commercial	4,991	8,239
Engineering construction	1,954	2,239
	<u>23,546</u>	<u>28,707</u>
11 Other Expenses		
Employment on-costs (a) (see note 6 'Employee benefits')	1	1
Other (b)	37	36
	<u>38</u>	<u>37</u>
12 Revenue Collection Costs		
Levy collection fees	208	246
13 Cash and Cash Equivalents		
Bank accounts	837	708
Funds on deposit	80	180
Term deposits	12,920	16,901
	<u>13,837</u>	<u>17,789</u>

(a) Includes worker's compensation insurance, and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 19 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Audit Fees, see note 30 'Remuneration of Auditor'.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

	2016 (\$'000)	2015 (\$'000)
14 Receivables		
Receivables	27	27
GST receivable	54	68
Interest receivable	62	54
	<u>143</u>	<u>149</u>
15 Other Assets		
Accrued levy income	1,342	2,133
Prepayments	37	31
	<u>1,379</u>	<u>2,164</u>
16 Property, Plant & Equipment		
Land		
At fair value	3,673	0
Accumulated impairment loss	0	0
	<u>3,673</u>	<u>0</u>
Buildings under construction		
At fair value	260	0
Accumulated depreciation	0	0
Accumulated impairment loss	0	0
	<u>260</u>	<u>0</u>
Office equipment		
At cost	764	752
Accumulated depreciation	(739)	(717)
Accumulated impairment loss	0	0
	<u>25</u>	<u>35</u>
	<u>3,958</u>	<u>2,199</u>

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

	Land (\$'000)	Buildings Under Construction (\$'000)	Office Equipment (\$'000)	Total (\$'000)
2016				
Carrying amount at start of period	-	-	35	35
Additions	3,673	260	12	3,944
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Depreciation	-	-	22	22
Carrying amount at end of period	<u>3,673</u>	<u>260</u>	<u>25</u>	<u>3,958</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

	2016 (\$'000)			2015 (\$'000)
	Land (\$'000)	Buildings Under Construction (\$'000)	Office Equipment (\$'000)	Total (\$'000)
2015				
Carrying amount at start of period	-	-	104	104
Additions	-	-	15	15
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Depreciation	-	-	84	84
Carrying amount at end of period	-	-	35	35

17 Impairment of Assets

There were no indications of impairment to plant & equipment assets at 30 June 2016.

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	34	32
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See also note 2 (n) "Payables" and note 28 Financial Instruments.

19 Provisions

Current

Employee benefits provision:

Annual leave (a)	121	112
Long service leave (a)	186	121
	<u>307</u>	<u>233</u>

Other provisions:

Employment on-costs (c)	1	-
	<u>308</u>	<u>233</u>

Non current

Employee benefits provision:

Long service leave (b)	125	98
	<u>125</u>	<u>98</u>

(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	73	67
More than 12 months after the reporting period	48	45
	<u>121</u>	<u>112</u>

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

	2016 (\$'000)	2015 (\$'000)
19 Provisions (Continued)		
(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	112	72
More than 12 months after the reporting period	199	147
	<u>311</u>	<u>219</u>
(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	535	942
Accrued expenses	267	223
	<u>802</u>	<u>1,165</u>
21 Equity		
Retained Earnings		
Balance at the start of year	18,609	17,913
Result for the period	(561)	696
Balance at the end of year	<u>18,048</u>	<u>18,609</u>
22 Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	837	708
Bank accounts	80	180
Funds on deposit	12,920	16,901
a) Cash and cash equivalent assets at the end of the period	<u>13,837</u>	<u>17,789</u>
<u>Reconciliation of profit/ (loss) to net cash flows provided by/(used in) operating activities:</u>		
Profit/(Loss)	(561)	696
Non cash items:		
Depreciation expense	22	84
(Increase)/ decrease in assets:		
Current receivables(c)	6	24
Other current assets	785	(226)

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

	2016 (\$'000)	2015 (\$'000)
Increase/(decrease) in liabilities:		
Current payables	2	5
Current provisions	75	(47)
Other current liabilities	(364)	246
Non-current provisions	27	(10)
Net GST receipts/(payments)(a)	17	13
Change in GST receivables/payables(b)	<u>(17)</u>	<u>(13)</u>
b) Net cash provided by operating activities	<u>(8)</u>	<u>772</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 Assets and Services 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.

Non-cancellable operating 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	236	251
Later than 1 year and not later than 5 years	<u>121</u>	<u>26</u>
	<u>357</u>	<u>277</u>
Representing:		
Non-cancellable Operating Leases	<u>357</u>	<u>277</u>

In 2009 the Board entered into a non-cancellable five year lease with the option of a five year term extension for premises in Hasler Road Osborne Park. In April 2014 and April 2015, the Board exercised this option and extended the lease for a period of one year. In June 2016 the Board negotiated a further 18 month extension of the lease to 31st December 2017. Rent is payable monthly in advance. Contingent rent provisions within the lease agreement require that the current lease payments should be reviewed on 30 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 six motor vehicles with State Fleet. Board policy is to replace vehicles on the expiry of the lease, the latest of which matures in December 2018.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

	2016 (\$'000)	2015 (\$'000)
24 Commitments (Continued)		
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	<u>91</u>	<u>0</u>

The Board has entered into a number of contracts for the project management, design and preliminary works in relation to the new building to be located at 104 Belgravia Street, Belmont.

25 Contingent Liabilities

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

Levy refunds

During the 2015/16 year \$28.33 million dollars was collected as levies. Under the Act, these are payable before the commencement of construction and are refundable wholly or in part if the construction is not completed. The proportion representing incomplete work is not known and according to past experience the amount of the refunds in proportion to the total amount collected is relatively insignificant and in the year ended 30 June 2016 amounted to \$0.748m being 2.64% 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 Board 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.

The Board has purchased a property at 104 Belgravia Street, Belmont. Tenders for the construction of the new site have closed and are currently being evaluated. The successful tenderer should be announced in August 2016, with work expected to commence in September 2016. Completion of the project is anticipated for April/ May 2017.

27 Explanatory Statement

Significant variations between the estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Major variances are considered to be those greater than 10% and \$1 million.

27 Explanatory Statement (continued)

	Variance Note \$000	Original Budget 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
Statement of Comprehensive Income						
Revenue						
Levy receipts	1, A	32,400	28,335	33,878	4,065	(5,543)
Interest revenue		350	444	593	(94)	(149)
Other revenue		470	583	621	(113)	(38)
Total Income		33,220	29,362	35,092	3,858	(5,730)
Expenses						
Employee benefits expenses		2,475	2,657	2,149	(182)	508
Supplies and services		616	590	559	26	31
Depreciation expenses		22	22	84	0	(62)
Accommodation expenses		256	256	225	0	31
Grants and subsidies - programs recurrent		2,450	2,606	2,389	(156)	217
Grants and subsidies - training expenditure recurrent	2, B	27,105	23,546	28,707	3,559	(5,161)
Other expenses		38	38	37	0	1
Revenue collection costs		208	208	246	0	(38)
Total Expenses		33,170	29,923	34,396	3,247	(4,473)
PROFIT/(LOSS) FOR THE PERIOD		50	(561)	696	611	(1,257)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		50	(561)	696	611	(1,257)

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

27 Explanatory Statement - Major Variance Narrative

Variations between estimate and actual

1) Levy revenue was \$4.1m or 13% lower than budget expectations, due to delays in commencement of major projects and a downturn in housing activity.

2) Grants and Subsidies - training expenditure recurrent was \$3.6m or 13% lower than budget expectations. Direct Indenture payments fell significantly in line with an industry wide reduction in apprentice commencements. Expenditure on Supplementary Skills as well as Health and Safety programs were also below expectations as a result of a sluggish market.

Variations between actual results for 2016 and 2015

A) Levy revenue for 2015/16 was \$5.6m or 17% lower than for 2014/15, due to delays in commencement of major projects and a downturn in housing activity.

B) Grants and subsidies recurrent training expenditure for 2015/16 was \$5.16m or 18% lower than for 2014/15. This was due to a decreased in Direct Indenture expenditure of \$2.69m as a result of a industry wide reduction in apprentice commencements. The overall downturn in industry activity was reflected in a decrease of \$840,000 in Construction Skills. Training package bonuses introduced two years ago to stimulate activity were discontinued, resulting in a reduction of expenditure of \$1.78m.

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 Boards overall risk management program focuses on managing the risks identified below.

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial 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 Boards 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.

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements**

For the year ended 30 June 2016

(a) Financial Risk Management Objectives and Policies (cont)*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:

	2016 (\$'000)	2015 (\$'000)
Financial Assets		
Cash and cash equivalents	13,837	17,789
Receivables	143	149
Other current assets	1,379	2,164
Financial Liabilities		
Financial liabilities measured at amortised cost (a)	836	1,197

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

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 Boards maximum exposure to credit risk, and the ageing analysis of financial assets. The Boards 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.

Ageing analysis of financial assets

	Carrying amount	Not past due and not impaired	Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 months	More than 5 years	Impaired financial assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2016								
Cash and cash equivalents	13,836	13,836	-	-	-	-	-	-
Receivables (a)	143	143	-	-	-	-	-	-
Other assets	1,379	1,379	-	-	-	-	-	-
	<u>15,358</u>	<u>15,358</u>	-	-	-	-	-	-
2015								
Cash and cash equivalents	17,789	17,789	-	-	-	-	-	-
Receivables (a)	149	149	-	-	-	-	-	-
Other assets	2,164	2,164	-	-	-	-	-	-
	<u>20,102</u>	<u>20,102</u>	-	-	-	-	-	-

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

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

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

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			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	3 months to 1 year	1 - 2 years	2-5 years	>5 years						
2016																		
Financial Assets																		
Cash and cash equivalents	2.0	13,836	-	13,836	-	13,836	-	-	-	-	-	-	-	-	-	-	-	-
Receivables		143	-	-	143	143	-	-	-	-	-	-	-	-	-	-	-	-
Other assets		1,379	-	-	1,379	1,379	-	-	-	-	-	-	-	-	-	-	-	-
		15,358	-	13,836	1,522	15,358	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities																		
Payables		34	-	-	34	34	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities		802	-	-	802	802	-	-	-	-	-	-	-	-	-	-	-	-
		836	-	-	836	836	-	-	-	-	-	-	-	-	-	-	-	-

(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 %	Carrying amount \$000	Interest rate exposure			Nominal Amount	Maturity Date						
			Fixed interest rate \$000	Variable interest rate \$000	Non interest bearing \$000		Up to 1 month	1-Mar months to 1 year	3 months to 1 year	1 - 2 years	2-5 years	>5 years	
2015							\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets													
Cash and cash equivalents	2.79	17,789	-	17,789	-	17,789	-	-	-	-	-	-	-
Receivables		149	-	-	149	149	-	-	-	-	-	-	-
Other assets		2,164	-	-	2,164	2,164	-	-	-	-	-	-	-
		20,102	-	17,789	2,313	20,102	-	-	-	-	-	-	-
Financial Liabilities													
Payables		32	-	-	32	32	-	-	-	-	-	-	-
Other liabilities		1,165	-	-	1,165	1,165	-	-	-	-	-	-	-
		1,197	-	-	1,197	1,197	-	-	-	-	-	-	-

(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.

2016	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
Financial Assets					
Cash and cash equivalent	13,836	(138)	(138)	138	138
Other financial assets	1,379	-	-	-	-
Total Increase/(Decrease)	15,215	(138)	(138)	138	138
Financial Liabilities					
Total Increase/(Decrease)	-	-	-	-	-
2015	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
Financial Assets					
Cash and cash equivalent	17,789	(178)	(178)	178	178
Other financial assets	2,164	-	-	-	-
Total Increase/(Decrease)	19,953	(178)	(178)	178	178
Financial Liabilities					
Total Increase/(Decrease)	-	-	-	-	-

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
For the year ended 30 June 2016

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:

	2016	2015
\$10,000 - \$20,000	6	6
\$20,001 - \$30,000	0	0
\$30,001 - \$40,000	0	0
\$40,001 - \$50,000	1	1
Base remuneration	151	142
Annual leave and long service leave accruals	0	0
Other benefits	0	0
The total remuneration of Members of the Accountable Authority is	<u>151</u>	<u>142</u>

The total remuneration included here represents the salary and 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:

	2016	2015
\$170,001 - \$180,000	0	1
\$180,001 - \$190,000	1	0
\$190,001 - \$200,000	0	0
\$200,001 - \$210,000	1	2
\$210,001 - \$220,000	0	0
\$220,001 - \$230,000	1	0
Base remuneration	538	509
Annual leave and long service leave accruals	(60)	(20)
Other benefits	81	77
The total remuneration of Senior Officers is:	<u>559</u>	<u>566</u>

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

30 Remuneration of Auditor

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

	2016 (\$'000)	2015 (\$'000)
Auditing the accounts, financial statements and performance indicators.	<u>37</u>	<u>36</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 2016

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 by the Board.

34 Equity

Equity represents the residual interest in the net assets of the Board. 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.

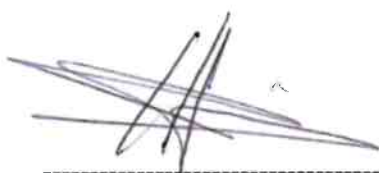
**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

Performance Indicators

For the year ended 30 June 2016

CERTIFICATION OF PERFORMANCE INDICATORS

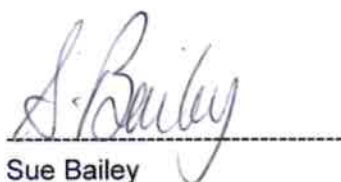
We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the performance of the Building and Construction Industry Training Board for the financial year ended 30 June 2016.



Ian Hill
Chairman
For the BCIT Board

15/8/2016

Date



Sue Bailey
Board Member
For the BCIT Board

15/8/2016

Date



KEY PERFORMANCE INDICATORS

Mission

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

Government goal(s)

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

Agency level Government desired outcome(s)

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

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

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

Number of apprentices and trainees	2015-16	2014-15	2013-14
Apprentices and trainees in training (includes electricians) Source: Department of Training and Workforce Development ¹	9,061	9,347	8,322
Number of tradespeople	2015-16	2014-15	2013-14
Tradespeople in industry (includes electricians) Source: ABS ²	75,100	73,500	62,375
Training Rate ³	2015-16	2014-15	2013-14
Source: Derived	12.1%	12.7%	13.3%

The training rate has dropped to 12.1% from 12.7% and there has been a decrease of 3.0% in apprentices and trainees; there was also a increase of 1,600 tradespeople in the year to May 2016.³ The increase in tradespeople is due to the numbers of workers returning from the resources 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 and trainees compared to employed tradespeople in the industry.

¹ Due to data collection lag this is latest available TRS data as at April 2016

² Australian bureau of Statistics, Labour Force, 6291 0 55.003 – Australia, Detailed, Quarterly May 2016.

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

KEY PERFORMANCE INDICATORS

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

Number of People		2015-16	2014-15	2013-14
Workers in industry trained with Construction Training Fund support Source: CTF	-	18633	20,530	18,355
Number of workers		2015-16	2014-15	2013-14
Number of workers in the industry* (actual employed at end of May 2016) Source: ABS ⁴	-	112,168	126,528	110,008
Percentage	Target	2015-16	2014-15	2013-14
Training rate ⁵ Source: Derived	20%	16.6%	16.23%	16.67%

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.

The 'training rate' in KPI 1.2 shows a comparable level to 2014-2015 and 2013-2014. However, the number of workers in the industry has decreased by 11.3%. The number of workers in industry that are supported by the Construction Training Fund has decreased by 9.2%.

As at May 2016, there were 140,210 workers employed in the construction industry however, the "number of workers in the industry" includes the engineering construction workforce within the mining sector and is estimated as 20% of the construction workforce.⁶ These workers are not entitled to access subsidies from the Construction Training Fund but are included as workers in the industry.

Therefore, the engineering construction workforce within the mining sector is excluded from the above tables to reflect the true workforce eligible for Construction Training Fund support.*

The number of people receiving training support has decreased by 1,897 since 2014-2015. This may be attributed, in part, to construction workers returning to traditional sectors of the construction industry who may have already undertaken supplementary skills training. This situation may improve when there is an upturn in the industry, as existing workers may not see the value of upskilling when opportunities to utilise those new skills are limited in the current economic climate.

⁴ Australian Bureau of Statistics, Labour Force, 6291 0.55.003 - Australia, Detailed, Quarterly May 2016

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

⁶ WA Prospect Magazine March to May 2016

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: *Satisfaction surveys of workers*

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2015-16	2014-15	2013-14	2012-13
9,604	9,604	9,367	80%	97.5%	95.1%	96%	97%

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

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 (OSH) that was subsidised by the Construction Training Fund (the Fund) 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) delivering courses subsidised by the Fund and by individual claims. The survey was included on the Fund claim form which had to be completed and returned to the Fund in order to obtain a reimbursement for the course completed. Results from the survey were entered into the Fund’s CRM database and the level of satisfaction was derived from these responses.⁷

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

There were 184 responses (1.9%) in the mid-range where the respondent was neither satisfied nor dissatisfied. A further 53 respondents (0.5%) indicated some degree of dissatisfaction.

To ensure that the satisfaction level was consistent across training providers, a random sample across nine private RTPs with 2,924 responses was considered.⁸ The percentage of overall satisfaction was 97.5% with a confidence interval of 0.12 and a level of confidence of 99%.⁹ A second random survey was also undertaken, using nine different RTPs with 2,664 responses, to compare satisfaction levels; the result was a difference of 0.02% between the 2 sets of sample RTPs.

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

Comparing results from previous years, this analysis uses a wider spread of RTPs. This has shown that the satisfaction rate is the highest recorded in the last 5 years and demonstrates a high level of satisfaction over a large number of RTPs in the survey.

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

⁸ The responses in this survey were received up to 31 May 2016

⁹ <http://www.surveysystem.com/sscalc.htm> - to determine confidence interval

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	2015-16	2014-15	2013-14	2012-13
1689	1689	1588	80%	94%	93%	88%	87%

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

Methodology of survey – employer satisfaction levels

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

The responses to the claim form surveys were entered into the Construction Training Fund's CRM database and satisfaction percentages were derived from these results.¹⁰

There was a 42% reduction in the number of employers surveyed compared to 2014-15 but the satisfaction levels increased by 1%. Satisfaction levels were calculated on a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied and was derived from the question “How would you rate your level of satisfaction with the subsidised training undertaken by your employee/s?” Response levels 4 - 5 were included as positive responses in the result.

Based on the sample of 1,689 responses there were 1,588 satisfied responses and the percentage of overall satisfaction was 94% with a confidence interval of .38 at a level of confidence of 99%.¹¹

There were 90 responses (5.3%) in the mid-range where the respondent was neither satisfied nor dissatisfied. A further 11 respondents (0.6%) indicated some level of dissatisfaction.

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

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

KEY EFFICIENCY PERFORMANCE INDICATORS

KPI 1.1 "The total administration costs of the Building and Construction Industry Training Fund as a percentage of the Fund's total expenditure."

2015-16	2014-15	2013-14	2012-13
8.40%	6.62%	7.27%	7.43%

There has been a 1.78% increase in the administration cost as a percentage of total expenditure in 2015-16 due to:

- Costs associated with the recruitment of a new Executive director and an extended handover period.
- A significant reduction in training expenditure. During the year expenditure fell from \$28.7 million to \$23.5 million

KPI 1.2 "The specific administration costs of the Building and Construction Industry Training Fund represented as a cost per apprentice or trainee subsidised by the Fund."

2015-16	2014-15	2013-14	2012-13
\$49.53	\$59.37	\$53.18	\$57.64

Specific administration costs represented as a cost per apprentice or trainee decreased in 2015-16 from \$59.37 to \$49.53. This is due to:

- A reduction in salary related administration costs due to the inability to fill vacant positions resulting from the state government employment freeze.
- A re-allocation of employment costs for the Director, Communications and Operations to recognise time spent on other administration duties relating to the planning of the career information centre in Belmont.

KPI 1.3 "The specific administration costs of the Building and Construction Industry Training Fund represented as a cost per person supported by the Fund to undertake skills training or vocational education."

2015-16	2014-15	2013-14	2012-13
\$18.60	\$16.05	\$18.98	\$13.94

Specific administration costs represented as a cost per person supported to undertake skills training or vocational education increased in 2015-16 from \$16.05 to \$18.60. This is due to:

- The number of subsidies paid falling from 20,487 in 2014-15 to 19,090 in 2015-16.



Our Ref. 5512-03

Chairman
Building and Construction Industry Training Board
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Dear Sir

**FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2016**

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

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

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit. Further, the matters being reported are limited to those deficiencies that have been identified during the audit.

The date that agencies provided their financial statements to Audit has been recorded for purposes of reporting to Parliament. I advise that the date recorded for the receipt of your financial statements was 25 July 2016.

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

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

Feel free to contact me on 6557 7635 if you would like to discuss these matters further.

Yours faithfully

YUSOOF ARIFF
ASSISTANT DIRECTOR
FINANCIAL AUDIT
18 August 2016

Attach



Auditor General

INDEPENDENT AUDITOR'S REPORT

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 2016, 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.

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 2016 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.

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 for the Audit of the Financial Statements

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements 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.

Report on Controls

I have audited the controls exercised by the Building and Construction Industry Training Board during the year ended 30 June 2016.

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.

Opinion

In my opinion, in all material respects, the controls exercised by the Building and Construction Industry Training Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

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 for the Audit of Controls

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.

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 2016.

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

Opinion

In my opinion, in all material respects, the key performance indicators of the Building and Construction Industry Training Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2016.

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 for the Audit of Key Performance Indicators

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.

Independence

In conducting the above audits, 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 2016 included on the Board's website. The Board's management are responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 August 2016