



# Annual Report 2020-21



**CTF**  
**Construction**  
**Training Fund**

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## Statement of compliance

**For year ended 30 June 2021**

**HON SUE ELLERY MLC  
MINISTER FOR EDUCATION AND TRAINING**

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Annual Report of the Building and Construction Industry Training Board for the financial year ended 30 June 2021. The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

The financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.



**Reg Howard-Smith**  
Chair  
Building and Construction Industry Training Board

Date: 8 November 2021



**Stan Liaros**  
Board Member  
Building and Construction Industry Training Board

Date: 8 November 2021

## Report on the operations of the agency during 2020-2021

The Construction Training Fund (CTF) is a statutory authority that assists Western Australia's building and construction industry to meet its demand for skilled workers. CTF is managed by a Board of industry representatives and an independent chairperson.

CTF administers a training levy on building and construction work in Western Australia, under the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (the Act). The revenue generated from the levy is returned to the industry's employers and workers through a range of grants and subsidies. These grants and subsidies reduce the cost associated with skills training required by a modern and progressive building and construction industry.

The Board also carries out the role of the Construction Training Council. The Construction Training Council works closely with industry stakeholders and provides advice to Government and the State Training Board ensuring training meets the needs of one of Western Australia's biggest and most diverse industries.

### Financial position

During 2020-21, CTF received \$45.9 million net revenue from the Building and Construction Industry Training Fund (BCITF) Levy, with total expenditure of \$29.6 million to support the building and construction industry's demand for skilled workers.

Administrative costs of \$5.8 million led to an operational surplus of \$10.5 million, with the Board maintaining an accumulated surplus of \$46.8 million as of 30 June 2021.

At the time the Board's Operational Plan for 2020-21 was approved by the Minister, revenue forecast for the full year was \$26.2 million, based on financial modelling conducted at the height of the pandemic in Western Australia and prior to announcements made by the State Government for the State Recovery Plan.

By mid-year review, the scope of Government stimulus supporting the building and construction industry had become more apparent and a revised revenue base of \$37 million was forecast.

At mid year review Cabinet approved an increase in expenditure of \$43.9 million to support the building and construction industry.



## Agency performance

The effect of the pandemic on CTF activity during 2020-21 was marginal in terms of service delivery, managed through secure work-from-home structures as required. CTF maintained supply of service in levy collection and also in the processing of disbursements to industry.

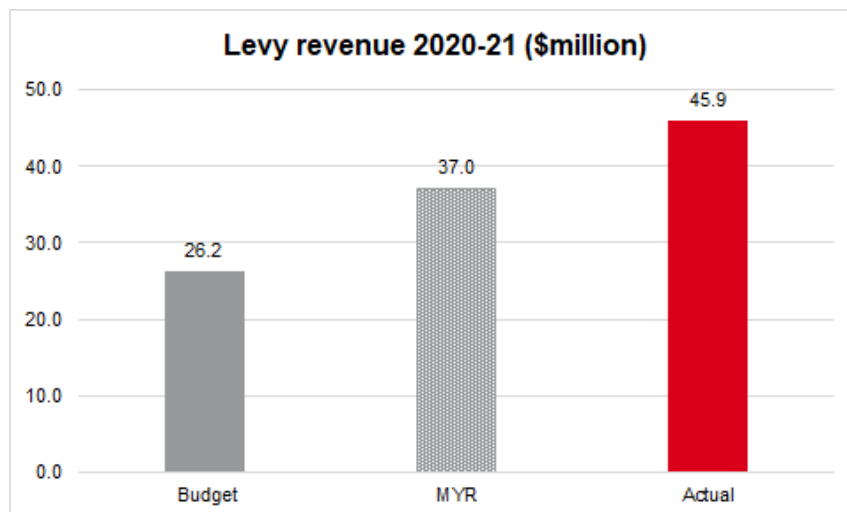
The disruptions and volatility resulting from the pandemic more broadly affected employment and confidence across sectors in the construction industry. The State Government's recognition of the construction industry as an essential service sustained existing work, but it was not until the Government's residential construction stimulus package and the State Recovery Plan were launched that a level of confidence in a sustained pipeline of work began to emerge.

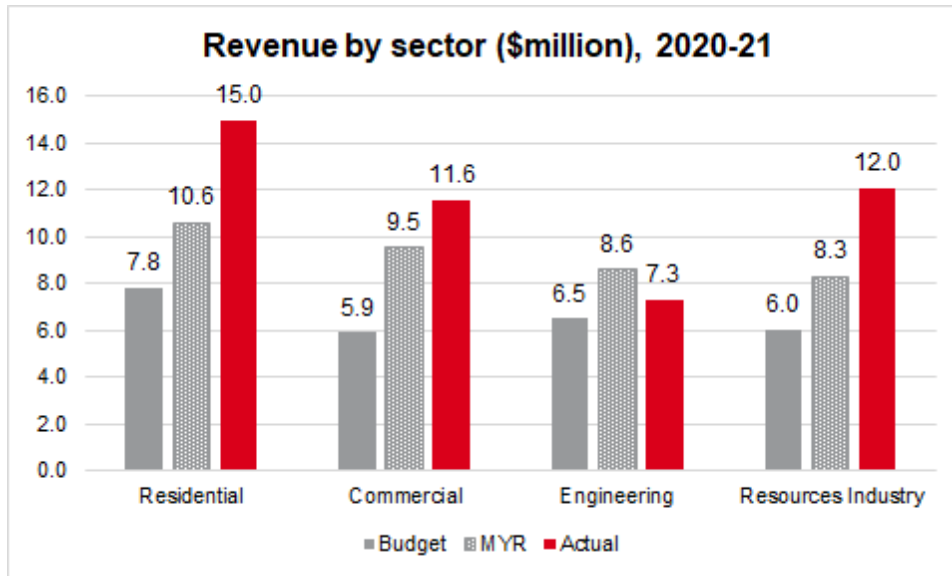
Commonwealth Government initiatives such as JobKeeper and 50% wage subsidies for employers of apprentices contributed to a buoyancy of workforce numbers in the Western Australian construction workforce.

Revenue for the year was significantly higher than that forecast, as noted in the Board's Operational Plan, and approved by the Minister in May 2020. This is due largely to the Government stimulus and timelines for first home builders and the role out of infrastructure and asset maintenance works as part of the State Recovery Plan investments.

Investment by the private sector also contributed to the higher-than-forecast revenue base, with new construction across new infrastructure in the resources sector representing 23.8% of total revenue. Significant works that were postponed due to global uncertainties in the initial phases of the pandemic, commenced during the year, particularly in the oil and gas sector.

At mid-year review in October 2020, the Board submitted a revised budget, which was approved by the Minister and submitted to the Department of Treasury.





Under the Act, a project owner is required to pay the BCITF Levy in a single lump-sum prior to the commencement of construction work. Instalment payments are only available to project owners for works with an estimated value of construction of \$500 million or more. The volume and concentration of new works commencing within the financial year, particularly from high-value infrastructure and resources sector projects, contributed to the higher than forecast revenue.

This additional activity has not translated into a similar increase in expenditure across CTF core programs that support employers of apprentices, skills development and occupational health and safety training for 2020-21.

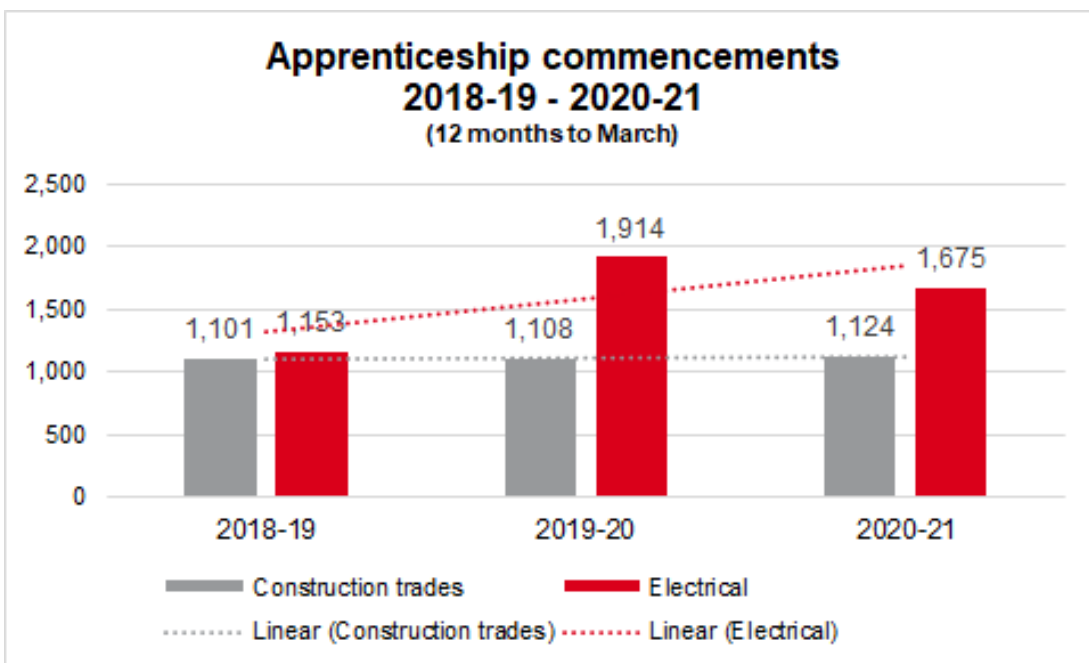
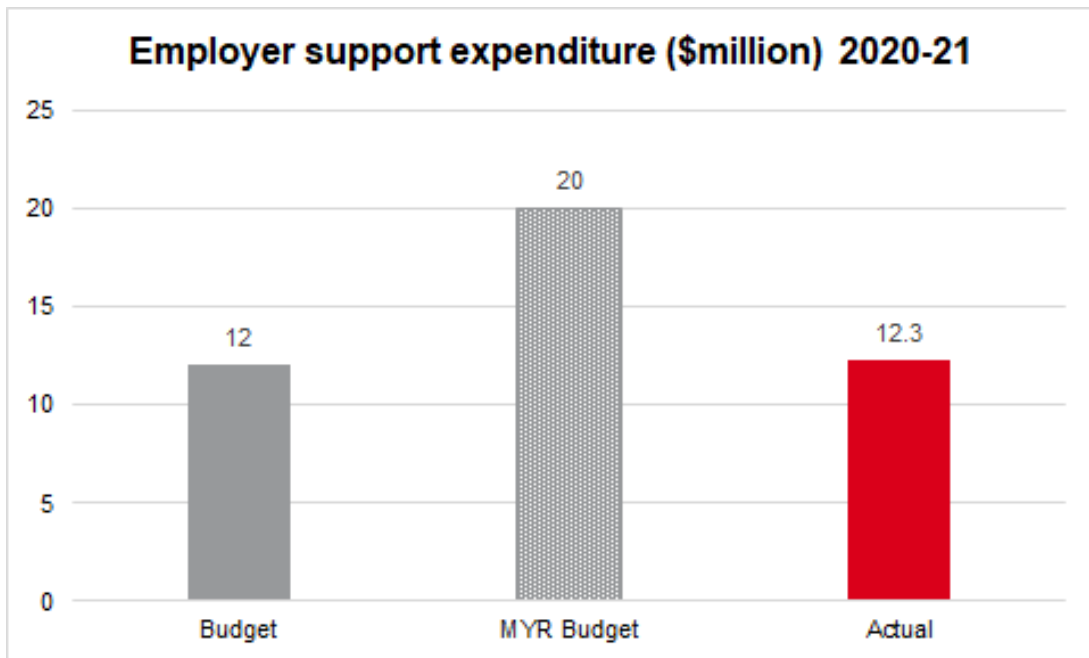
The pipeline of work created by the State Recovery Plan resulted in a steep demand for skilled workers. The building and construction industry has generally relied on skilled migration (interstate and international) to supplement apprentice numbers to address skills shortages in the past; however, border restrictions to control the spread of COVID-19 within Western Australia has meant that there are limited opportunities to import skills. This has resulted in a 72% increase in construction apprenticeship commencements (1 July 2020 – 30 April 2021) year on year, including electrical, but a severe skills shortage remains.

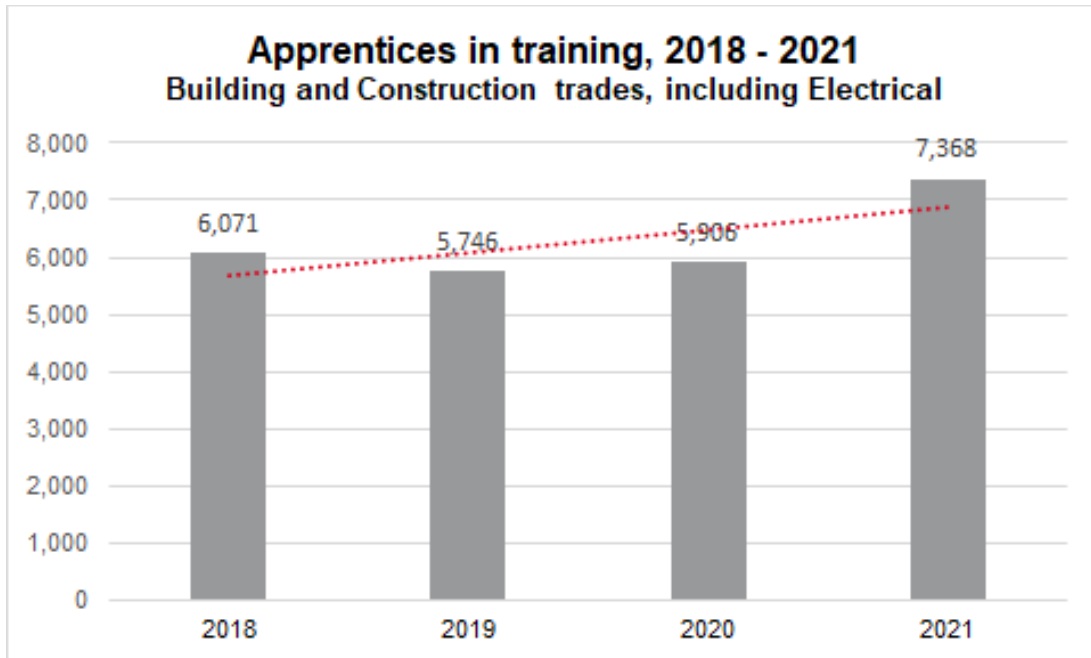
Overall, the training rate (apprentices per trades worker) of 12.5% for 2020-21 is below the target of 15% (KPI 1.1), which is the rate required to maintain an adequate supply of trade qualified workers.

The CTF provided \$12.3 million to employers to support apprenticeship employment, making 4,237 payments to employers of 2,596 directly indentured apprentices and trainees that had reached payment milestones during the year. In addition, CTF supported the employment of a further 1,445 apprentices employed by group training organisations.

CTF is confident that this represents 100% of all eligible apprentices and trainees employed in group training but estimates that approximately 60% of direct indenture employers are claiming milestone payments when they are due within the financial year.

The CTF’s recently completed Market Segmentation research and analysis project indicated that sole traders, the majority of employers of apprentices, are time-poor and are unable to complete administrative tasks.





### CTF COVID Support

CTF's COVID support package of \$30.6 million was announced in the last quarter of the 2019-20 financial year. This package was designed to support employers of existing apprentices to maintain these apprentices in employment in preparation for a post pandemic recovery.

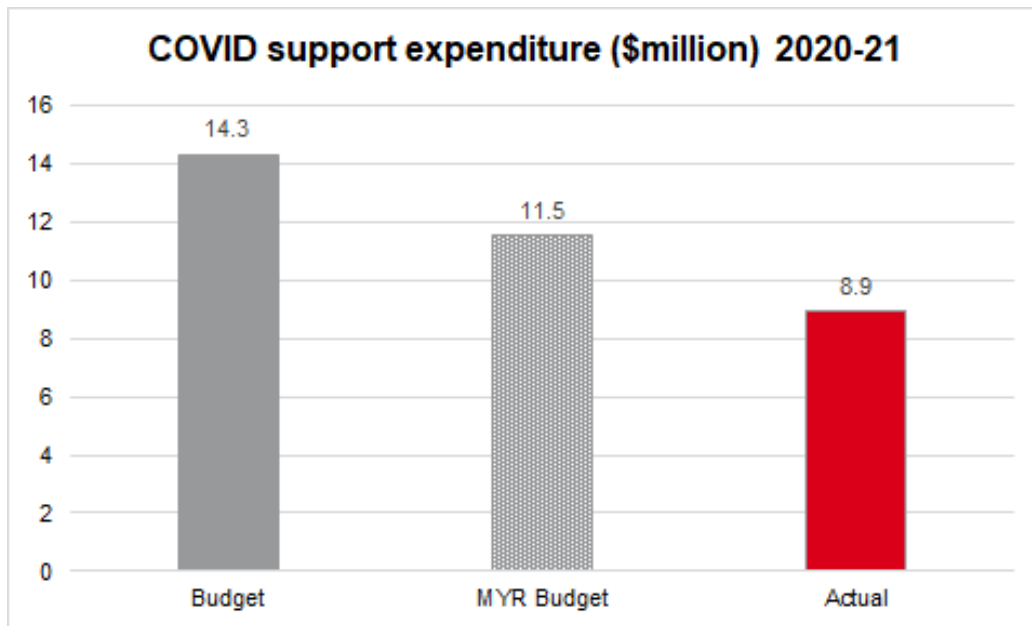
The package was built around the number of apprentices that were identified as "active" in March 2020 within the Department of Training and Workforce Development's (DTWD) Western Australian Apprenticeship Management System (WAAMS) and were potentially eligible for standard CTF grants.

At mid-year review, the Board's review of the package indicated that total expenditure for each of the components would more likely reach a total of \$20 million with \$11.5 million incurred in the 2020-21 financial year, due to application of standard CTF eligibility criteria and the effect of apprentices completing their qualifications prior to reaching milestones set for elements of the package.

Final expenditure for the program for the financial year was \$8.93 million.

CTF conducted three employer surveys in 2020-21 to assess the effectiveness of the COVID support package. The final survey was sent to more than 2,100 direct indenture employers, receiving a 15% response rate. A separate survey issued to 14 group training organisations (as employers of apprentices) received a 64% response rate. Results from the survey indicated that the package was critical to 76% of small business employers in their capacity to maintain the apprentice in employment during the uncertainty of the pandemic.



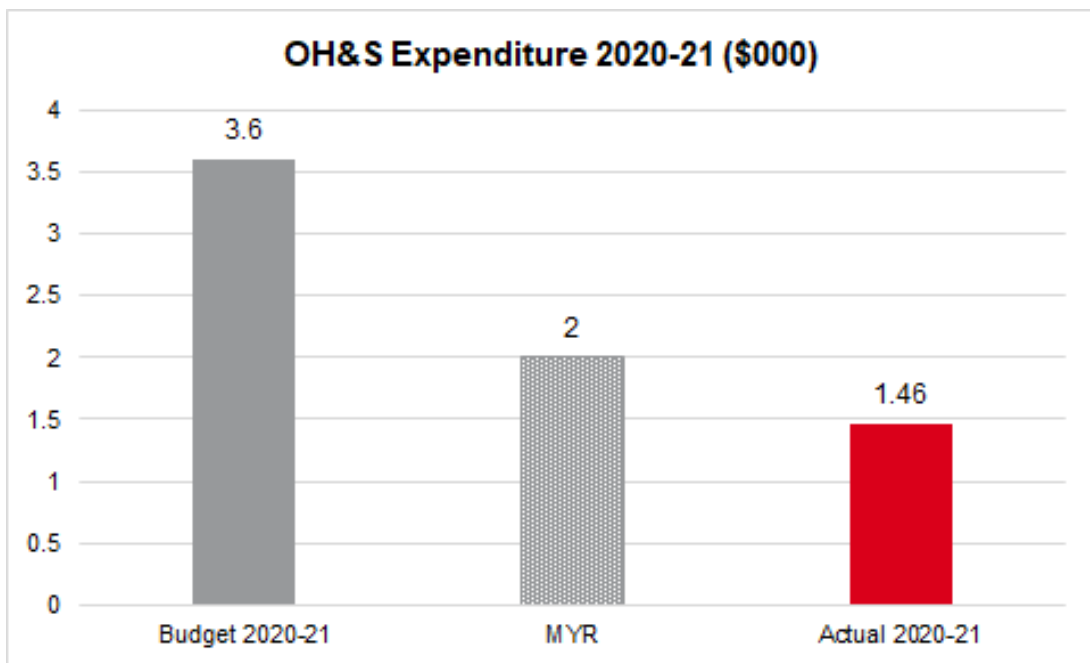
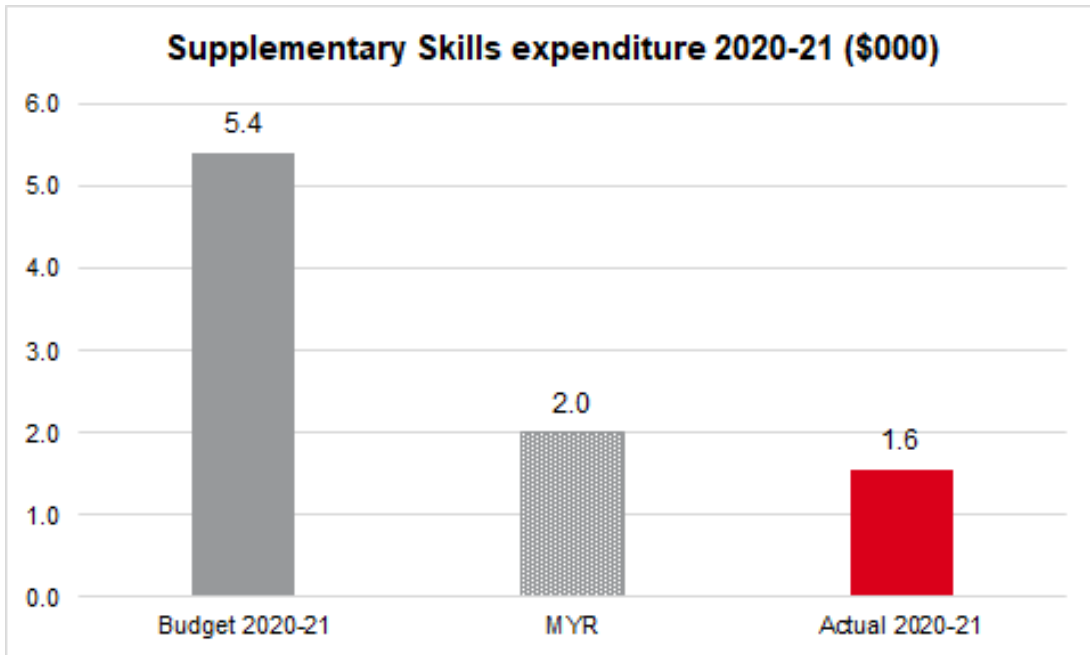


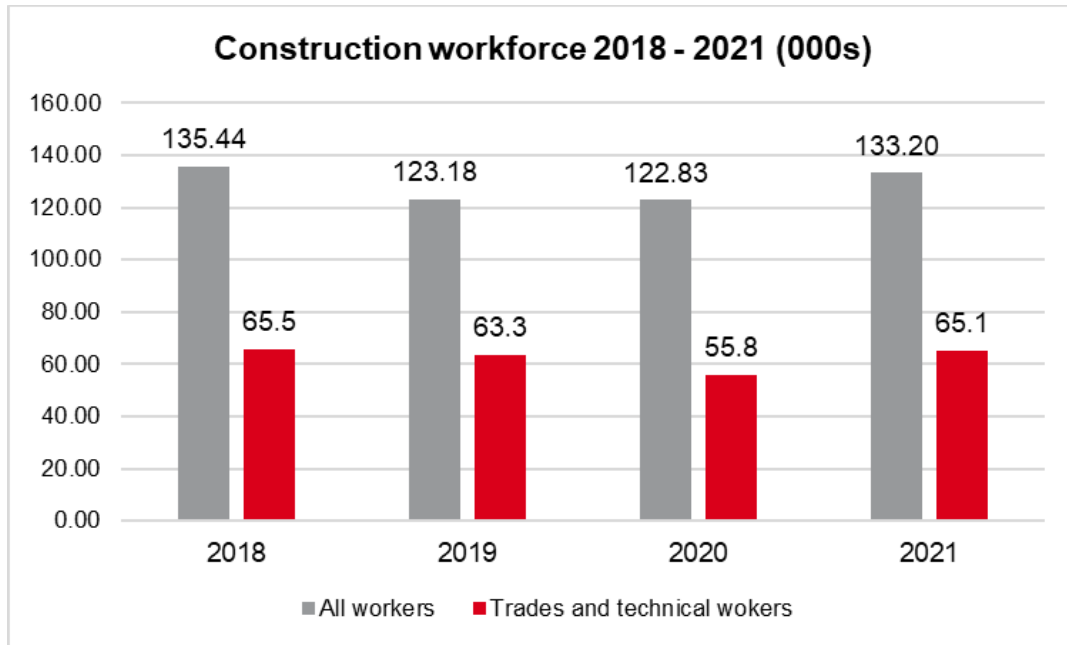
## Supplementary Skills and Occupational Health and Safety Training

While data from the Australian Bureau of Statistics suggests that there has been an increase in the number of construction workers in the 12 months to May 2021, these are likely to be local, returning trades and workers from other sectors attracted by the pipeline of works and higher wages on offer. However, sustained border controls and necessity to deploy workers within the State across the scope of works has seen a reduction in a demand for training by existing workers.

CTF provided 10,400 training subsidies across the Supplementary Skills and Occupational Health and Safety programs. The training rate in this area (7.8%) considering the number of workers in all occupations across the building and construction industry is well below the target of 20%, as set under KPI 1.2. The training rate improves to 16.0% when the number of subsidies paid to on-site workers (10,400) is calculated against the number of trades and technical workers in the industry (65,100).

The demand for skilled workers on the ground has contributed to a decrease in the demand for short-course training normally supported by CTF subsidies. The competition for skilled workers across multiple, concurrent construction projects has compromised the ability for workers to allocate time to short-course training.





## Performance Management Framework

The collection of the BCITF Levy and the Board’s allocation of collected revenue supports the skill requirements of the Western Australian building and construction industry workforce and the overarching Government goals to create jobs and sustain the State’s long-term economic development.

The outcomes of the Board’s allocation of resources from the Fund and related key performance indicators are illustrated at Table 1 and expanded on further in the Key Performance Indicator’s attachment .

**Table 1**

<b>Outcome</b>	<b>Key performance indicator - effectiveness</b>	<b>Target</b>	<b>Achievement</b>
Programs support an increase in skilled workers in the industry	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.	15%	12.5%
	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.	20%	7.8%
Programs support an improvement in the quality of training	2.1. The proportion of workers surveyed who are satisfied with the quality of training supported by the Construction Training Fund.	80%	98.9%
	2.2. The proportion of employers surveyed who are satisfied overall with the quality of training supported by the Construction Training Fund.	80%	83%
<b>Outcome</b>	<b>Key performance indicator - efficiency</b>	<b>Target</b>	<b>Achievement</b>
The Board operates efficiently	1.1. The total administration costs of the Building and Construction Industry Training Board as a percentage of the Construction Training Fund's total expenditure.	10%	10.89%
	1.2. The specific administration costs of the Building and Construction Industry Training Board represented as a cost per apprentice or trainee subsidised by the Construction Training Fund.	\$69.00	\$88.76
	1.3. The specific administration costs of the Building and Construction Industry Training Board represented as a cost per person supported by the Construction Training Fund to undertake skills training or vocational education.	\$28.00	\$35.10

## Career Promotions

CTF's career information program continued to promote the building and construction industry across education and community sectors during 2020-21.

The Construction Futures Centre (CFC) is a cornerstone of the CTF career promotions program. An interactive venue showcasing the scope of the construction industry and the breadth of career opportunities available. The CFC was visited by 2,875 people during the year. This is a 56% increase over the previous year in spite of lockdowns and pandemic related restrictions.

CTF funded 1,605 year 9 and 10 students to undertake Try-a-trade courses during the year and provided scholarships to 187 Year 11 and 12 students to complete Certificate II building and construction qualifications as part of their Western Australian Certificate of Education (WACE). The program entered its third year in 2021 and 80 students from the initial cohort of 120, graduated in October 2020 and have secured employment in the building and construction industry.



CTF's Industry Training Advisors delivered 220 career presentations in WA secondary schools and attended 47 public career expos during the year to promote the industry to students, parents and educators.

## Initiatives

CTF worked collaboratively with Government agencies during the year in the development of Job Ready training programs in civil construction and bricklaying, to provide industry with a pipeline of workers with sufficient skills to enter the workforce.

To help address the availability of skilled workers for the building and construction industry and increase diversity in the workforce, the Board implemented two concurrent pilot programs to increase the number of mature-age people in apprenticeships by removing the wage-cost barrier for employers.

The mature-age wage gap program (MAWG) reduces the wage gap between mature-age and junior award rates of pay.

The pilot programs commenced in April 2021. The first of the pilot programs accommodates 150 apprenticeship positions across ten



traditional construction trade areas that were identified by industry stakeholders as critical skill shortage areas.

The second of the pilot programs accommodates 16 apprenticeship positions in the electrical trade, with a focus on the employment of mature-age female and/or Aboriginal apprentices.

The pilot program will reduce wage costs for an employer by approximately \$23,000 over the course of the apprenticeship and has a total budget allocation of \$3.44 million over three years.

During the year, the CTF continued to build on collaborative relationships with the Departments of Training and Workforce Development (DTWD) and Education (DoE) to assist in the delivery of strategic Government priorities.

CTF has worked closely with DTWD to implement recommendations emerging from the 2020 Review of Skills, Training and Workforce Development. This includes the development of the Civil Job Ready program to increase workforce capacity for projects under the Office of Major Transport Infrastructure Delivery (OMTID) and a similar Bricklaying Job Ready program to increase capacity for residential construction.

In an initiative to increase diversity and gender representation in the industry, CTF engaged in a strategic partnership with the Perth Football League (PFL) to sponsor the Women's League. This community-based initiative will serve to raise the profile of the industry amongst young women and their families. Several teams in the Women's League have players that are qualified in construction trades and CTF has promoted this via social media channels, generating strong, favorable responses and sharing of these posts.



The Construction Futures Centre (CFC) continued to receive strong patronage from schools during the year and CTF established a strategic partnership with DoE to position the CFC as a centre of excellence for information relating to pathways into careers in the building and construction industry. This partnership will be strengthened during 2021-22 as CTF supports DoE's professional development of career practitioners in Western Australian schools, as part of the Government's strategy to promote Vocational Education and Training.

## Market Segmentation

As part of its strategic planning process, the Board engaged a consultant in August 2020 to undertake a market segmentation research and analysis study. Results from the research indicate that more than 68% of businesses operating within the building and construction industry across the State are sole traders and are not active employers. A further 30% employ five or less people.

Key themes emerging from this analysis include the reluctance of small businesses to engage in training of apprentices due to administrative burdens and the challenges presented by the cyclic nature of activity in the building and construction industry.

This has informed the Board's development of its 2021-24 Strategic Plan.

## Legislative changes

The first phase of legislative amendments resulting from the 2019 Statutory Review was completed in May 2020. Amendments to the Act provided for changes to the structure of the Board, which now includes two representatives from the resources sector, expanding the Board to nine members. A limit to the tenure of Board members was also introduced in May 2020, allowing for a maximum tenure of ten consecutive years for ordinary members and the chair.

This phase of legislative amendments also introduced the provision for project owners to pay the BCITF Levy by instalment, for all projects with an estimated construction value of \$500 million or greater.

Consultation with industry remained a priority for the Board in 2020-21, and the Board engaged ACIL Allen to assist with consultation to progress recommendations from the 2019 Statutory Review for a second phase of legislative amendments. This tranche of works includes

- a review of the existing definition of construction for levy purposes
- a review of resources operational work for exclusion purposes
- removing an exclusion for Government work performed by Government workers and
- progressing outstanding items from the 2014 Statutory Review, which are
  - re-basing and indexing threshold rates for the levy
  - moving reference to rates and thresholds into the Regulations
  - removing references to the “quality of training” from the Act

## Appointment of new Board members and CEO

Amendments to the Act in May 2020 increased Board membership from seven to nine, including two from the Western Australian resources sector.

Ms Kate Osborn, General Manager of Engineering at BHP was appointed to the Board in July, representing mining construction.

Ms Sandra McInnes, Vice President of Corporate Affairs with Woodside, was appointed to the Board in 2018 as an independent member and was confirmed by the Minister as a representative of construction in the oil and gas sector in July.

Mr Mick Buchan, Secretary of the WA Division of the Construction, Forestry, Mining and Energy Union of Workers (CFMEU) was appointed to the Board in July following the resignation of Mr Les Wellington in May 2020 (unions representative).

Mr Stan Liaros, Chief Executive Officer of the Apprenticeship and Traineeship Company was appointed in July as an independent member.

Ms Paula West, General Manager of Inspired Homes, was appointed to the Board as a representative of the Master Builders’ Association, following the tenure expiration of Mr Michael McLean.



Mr Steven McCartney, State Secretary from the Australian Manufacturing Workers Union commenced in June following the resignation of Mr David von Kelaita.

In August, the Board appointed Ms Tiffany Allen as the Chief Executive Officer.

## Details of government board and committee remuneration

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 CTF. The Board has nine members, drawn from key stakeholder bodies prescribed under Section 10(1) of the *Building and Construction Industry Training Levy Act 1990*. All Board members are appointed by the Minister for Education and Training.

In the 2020-2021 year, one Board member's tenure expired, and one Board member resigned.

Position title	Member name	Type of remuneration	Period of membership	Term of appointment / tenure	Base salary/ sitting fees	Gross/actual remuneration for financial year
Chair	Reg Howard-Smith	Annual	1 July 2020 – 30 June 2021	Full time	\$40,625	\$40,625
Member	Cheng Rolfe	Annual	1 July 2020 – 30 June 2021	Full time	\$17,314	\$17,314
Member	Sandra McInnes	Annual	1 July 2020 – 30 June 2021	Full time	\$17,314	\$17,314
Member	Kate Osborne	Annual	20 July 2020 – 30 June 2021	Full time	\$17,314	\$15,871
Member	Stan Liaros	Annual	20 July 2020 – 30 June 2021	Full time	\$17,314	\$15,871
Member	Michael Buchan	Annual	20 July 2020 – 30 June 2021	Full time	\$17,314	\$15,871
Member	Dean O'Rourke	Annual	1 July 2020 – 30 June 2021	Full time	\$17,314	\$17,314
Member	Paula West	Annual	21 December 2020 – 30 June 2021	Full time	\$17,314	\$8,657
Member	Michael McLean	Annual	1 July 2020 – 20 December 2021	Full time	\$17,314	\$8,657
Member	David von Kelaita	Annual	1 July 2020 – 30 April 2021	Full time	\$17,314	\$14,428
Member	Steve McCartney	Annual	24 June 2021 – 30 June 2021	Full time	\$17,314	\$0
<b>Total</b>						<b>\$171,922</b>

## Occupational safety, health and injury management

CTF is committed to providing a healthy and safe work environment for all staff and visitors. CTF'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.



CTF promotes a consultative environment in which management and staff work together to continually improve occupational health and safety practices. In the 2020-21 year the CTF established an Occupational Health and Safety Committee. The Committee was established in March 2021 and tasked with reviewing current policies and procedures and ensuring safety and wellbeing in the workplace.

The Committee is made up of seven staff members from different sections and levels within CTF and meets every 6 to 8 weeks. One member of the Committee has attended a five day Safety and Health representatives' course in December 2020.

The Committee assists CTF in achieving a safe, healthy, and productive workplace and ensures all staff are aware of their Occupational Health and Safety responsibilities. Staff are kept up to date with Occupational Health and Safety issues and First Aid issues and are actively encouraged to provide input and feedback to the Committee.

A Wellness Plan is being developed with input from staff to offer healthy, physical and mental health professional development.

CTF’s occupational health and safety statistics for 2020-21 are shown below:

<b>Occupational Health and Safety Statistics</b>	<b>2020-21 Target</b>	<b>2020-21 Actual</b>
Number of fatalities	0	0
Lost time injury / diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within (i) 13 weeks; (ii) 26 weeks	Greater than or equal to 80% within 26 weeks	N/A
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	Greater than or equal to 80%	1 FTE (25%)

\*Due to COVID-19 restrictions, scheduled training was restricted.



## WA Multicultural Policy Framework

The CTF has recently formed a Culture, Diversity and Inclusion Committee to develop policies and processes that will embed diversity within the workplace. The Committee has recently completed CTF's Multicultural Plan 2021-2024. On 6 August 2021 the Plan was submitted to the Minister for Citizenship and Multicultural Interests.



## Disability access and inclusion plan outcomes

The CTF has recently formed a Culture, Diversity and Inclusion Committee to develop policies and processes that will embed diversity within the workplace. The formulation of a Disability access and Inclusion Plan will form part of this Committee's work.

## Act of grace payments

No act of grace payments were made during the 2020-21 financial year.

## Unauthorised use of credit cards

Officers of the CTF hold a corporate credit card where their role necessitates the usage of this facility. Before any card is issued prospective cardholders acknowledge their obligations to comply with the Fund's credit card policy.

No unauthorised use of corporate credit cards occurred during the 2020-21 financial year.

## Advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the agency incurred the following expenditure in advertising, market research, polling, direct mail and media advertising. Total expenditure for 2020–21 was \$104,718. Expenditure was incurred in the following areas.

<b>Advertising agencies</b>	<b>\$87,645</b>
Marketforce	\$79,713
ExpandaBrand	\$7,377
Initiative Media	\$555
<b>Media advertising agencies</b>	<b>\$17,073</b>
ExpandaBrand	\$9,141
Initiative Media	\$6,299
Facebook	\$1,632
<b>Total advertising and media costs</b>	<b>\$104,718</b>

## Compliance with public sector standards and ethical codes

The *Public Sector Management Act 1994* provides the principles of conduct for all public sector bodies and employees. These include compliance with any legislation governing conduct, Public Sector Commissioner's Instructions, Public Sector Standards and Code of Ethics.

The Code of Conduct prescribes mandatory standards of behaviour, conduct and integrity expected of all staff. The Code places an obligation on all staff to take responsibility for their own behaviours, conduct and integrity, to work cooperatively with stakeholders, and to establish a safe and healthy work place and culture.

The CTF have completed reporting to the Public Sector Commission through the Integrity and Conduct Annual Collection and the Boards and Committees Annual Collection.

### Breaches of Standards Review

Number of breaches lodged	0
Number of breaches found	0
Number of multiple breaches	0
Number still under review	0

## Indemnity Insurance

The Building and Construction Industry Training Board paid \$10,064 to indemnify any director (as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996*) against a liability incurred under sections 13 or 14 of that Act.

## Recordkeeping plans

CTF is committed to maintaining record keeping practices consistent with the *State Records Act 2000*. The current record keeping plan was reviewed by the State Records Commission in March 2019 and has approval for continuation until December 2023.

## Written ministerial directions

No ministerial directives were issued during 2020-21.



## Statement on Qualification of Controls

In 2020-21 the Auditor General issued a qualified opinion on the controls of the CTF. This qualified opinion centred around the CTF's grant and financial management information systems both implemented in January 2019. These issues had been self-identified by CTF in a series of management reviews undertaken in the reporting period.

To address these issues several expert firms were engaged to recommend the necessary modifications required to ensure appropriate system controls, including an expert accounting firm which performed a forensic review. CTF continues to respond to these recommendations, which it will implement in full by 31 March 2022, and is currently reconfiguring these systems and implementing robust procedures to ensure the highest standards of internal control. In addition, the 2021-2025 CTF Strategic Plan articulates initiatives to continually improve processes, practices and governance.

The CTF provided the Office of the Auditor General with all relevant internal reports to assist in the formation of their opinion and continues to work with the Office to ensure these issues are comprehensively addressed.

# Independent Audit Opinion



# Auditor General

## INDEPENDENT AUDITOR'S OPINION 2021

### Building and Construction Industry Training Board

To the Parliament of Western Australia

## Report on the audit of the financial statements

### Opinion

I have audited the financial statements of the Building and Construction Industry Training Board (the Entity) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Building and Construction Industry Training Board for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

### Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the Entity in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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



## Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Entity.

## Auditor's responsibilities 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. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## Report on the audit of controls

### Basis for Qualified Opinion

I identified significant matters relating to weaknesses in the overall control environment including:

- inappropriate IT systems configuration that reduce the ability to appropriately segregate duties for finance and payroll functions;
- the lack of adequate operational processes and policies relating to key processes;
- no independent reviews of general journals and monthly bank reconciliations;
- no approved purchase orders for purchases, and instances where the receiving and incurring officer are the same person

These weaknesses could result in inaccurate financial information as errors and/or fraud may not be detected.

## Qualified Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Building and Construction Industry Training Board. The controls exercised by the Entity 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 2021.

## The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

## Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

## Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

# Report on the audit of the key performance indicators

## Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

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 Entity's performance and fairly represent indicated performance for the year ended 30 June 2021.

## The Board's responsibilities 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 internal control it determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

## Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

## **My independence and quality control relating to the reports on controls and key performance indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Other information**

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

## **Matters relating to the electronic publication of the audited financial statements and key performance indicators**

This auditor's report relates to the financial statements, controls and key performance indicators of the Building and Construction Industry Training Board for the year ended 30 June 2021 included on the Entity's website. The Entity's management is responsible for the integrity of the Entity's website. This audit does not provide assurance on the integrity of the Entity's website. The auditor's report refers only to the financial statements, controls 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, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
11 November 2021

# Financial Statements

**Building and Construction Industry Training Board**  
**Certification of financial statements**  
**For the reporting period ended 30 June 2021**

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 reporting period ended 30 June 2021 and the financial position as at 30 June 2021.

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



\_\_\_\_\_  
Reg Howard-Smith  
Chair  
For the BCIT Board

\_\_\_\_\_  
8 / 11 / 2021



\_\_\_\_\_  
Stan Liaros  
Member  
For the BCIT Board

\_\_\_\_\_  
8 / 11 / 2021



\_\_\_\_\_  
Lee Baptie  
Chief Finance Officer

\_\_\_\_\_  
8 / 11 / 2021

**Building and Construction Industry Training Board**  
**Statement of Comprehensive Income**  
For the year ended 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	2.1(a)	3,228	2,860
Grants and subsidies	2.2	29,575	28,734
Supplies and services	2.3	1,327	829
Accommodation expenses	2.3	190	225
Depreciation and amortisation expense	4.1.1, 4.2	862	763
Finance costs	6.3	2	1
Other operating expenses	2.3	362	565
<b>Total cost of services</b>		<b>35,546</b>	<b>33,977</b>
<b>Income</b>			
Levy fees	3.1	45,833	38,798
Interest revenue	3.2	140	385
Other revenue	3.3	47	-
<b>Total income</b>		<b>46,020</b>	<b>39,183</b>
<b>NET COST OF SERVICES</b>		<b>10,474</b>	<b>5,206</b>
<b>Income from State Government</b>			
Service appropriation	3.4	-	-
<b>Total income from state government</b>		<b>-</b>	<b>-</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>10,474</b>	<b>5,206</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in revaluation surplus		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>10,474</b>	<b>5,206</b>

The statement of comprehensive income should be read in conjunction with the accompanying notes.

**Building and Construction Industry Training Board**  
**Statement of financial position**  
**For the year ended 30 June 2021**

	Notes	2021 (\$'000)	2020 (\$'000)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.1	40,424	29,828
Restricted cash and cash equivalents	6.1	-	36
Receivables	5.1	1,544	943
Other current assets	5.2	12	20
<b>Total Current Assets</b>		<b>41,980</b>	<b>30,827</b>
<b>Non-current assets</b>			
Property, plant and equipment	4.1	6,815	7,411
Right-of-use assets	4.2	61	41
<b>Total non-current assets</b>		<b>6,876</b>	<b>7,452</b>
<b>TOTAL ASSETS</b>		<b>48,856</b>	<b>38,279</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.3	1,264	1,461
Employee related provisions	2.1(b)	530	320
Lease liabilities	6.2	9	13
Other provisions	5.4	53	-
<b>Total current liabilities</b>		<b>1,856</b>	<b>1,794</b>
<b>Non-current liability</b>			
Employee related provisions	2.1(b)	191	166
Lease liabilities	6.2	44	28
<b>Total non-current liabilities</b>		<b>235</b>	<b>194</b>
<b>TOTAL LIABILITIES</b>		<b>2,091</b>	<b>1,988</b>
<b>NET ASSETS</b>		<b>46,765</b>	<b>36,291</b>
<b>EQUITY</b>			
Contributed equity		-	-
Reserves		-	-
Accumulated surplus		46,765	36,291
<b>TOTAL EQUITY</b>		<b>46,765</b>	<b>36,291</b>

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 2021**

Notes	Contributed equity (\$000)	Reserves (\$000)	Accumulated surplus (\$000)	Total equity (\$000)
<b>Balance at 1 July 2019</b>	-	-	<b>31,085</b>	<b>31,085</b>
Surplus/(deficit)	-	-	5,206	<b>5,206</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>5,206</b>	<b>5,206</b>
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriation	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
<b>TOTAL</b>	-	-	-	-
<b>Balance at 30 June 2020</b>	-	-	<b>36,291</b>	<b>36,291</b>
<b>Balance at 1 July 2020</b>	-	-	-	-
Surplus/(deficit)	-	-	10,474	<b>10,474</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>10,474</b>	<b>10,474</b>
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriation	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
<b>TOTAL</b>	-	-	-	-
<b>Balance at 30 June 2021</b>	-	-	<b>46,765</b>	<b>46,765</b>

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 2021**

	Notes	2021 (\$'000)	2020 (\$'000)
<b>Cash flow from State Government</b>			
Service appropriation		-	-
Capital appropriations		-	-
<b>Net cash provided by State Government</b>		<b>-</b>	<b>-</b>
<i>utilised as follows:</i>			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee benefits		(2,974)	(2,618)
Grants and subsidies		(29,878)	(28,404)
Supplies and services		(1,187)	(1,108)
Accommodation		(189)	(226)
Finance costs		(2)	-
Other operating payments		(360)	-
GST payments on purchases		(609)	(440)
<b>Receipts</b>			
Levy received from project owners		45,837	39,005
Interest received		147	399
Other receipts		47	147
GST receipts from taxation authority		-	442
<b>Net cash provided by operating activities</b>		<b>10,832</b>	<b>7,197</b>
<b>Cash flows from investing activities</b>			
<b>Payments</b>			
Purchase of non-current assets		(246)	(529)
<b>Net cash used in investing activities</b>		<b>(246)</b>	<b>(529)</b>
<b>Cash flows from financing activities</b>			
<b>Payments</b>			
Principal elements of lease payments		(26)	(21)
<b>Net cash used in financing activities</b>		<b>(26)</b>	<b>(21)</b>
Net increase/(decrease) in cash and cash equivalents		10,560	6,647
Cash and cash equivalents at the beginning of the period		29,864	23,217
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>40,424</b>	<b>29,864</b>

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

# Building and Construction Industry Training Board

## Notes to the financial statements

### For the year ended 30 June 2021

#### 1 Basis of preparation

The Building and Construction Industry Training Board (the Board) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Board is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Board on 8 November 2021.

#### Statement of compliance

These general purpose financial statements are prepared in accordance with:

- 1) The *Financial Management Act 2006 (FMA)*
- 2) Treasurer's instructions (**TIs**)
- 3) Australian Accounting Standards (**AASs**) – Reduced Disclosure Requirements
- 4) Where appropriate, those **AAS** paragraphs applicable for not for profit entities have been applied.

The FMA and TIs take precedence over AASs. Several AASs are modified by the TIs to vary application, disclosure format and wording. 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.

#### Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

#### Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

#### Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**2 Use of our funding**

**Expenses incurred in the delivery of services**

This section provides additional information about how the Board's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Board in achieving its objectives and the relevant notes are:

	<b>Notes</b>
Employee benefits expense	2.1(a)
Employee related provisions	2.1(b)
Grants and subsidies	2.2
Other operating expenditure	2.3

**2.1(a) Employee benefits expense**

	<b>2021</b>	<b>2020</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Employee benefits	2,600	2,266
Termination payment	-	114
Superannuation - defined contribution plans	247	222
Other employee related expenses	381	258
<b>Total employee benefits</b>	<b>3,228</b>	<b>2,860</b>
<i>Add</i> : AASB 16 Non-monetary benefits	19	20
<i>Less</i> : Employee contributions	(4)	(5)
<b>Net employee benefits</b>	<b>15</b>	<b>15</b>

**Employee Benefits:** include salaries, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits (such as cars and free or subsidised goods or services) for employees.

**Superannuation:** the amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

**AASB 16 Non-monetary benefits:** non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of vehicle benefits are measured at the cost incurred by the Board.

**Employee Contributions:** contributions made to the Board by employees towards employee benefits that have been provided by the Board. This includes both AASB-16 and non-AASB 16 employee contributions.

**2.1(b) Employee related provisions**

	<b>2021</b>	<b>2020</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Current</b>		
<u>Employee benefits provisions</u>		
Annual leave	333	194
Long service leave	194	124
	<b>527</b>	<b>318</b>

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**2 Use of our funding**

**2.1(b) Employee related provisions (continued)**

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
<u>Other provisions</u>		
Employee on-costs	3	2
<b>Total current employee related provisions</b>	<b>530</b>	<b>320</b>
<b>Non-current</b>		
<u>Employee benefits expense</u>		
Long service leave	190	166
<u>Other provisions</u>		
Employee on-costs	1	-
<b>Total non-current employee related provisions</b>	<b>191</b>	<b>166</b>
<b>Total employee related provisions</b>	<b>721</b>	<b>486</b>

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

**Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

**Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Board has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Board does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and 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.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**2 Use of our funding**

**2.1(b) Employee related provisions (continued)**

**Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

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, Note 2.3 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Board's 'employee benefits expense'. The related liability is included in 'Employment on costs provision'.

<b>Employee on-costs provision</b>	<b>2021 (\$000)</b>	<b>2020 (\$000)</b>
Carrying amount at start of period	2	2
Additional/(reversals of) provisions recognised	2	-
<b>Carrying amount at end of period</b>	<b>4</b>	<b>2</b>

**Key sources of estimation uncertainty – long service leave**

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

- 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. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

**2.2 Grants and subsidies**

<b>Recurrent</b>	<b>2021 (\$000)</b>	<b>2020 (\$000)</b>
Training	27,224	26,844
Programs	2,351	1,890
<b>Total recurrent grants and subsidies</b>	<b>29,575</b>	<b>28,734</b>

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

The Fund pays wage subsidies to employers in building and construction for apprentices and trainees. Grants and subsidies are recognised as an expense in the reporting period in which they are incurred.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**2 Use of our funding**

**2.3 Other operating expenditure**

	2021 (\$000)	2020 (\$000)
<b>Supplies and services</b>		
Consultants	601	359
Professional Services	386	209
Computer maintenance	115	37
Subscriptions	83	58
Communications	57	65
Consumables	30	28
Minor equipment purchases	17	53
Travel	17	16
Other	21	4
<b>Total Supplies and services</b>	<b>1,327</b>	<b>829</b>
<b>Accommodation expenses</b>		
Cleaning	86	47
Rates and taxes	41	57
Repairs and maintenance	29	90
Other	34	31
<b>Total accommodation expenses</b>	<b>190</b>	<b>225</b>
<b>Other operating expenses</b>		
Board costs	196	221
Employment on-costs	20	17
Levy collection fee	80	77
Asset revaluation decrement expensed	-	216
Other	66	34
<b>Total other operating expenses</b>	<b>362</b>	<b>565</b>

**Supplies and services expenses** are recognised as an expense in the reporting period in which they are incurred. The prior period comparative has been reclassified, with legal fees and stationery now classified as supplies and services.

**Accommodation expenses** are recognised as an expense in the reporting period in which they are incurred. Where an accommodation expense relates to the replacement of a significant component of an asset, the cost is capitalised and depreciated.

**Other operating expenses** generally represent the day-to-day running costs incurred in normal operations. Includes an adjustment of \$36,200 to reclassify World Skills account from special purpose funds to monies held in trust. The prior year comparative has been reclassified, with legal fees and stationery now categorised as supplies and services.

**Employee on-cost** includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**3 Our funding sources**

**How we obtain our funding**

This section provides additional information about how the Board obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Board and the relevant notes are:

	Notes	2021 (\$000)	2020 (\$000)
Building and Construction Industry Training Levy	3.1	45,833	38,798
Interest revenue	3.2	140	385
Other revenue	3.3	47	-
<b>Total income</b>		<b>46,020</b>	<b>39,183</b>
Income from State Government	3.4	-	-
<b>Total income from state government</b>		<b>-</b>	<b>-</b>

**3.1 Building and Construction Industry Training and Levy**

	2021 (\$000)	2020 (\$000)
Building and Construction Industry Training Levy	46,784	39,294
Levy refunds	(951)	(496)
<b>Total Building and Construction Training Levy collected</b>	<b>45,833</b>	<b>38,798</b>

The *Building and Construction Industry Training Fund Levy Collection Act 1990* applies to all residential, commercial, civil engineering and resource projects undertaken in Western Australia where the total value of construction is estimated to be more than \$20,000. A levy of 0.2% is applied to the total construction value of the project.

The levy is a contract with a customer under AASB 15. Levy revenue is recognised in full upon receipt from project owners or an authorised collection agent. An estimate of funds held by agents at the end of the reporting period is recognised as income for the period. The Board uses historical experience in the timing of returns from agents to estimate the value of the levy income receivable at the end of the reporting period.

The *Building and Construction Industry Training Fund Levy Collection Act 1990* provides for the Board to issue a refund where the value of construction works varies \$25,000 or more from the original estimate. Disclosure of Board judgements in estimating the provision for levy refunds is included at note 5.4 Other provisions.

**3.2 Interest revenue**

The Board receives interest from funds held in short-term deposits. Interest revenue is recognised as it accrues.

**3.3 Other revenue**

Revenue the Board derives from sources other than from its operations that is infrequent and non-recurrent.



# Building and Construction Industry Training Board

## Notes to the financial statements

### For the year ended 30 June 2021

#### 3 Our funding sources

##### 3.4 Income from State Government

The Building and Construction Industry Training Board is self funded and receives no funding from State Government appropriation or income from other public sector entities.

#### 4 Key assets

##### **Assets the Board utilises for economic benefit or service potential**

This section includes information regarding the key assets the Board utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	<b>Notes</b>
Property, plant and equipment	4.1
Right-of-use assets	4.2

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**4 Key assets**

**4.1 Property, plant and equipment**

	Land (\$000)	Building (\$000)	Exhibits (\$000)	Furniture and equipment (\$000)	Computer hardware (\$000)	Total (\$000)
<b>1 July 2020</b>						
Gross carrying amount	2,609	3,163	2,723	386	655	<b>9,536</b>
Accumulated depreciation	-	(313)	(1,146)	(219)	(447)	<b>(2,125)</b>
Accumulated impairment loss	-	-	-	-	-	-
<b>Carrying amount at start of period</b>	<b>2,609</b>	<b>2,850</b>	<b>1,577</b>	<b>167</b>	<b>208</b>	<b>7,411</b>
Additions	-	-	173	57	16	<b>246</b>
Transfers <sup>(a)</sup>	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-
Impairment losses <sup>(b)</sup>	-	-	-	-	-	-
Depreciation	-	(119)	(522)	(77)	(124)	<b>(842)</b>
<b>Carrying amount at 30 June 2021</b>	<b>2,609</b>	<b>2,731</b>	<b>1,228</b>	<b>147</b>	<b>100</b>	<b>6,815</b>
Gross carrying amount	2,609	3,163	2,896	443	672	<b>9,783</b>
Accumulated depreciation	-	(432)	(1,668)	(296)	(572)	<b>(2,968)</b>
Accumulated impairment loss	-	-	-	-	-	-

(a) The Department of Planning, Lands and Heritage (DPLH) is the only Department with the power to sell Crown land. The land is transferred to DPLH for sale and the Board accounts for the transfer as a distribution to owner.

(b) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**4 Key assets**

**4.1 Property, plant and equipment (continued)**

**Initial recognition**

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure 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).

**Subsequent measurement**

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land; and
- building

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

Land and building are independently valued annually by the Western Australian Land Information Authority (Landgate) and restated at fair value where the valuation differs from the carrying value by more than 10%.

Land and buildings were valued as at 1 July 2020 by Landgate. The valuations were performed in undertaking the revaluation, fair value was determined by reference to market values for land: \$2,610,000 (2020: \$2,609,000) and buildings: \$2,850,000 (2020: \$2,850,000).

No revaluation adjustment was recognised for land or buildings for the period ending 30 June 2021 as the fair value was not materially different from the carrying value.

**4.1.1 Depreciation and impairment charge for the period**

	<b>2021</b>	<b>2020</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Depreciation</b>		
Exhibits	522	457
Computer hardware	124	127
Building	119	77
Furniture and equipment	77	76
<b>Total depreciation for the period</b>	<b>842</b>	<b>737</b>

As at 30 June 2021, there were no indications of impairment to property, plant and equipment.

All surplus assets at 30 June 2021 have either been classified as assets held for sale or have been written-off.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**4 Key assets**

**4.1.1 Depreciation and impairment charge for the period (continued)**

**Finite lives**

All property, plant and equipment 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. The exceptions to this rule include assets held for sale and land.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

<b>Asset</b>	<b>Useful life:</b>
Building	40 years
Exhibits	5 Years
Furniture and equipment	5 years
Computer hardware	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Land which is considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of Land because its service potential has not, in any material sense, been consumed during the reporting period.

**Impairment**

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Board is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**4 Key assets**

**4.1.1 Depreciation and impairment charge for the period (continued)**

**Impairment**

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 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 the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

**4.2 Right-of-use assets**

	2021 (\$000)	2020 (\$000)
Vehicles	61	41
<b>Net carrying amount</b>	<b>61</b>	<b>41</b>

Additions to right-of-use assets during the 2021 financial year were \$36,387 (2020: \$27,859).

**Initial recognition**

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

The Board has elected not to recognise right-of-use assets and lease liabilities for short term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

**Subsequent measurement**

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

**Depreciation and impairment of right-of-use assets**

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Board at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**4 Key assets**

**4.2 Right-of-use assets (continued)**

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2021 (\$000)	2020 (\$000)
Right-of-use vehicles depreciation expense	20	26
Lease interest expense	2	1

The total cash outflow for leases in 2021 was \$28,523.

***The Board's leasing activities and how these are accounted for:***

The Board has leases for vehicles.

The Board recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position. The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.2.

**5 Other assets and liabilities**

This section sets out those assets and liabilities that arose from the Board's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations.

	Notes
Receivables	5.1
Other assets	5.2
Payables	5.3
Other provisions	5.4

**5.1 Receivables**

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
Accrued levy income	887	901
Levy receivables	12	-
Allowance for impairment of levy receivables	-	-
Interest receivables	2	9
GST receivable	643	33
<b>Total current receivables</b>	<b>1,544</b>	<b>943</b>

**Accrued levy income** represents funds held by collection agents but not yet remitted. Prior period was reclassified from other current assets to receivable.

**Levy receivables** are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**5 Other assets and liabilities**

**5.1 Receivables (continued)**

The **allowance for impairment of levy receivables** is raised using a forward looking expected credit loss approach. During the year there were no levy receivables that became uncollectable and the Board do not have a history of uncollectable amounts, therefore the expected credit loss has been determined to be nil.

**5.2 Other assets**

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
Prepayments	12	20
<b>Balance at end of period</b>	<b>12</b>	<b>20</b>

**Prepayments** represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**5.3 Payables**

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
Accrued expenses	506	506
Accrued training expenses	445	745
Trade payables	230	148
Accrued salaries	83	62
<b>Balance at end of period</b>	<b>1,264</b>	<b>1,461</b>

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. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

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

**5.4 Other provisions**

	2021 (\$000)	2020 (\$000)
<b>Current</b>		
Levy refund provision <sup>(a)</sup>	53	-
<b>Total current provision</b>	<b>53</b>	<b>-</b>

(a) The Board reclassified the Building and Construction Industry Fund levy as a Contract with Customer during the 2020-21 reporting period.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**5 Other assets and liabilities**

**5.4 Other provisions (continued)**

**Provision for levy refunds**

The *Building and Construction Industry Training Fund Levy Collection Act 1990* provides for the Board to issue a refund where the value of construction works varies \$25,000 or more from the original estimate. The Board has made an estimation for levy refunds in respect to levy income recognised at the end of the reporting period. The estimation of refunds payable is based on historic experience whereby refunds are almost exclusively from the residential sector and predominantly occur within one month of the levy payment.

The fund has provided for \$53,300 of refunds for residential levy revenue recognised as at 30 June 2021. Refunds on commercial, engineering and resource sector projects are accounted for as variation and recognised in the period when the project is completed.

**6 Financing**

This section sets out the material balances and disclosures associated with the financing and cashflows of the Board.

	<b>Notes</b>
Cash and cash equivalents	6.1
Lease liabilities	6.2
Finance costs	6.3
Capital commitments	6.4

**6.1 Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Current</b>		
Cash and cash equivalents <sup>(a)</sup>	40,424	29,828
Restricted cash and cash equivalents	-	36
<b>Total current cash and cash equivalents</b>	<b>40,424</b>	<b>29,864</b>

(a) Prior period reclassification of unclaimed monies as payable rather than netted from cash held at bank.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted 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.

**6.2 Lease liabilities**

	<b>2021</b>	<b>2020</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Current	9	13
Non-current	44	28
<b>Total lease liabilities</b>	<b>53</b>	<b>41</b>



**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**6 Financing**

**6.2 Lease liabilities (continued)**

**Initial measurement**

The Board measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Board uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Board as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the Board exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Board if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependant on sales are recognised by the Board in profit or loss in the period in which the condition that triggers those payment occurs.

This section should be read in conjunction with note 4.2.

**Subsequent measurement**

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**6 Financing**

**6.3 Finance costs**

	2021 (\$000)	2020 (\$000)
Lease interest expense	2	1
<b>Finance costs expensed</b>	<b>2</b>	<b>1</b>

Finance cost for the Board is the interest component of lease liability repayments.

**6.4 Capital commitments**

	2021 (\$000)	2020 (\$000)
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	214	214
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
<b>Total capital commitments</b>	<b>214</b>	<b>214</b>

**7 Financial instruments and contingencies**

This note sets out the key risk management policies and measurement techniques of the Board.

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

**7.1 Financial instruments**

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021 (\$000)	2020 (\$000)
<b>Financial assets</b>		
Cash and cash equivalents	40,424	29,864
Financial assets at amortised cost <sup>(a)</sup>	14	9
<b>Total financial assets</b>	<b>40,438</b>	<b>29,873</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost <sup>(b)</sup>	1,317	1,502
<b>Total financial liabilities</b>	<b>1,317</b>	<b>1,502</b>

(a) The amount of Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of Financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

# Building and Construction Industry Training Board

## Notes to the financial statements

### For the year ended 30 June 2021

#### 7 Financial instruments and contingencies

##### 7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

##### 7.2.1 Contingent assets

No contingent assets exist for the year ending 30 June 2021.

##### 7.2.2 Contingent liabilities

The Board has sought advice from the Office of State Revenue in relation to the application of *Pay-roll Tax Assessment Act 2002*, in particular if the Construction Training Fund is subject to payroll tax. To date the advice remains outstanding, however, should the Commissioner of State Revenue determine that the Fund is liable to pay payroll tax, the Fund may be retrospectively liable for five years of payroll tax.

#### 8 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after reporting date	8.1
Key management personnel	8.2
Related party transactions	8.3
Related bodies	8.4
Affiliated bodies	8.5
Money held in trust	8.6
Remuneration of auditors	8.7
Supplementary financial information	8.8
Explanatory statement	8.9

##### 8.1 Events occurring after reporting date

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

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**8 Other disclosures**

**8.2 Key management personnel**

The Board has determined key management personnel to include cabinet ministers and senior officers of the Board. The Board does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Board for the reporting period are presented within the following bands:

**(a) For the accountable authority:**

<b>Compensation band (\$)</b>	<b>2021</b>	<b>2020</b>
40,001 - 50,000	1	-
20,001 - 30,000	-	1
10,001 - 20,000	7	7
1 - 10,000	2	-

**(b) For Key Management Personnel, who were part of the executive management of the authority:**

<b>Compensation band (\$)</b>	<b>2021</b>	<b>2020</b>
220,001 - 230,000	-	1
190,001 - 200,000	2	1
180,001 - 190,000	1	-
160,001 - 170,000	1	-
120,001 - 130,000	-	1
60,001 - 70,000	1	-
50,001 - 60,000	-	1

	<b>2021</b>	<b>2020</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Total compensation</b>		
Short-term employee benefits	866	692
Post employment benefits	84	61
Other long term benefits	28	18
Termination benefits	-	114
<b>Total compensation</b>	<b>978</b>	<b>885</b>

The total compensation includes superannuation expense incurred by the Board.  
 No Key Management Personnel are members of the Pension Scheme.

# Building and Construction Industry Training Board

## Notes to the financial statements

### For the year ended 30 June 2021

#### 8 Other disclosures

##### 8.3 Related party transactions

The Board is a wholly owned public sector entity that is controlled by of the State of Western Australia.

Related parties of the Board include:

- all Cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all members of the accountable authority (Board) and their close family members, and their controlled or jointly controlled entities;
- all members of executive management and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

##### Material transactions with related parties

Outside of normal citizen type transactions with the Board, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

##### 8.4 Related bodies

There are no bodies associated with the Board which would constitute that of a related body according to the disclosure requirements of the *Financial Management Act 2006*.

##### 8.5 Affiliated bodies

There are no bodies associated with the Board which would constitute that of an affiliated body according to the disclosure requirements of the *Financial Management Act 2006*.

##### 8.6 Money held in trust

###### World Skills account<sup>(a)</sup>

The purpose of the account is to hold funds on behalf of the now deregistered Tilers WA Inc on agreement that the Board apply the funds for the sole benefit of assisting tiling apprentices to meet expenses related to the World Skills Championship competitions.

	2021 (\$000)	2020 (\$000)
Balance at start of period	36	36
Receipts	-	-
Payments	-	-
<b>Balance at end of the period</b>	<b>36</b>	<b>36</b>

(a) The Board is currently seeking advice from the Department of Treasury on the treatment of the monies under section 16(1) of the *Financial Management Act 2006*.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**8 Other disclosures**

**8.7 Remuneration of auditors**

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2021 (\$000)	2020 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	35	35

**8.8 Supplementary financial information**

**(a) Write-offs**

During the financial year, nil (2020: nil) was written off from the Board's asset register under the authority of the accountable authority, Minister or Executive Council.

**(b) Losses through theft, defaults and other causes**

During the financial year, nil (2020: nil) losses of public money and public and other property resulted from theft, default or other causes.

**(c) Gift of public property**

During the financial year, nil (2020: nil) gifts of public property were made.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
For the year ended 30 June 2021

**8 Other disclosures**

**8.9 Explanatory statement (controlled operations)**

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services for the Statements of Comprehensive Income and Statement of Cash Flows, and are greater than 10% and 1% of Total Assets for the Statement of Financial Position.

**8.9.1 Statement of Comprehensive Income variances**

	Variance note	Estimate 2021 (\$'000)	Actual 2021 (\$'000)	Actual 2020 (\$'000)	Variance between actual and estimate (\$'000)	Variance between results for 2021 and 2020 (\$'000)
<b>Expenses</b>						
Employee benefits	1,a	2,750	3,228	2,860	478	368
Grants and subsidies		31,127	29,575	28,734	(1,552)	841
Supplies and services	2,b	599	1,327	829	728	498
Accommodation expenses	3	750	190	225	(560)	(35)
Depreciation and amortisation expense		589	862	763	273	99
Finance costs		4	2	1	(2)	1
Other operating expenses		481	362	565	(119)	(203)
<b>Total cost of services</b>		<b>36,300</b>	<b>35,546</b>	<b>33,977</b>	<b>(754)</b>	<b>1,569</b>
<b>Income</b>						
Levy fees	4,c	24,100	45,833	38,798	21,733	7,035
Interest revenue		300	140	385	(160)	(245)
Other revenue		-	47	-	47	47
<b>Total income</b>		<b>24,400</b>	<b>46,020</b>	<b>39,183</b>	<b>21,620</b>	<b>6,837</b>
<b>NET COST OF SERVICES</b>		<b>(11,900)</b>	<b>10,474</b>	<b>5,206</b>	<b>22,374</b>	<b>5,268</b>
<b>Income from State Government</b>						
Service appropriation		-	-	-	-	-
<b>Total income from state government</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>(11,900)</b>	<b>10,474</b>	<b>5,206</b>	<b>22,374</b>	<b>5,268</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Changes in revaluation surplus		-	-	-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(11,900)</b>	<b>10,474</b>	<b>5,206</b>	<b>22,374</b>	<b>5,268</b>

**Major Estimate and Actual (2021) Variance Narratives**

- 1) Actual employee benefits exceeded the estimate by \$478,000 (17.4%) primarily due a lower vacancy rate during the financial year than originally budgeted.
- 2) Actual supplies and services exceeded the estimate by \$728,000 (121.5%) due to additional advisory services and ICT support to improve the functionality of the Board's systems.
- 3) Estimated accommodation expenses exceeded actual by \$560,000 (74.8%) due to office modifications being capitalised rather than expensed.
- 4) Actual levy receipts exceeded the estimate by \$21.7 million (90.2%) due to Government construction stimulus packages and increased confidence in the business environment resulting in additional construction projects.

**Major Actual (2021) and Comparative (2020) Variance Narratives**

- a) Actual employee expenses increased by \$368,000 (12.7%) primarily due to a lower vacancy rate for established positions. The Board was less reliant on the use of temporary personnel to deliver services compared with the prior financial year.
- b) Actual supplies and services increased by \$498,000 (60.1%) compared with the prior reporting period due to additional advisory services engaged as part of the Board's organisational restructure of the Construction Training Fund.
- c) Actual levy fees increased by \$7.0 million (18.1%) compared with the prior reporting period due to the introduction of Government construction stimulus packages and increased confidence in the business environment resulting in additional construction projects.

**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
For the year ended 30 June 2021

**8 Other disclosures**

**8.9 Explanatory statement (controlled operations)**

**8.9.2 Statement of financial position variances**

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between results for 2021 and 2020 (\$000)
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents		18,383	40,424	29,828	22,041	10,596
Restricted cash and cash equivalents		-	-	36	-	(36)
Receivables		944	1,544	943	600	601
Other current assets		20	12	20	(8)	(8)
<b>Total Current Assets</b>		<b>19,347</b>	<b>41,980</b>	<b>30,827</b>	<b>22,633</b>	<b>11,153</b>
<b>Non-current assets</b>						
Property, plant and equipment	1	8,474	6,815	7,411	(1,659)	(596)
Right-of-use assets		-	61	41	61	20
<b>Total non-current assets</b>		<b>8,474</b>	<b>6,876</b>	<b>7,452</b>	<b>(1,598)</b>	<b>(576)</b>
<b>TOTAL ASSETS</b>		<b>27,821</b>	<b>48,856</b>	<b>38,279</b>	<b>21,035</b>	<b>10,577</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		1,289	1,264	1,461	(25)	(197)
Employee related provisions		321	530	320	209	210
Lease liabilities		-	9	13	9	(4)
Other provisions		-	53	-	53	53
<b>Total current liabilities</b>		<b>1,610</b>	<b>1,856</b>	<b>1,794</b>	<b>246</b>	<b>62</b>
<b>Non-current liability</b>						
Employee related provisions		193	191	166	(2)	25
Lease liabilities		-	44	28	44	16
<b>Total non-current liabilities</b>		<b>193</b>	<b>235</b>	<b>194</b>	<b>42</b>	<b>41</b>
<b>TOTAL LIABILITIES</b>		<b>1,803</b>	<b>2,091</b>	<b>1,988</b>	<b>288</b>	<b>103</b>
<b>NET ASSETS</b>		<b>26,018</b>	<b>46,765</b>	<b>36,291</b>	<b>20,747</b>	<b>10,474</b>
<b>EQUITY</b>						
Contributed equity		-	-	-	-	-
Reserves		1,631	-	-	(1,631)	-
Accumulated surplus		24,387	46,765	36,291	22,378	10,474
<b>TOTAL EQUITY</b>		<b>26,018</b>	<b>46,765</b>	<b>36,291</b>	<b>22,378</b>	<b>10,474</b>

**Major Estimate and Actual (2021) Variance Narratives**

- 1) The estimated value of property, plant and equipment exceeded the 2021 actual by \$1.659 million (19.6%) primarily due to lower than anticipated purchase of assets during the financial year.



**Building and Construction Industry Training Board**  
**Notes to the financial statements**  
For the year ended 30 June 2021

**8 Other disclosures**

**8.9 Explanatory statement (controlled operations)**

**8.9.3 Statement of cash flows variances**

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between results for 2021 and 2020 (\$000)
<b>Cash flow from State Government</b>						
Service appropriation		-	-	-	-	-
Capital appropriations		-	-	-	-	-
<b>Net cash provided by State Government</b>		-	-	-	-	-
<i>utilised as follows:</i>						
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Employee benefits	a	(2,713)	(2,974)	(2,618)	(261)	(356)
Grants and subsidies		(31,127)	(29,878)	(28,404)	1,249	(1,474)
Supplies and services	1	(661)	(1,187)	(1,108)	(526)	(79)
Accommodation	2	(750)	(189)	(226)	561	37
Finance costs		(4)	(2)	-	2	(2)
Other operating payments	d	(481)	(360)	-	121	(360)
GST payments on purchases	3	-	(609)	(440)	(609)	(169)
<b>Receipts</b>						
Levy received from project owners	4,b	24,125	45,837	39,005	21,712	6,832
Interest received		300	147	399	(153)	(252)
Other receipts		-	47	147	47	(100)
GST receipts from taxation authority	c	-	-	442	-	(442)
<b>Net cash provided by operating activities</b>		<b>(11,311)</b>	<b>10,832</b>	<b>7,197</b>	<b>22,143</b>	<b>3,635</b>
<b>Cash flows from investing activities</b>						
<b>Payments</b>						
Purchase of non-current assets		-	(246)	(529)	(246)	283
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(246)</b>	<b>(529)</b>	<b>(246)</b>	<b>283</b>
<b>Cash flows from financing activities</b>						
<b>Payments</b>						
Principal elements of lease payments		(22)	(26)	(21)	(4)	(5)
<b>Net cash used in financing activities</b>		<b>(22)</b>	<b>(26)</b>	<b>(21)</b>	<b>(4)</b>	<b>(5)</b>
Net increase/(decrease) in cash and cash equivalents		(11,333)	10,560	6,647	21,893	3,913
Cash and cash equivalents at the beginning of the period		29,716	29,864	23,217	148	6,647
<b>Cash and cash equivalents at the end of the period</b>		<b>18,383</b>	<b>40,424</b>	<b>29,864</b>	<b>22,041</b>	<b>10,560</b>

**Major Estimate and Actual (2021) Variance Narratives**

- 1) Actual supplies and services payments exceeded the estimate by \$579,000 (87.6%), due to additional advisory services and ICT support improve the functionality of the Board's systems.
- 2) Estimated accommodation expense exceeded the actual by \$561,000 (74.8%) due to building modifications being capitalised rather than expensed. Due to delays a proportion of the modification will be incurred and capitalised in the 2021-22 financial year.
- 3) No budget estimated for GST was provided for the financial year due to a backlog in lodgement of claims with the Australian Taxation Office.
- 4) Actual levy revenue exceeded the estimate by \$21.7 million (90.0%) due to higher than anticipated construction activity during the Covid-19 pandemic.

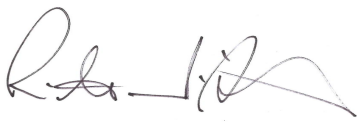
**Major Actual (2021) and Comparative (2020) Variance Narratives**

- a) Actual employee benefits increased by \$356,000 (13.6%) year on year due to the restructure of the agency increasing full time equivalents compared to the prior period.
- b) Actual levy receipts exceeded the prior period by \$6.8 million (17.5%) due to increased construction activity.
- c) Actual GST receipts from taxation authority decreased \$442,000 (100%) due to a backlog in claim lodgements with the Australian Taxation Office.
- d) Actual other operating payments increase \$360,000 from the prior period due to the reclassification of board fees, worker's compensation insurance and levy collection fees from payment for supplies and services to other operating payment in the current year.

## Certification of Key Performance Indicators

**For year ended 30 June 2021**

We hereby certify that the key 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 Board for the financial year ended 30 June 2021.



**Reg Howard-Smith**

Chair

Building and Construction Industry Training Board

Date: 8 November 2021



**Stan Liaros**

Board Member

Building and Construction Industry Training Board

Date: 8 November 2021

## Key Effectiveness 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 Board’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 Board’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		2020-21	2019-20	2018-19
Apprentices and trainees in training <i>(Includes electricians) as at April 2021</i> Source: Department of Training and Workforce Development <sup>1</sup>	-	8,148	6,350	6,668
Number of tradespeople		2020-21	2019-20	2018-19
Tradespeople in industry <i>(includes electricians)</i> Source: ABS <sup>2</sup>	-	65,100	55,800	63,300
	Target	2020-21	2019-20	2018-19
Training Rate <sup>3</sup> Source: Derived	15.0%	12.5%	11.4%	10.5%

The training rate has increased to 12.5% from 11.4% in the previous year. Driven by buoyant economic conditions in the construction industry there has been an increase of 1,798 in apprentices and trainees in the year to April 2021, with an increase of 9,300 tradespeople in the year to May 2021.<sup>3</sup>

The increase in tradespeople is mainly due to an economic upturn including the reduced effect of COVID-19 and which has resulted in an increase of residential and non-residential buildings being constructed.

<sup>1</sup> Due to data collection lag this is latest available Power BI data as at April 2021

<sup>2</sup> Australian Bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly May 2021

<sup>3</sup> Training Rate in Outcome 1 is the ratio of apprentices to tradespeople

The training rate of 12.5% is below the target rate of 15%. The variance is attributable to the challenges of attracting apprentices and trainees in a highly competitive employment market. The target is based on national research on age distribution in the workforce which has confirmed that industry needs to train at a training rate of 15% to replace tradespeople leaving the industry through normal circumstances such as retirement.

**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		2020-21	2019-20	2018-19	
Workers in industry trained with CTF support (as at June 2021) Source: CTF Dynamics Data	-	10,400	16,119	14,907	
Number of workers		2020-21	2019-20	2018-19	
Number of workers in the industry* (actual employed at end of May 2021) Source: ABS <sup>4</sup>	-	133,210	127,850	106,540	
Percentage		Target	2020-21	2019-20	2018-19
Training rate <sup>5</sup> Source: Derived	20%	7.8%	12.6%	14.0%	

Note: All percentages are rounded up or down to one decimal point

The above figures do not include apprentice subsidies which are paid directly to employers of the apprentices.

The ‘training rate’ in KPI 1.2 of 7.8% falls short of the 20% target and is below the 2019-20 training rate of 12.6%. There is a correlation between the training rate and a 18.4% reduction in expenditure for Supplementary Skills and OSH payments which declined from \$4.078 million to \$3.329 million for 2020-21. This was due to the high activity levels restricting the number of workers available for training.

The actual training rate and variance against budget may also be attributed, in part, to construction workers returning to traditional sectors of the construction industry and who may have already undertaken supplementary skills training. In addition, the current heated construction market and shortage of skilled workers may compromise the ability for existing workers to attend off-site training courses.

<sup>4</sup> Australian Bureau of Statistics, Labour Force, 6291.0.55.003 – Australia, Detailed, Quarterly May 2021

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

\*As at May 2021 there were 133,210 workers employed in the construction industry including part-time workers (ABS). The number of workers in the industry includes the engineering construction workforce within the mining sector and is estimated to be approximately 12,000 of the construction workforce.<sup>6</sup> These workers have been able to access subsidies from the Construction Training Fund from July 2019 and are included as workers in the industry.

## **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 Board.”***

*Name: Building worker satisfaction levels*

*Source: Satisfaction surveys of workers*

# Surveyed	# of Responses	Satisfied Responses	Satisfaction Target	2020-21	2019-20	2018-19	2017-18
7,077	6,832	6,758	80%	98.9%	94.3%	97.9%	97.5%

*Note: All percentages are rounded up or down to one decimal point*

#### **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 Health and Safety training (OH&S) that was subsidised by CTF within the last twelve months.

There were a total of 7,077 Registered Training Providers (RTP) and recipient supplementary skills claims made. The survey results were entered into CTFs Dynamics database, and the level of satisfaction was derived from these. Of the 6,832 survey responses received by the CTF there was an overall 98.9% satisfaction rating.

Satisfaction levels are determined with participants completing a survey with a five-point Likert scale ranging from Highly satisfied (5), through to Low dissatisfied (1). Satisfaction is determined by selecting only the respondents that answered satisfied (4), or highly satisfied (5), in the survey.

To ensure that the satisfaction level was consistent across training providers, two random samples across 19 private RTPs was conducted.

The first sample of 10 RTPs and 1,693 responses produced a 99.4% overall satisfaction rating.

<sup>6</sup> <https://www.cmewa.com/policy-and-publications/annual-reports-submissions-publications>

A second sample of nine RTPs was also undertaken and produced 1,357 responses and a 99.6% overall satisfaction rating.

In addition to the responses received from the direct survey of supplementary skills claims, the CTF 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 CTF.

It should be noted that the training referred to in this KPI is provided by third parties. CTF surveys participants to monitor the quality of the training. The target of 80% was set in 2007-08 based on historical results within the Vocational Education and Training sector.

***KPI 2.2 “The proportion of employers surveyed who are satisfied overall with the quality of training supported by the Board.”***

**Name:** *Employer satisfaction levels*

**Source:** *Satisfaction survey of employers*

# Surveyed	Responses	Satisfied Responses	Satisfaction Target	2020-21	2019-20	2018-19	2017-18
3,323	3,076	2,543	80%	83%	93%	98%	96%

*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 received from those identified as employers.

The responses to the claim form surveys were entered into the CTFs Dynamics system. The satisfaction percentages were derived from these results.

Compared to 2019-2020 the satisfaction levels decreased by 10% due to an increase in neutral ratings relating to the difficulties encountered during the COVID-19 pandemic. There was a significant increase in the number of surveys completed from 1,830 in 2019-20 to 3,076 participants in 2020-21.

Satisfaction levels are determined with participants completing a survey with a five-point Likert scale ranging from strongly satisfied (5), through to strongly dissatisfied (1). Satisfaction is determined by selecting only the respondents that answered satisfied (4), or strongly satisfied (5), in the survey.

Based on the sample of 3,076 responses there were 2,543 satisfied responses and the percentage of overall satisfaction was 83%.

There were 526 responses in the mid-range (3) where the respondent was neither satisfied nor dissatisfied. Only 7 respondents indicated any level of dissatisfaction (2 or 1).

The overall employer satisfaction with the training supported by CTF just exceeds the target satisfaction rate of 80%. There is some concern that the satisfaction rate has reduced by 10% in a year. This can potentially be explained by employers being eager to upskill workers due to skills shortages and finding it difficult to book courses.

It should be noted that the training referred to in this KPI is provided by third parties. CTF surveys participants to monitor the quality of the training. The target of 80% was set in 2007-08 based on historical results within the Vocational Education and Training sector.

## Key Efficiency Performance Indicators

***KPI 1.1 “The total administration costs of the Building and Construction Industry Training Board as a percentage of the Construction Training Fund’s total expenditure.”***

2020-21 Target	2020-21	2019-20	2018-19	2017-18
10.0%	10.89%	9.10%	12.30%	11.03%

Total administration costs as a percentage of total costs is 10.89% for the year ended 30 June 2021, which is an increase on the 9.10% result for 2019-20, and over the target of 10% set by the Board when the KPI’s were introduced.

The actual administration expenditure rose significantly from \$3.00 million in 2019-20 to \$3.77 million in 2020-21 due to staff and consulting costs associated with an organisational restructure, and increased costs on IT systems maintenance.

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

2020-21 Target	2020-21	2019-20	2018-19	2017-18
\$69.00	\$88.76	\$86.66	\$85.10	\$73.66

Specific administration costs represented as a cost per apprentice or trainee subsidised increased in 2020-21 from \$86.66 to \$88.76.

Although the cost per apprentice or trainee remained relatively static, specific administration costs increased from \$0.25 million in 2019-20 to \$0.32 million due largely to the allocation of costs associated with computer systems support, and the employment of a dedicated IT Manager. This was partly offset by a reduction in the allocation of depreciation and valuation expenses.

The actual administration cost per apprentice or trainee subsidised of \$88.76 is well over the target of \$69.00. This is driven by the increased support costs of systems and apprentice support.

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

2020-21 Target	2020-21	2019-20	2018-19	2017-18
\$28.00	\$35.10	\$32.46	\$36.34	\$25.28

Specific administration costs represented as a cost per person supported to undertake skills training or vocational education increased in 2020-21 from \$32.46 to \$35.10.

The increase in the cost per person supported was due to a decrease of 25% in the number of participants claiming subsidies due to the high level of activity within the construction industry, which limited the availability of individuals to undertake training.

The actual administration cost per person supported to undertake skills or vocational training of \$35.10 is well over the target of \$28.00. This is due to the lower number of course participants driving up the cost per person. Total specific administration costs have reduced by 18%.