

**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**

**ANNUAL REPORT AND
AUDITED FINANCIAL
STATEMENTS**

For the year ended 30 June 2007

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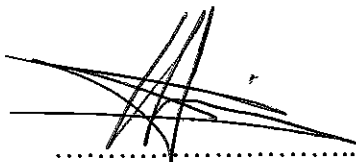
STATEMENT OF COMPLIANCE

for the year ending 30 June 2007

**TO HON. MARK MCGOWAN MLA MINISTER FOR EDUCATION AND
TRAINING; SOUTH WEST**

In accordance with Section 61 of the Financial Management Act 2006, I hereby submit for your information and presentation to Parliament the Annual Report of the Building and Construction Industry Training Board for the financial year ended 30th June 2007.

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

A handwritten signature in black ink, consisting of several overlapping, sharp strokes that form a stylized, abstract shape. The signature is positioned above a horizontal dotted line.

Ian C Hill
Chairman
BCIT Board

PERFORMANCE HIGHLIGHTS FOR 2006/07

- Record income of **\$23.2 million**, an increase of **28%** on 2005/06.
- Record expenditure of **\$25.2 million**, an increase of **38%** on 2005/06.
- Employers received **\$13.7 million** in support for **4,690** apprentice subsidies (includes direct indenture employers and hirers of apprentices from group training companies).
- **675** Bonus subsidies provided for employment of mature age apprentices.
- **83,734** workers received subsidies totalling **\$9.4 million** to undertake skills enhancement and training in Occupational Safety and Health. Approximately 80% of the industry's workforce received training support.
- Strong results from the Career Promotion Program include:
 - Support provided for **2,647** secondary students undertaking School to Work Transition programs.
 - **15,473** visits to "No Limits" information web site and BCITF information line.
 - **60** presentations to schools and career expos.
- Significant research projects completed including:
 - Cost of attrition in apprenticeships.
 - Recruitment and retention processes in group schemes.

CHAIRMAN'S EXECUTIVE SUMMARY

STRATEGIC DIRECTIONS

During the year the Board undertook a significant strategic direction setting process which involved consultation with key stakeholders. The feedback and deliberations from that process has resulted in the Board recommending an increase in the training levy which was endorsed by the Minister for Education and Training and implemented from the 1st January 2007.

Whilst the increase was only a small one, with the levy changing from 0.182% to 0.2% of project value, the increased income will enable the Fund to respond to the unprecedented growth in the industry and demand for skilled workers.

APPRENTICE SUBSIDIES

The Board also recommended targeted reductions in subsidies for employment and training of apprentices for 2007/08. The Fund has been very successful in supporting a substantial increase in apprentice numbers in the past few years. During this time the number of apprentices in training has increased a remarkable 119%. This has resulted in a similar increase in funding support for apprentice subsidies.

Such an increase is exactly what the industry needs to sustain its growing operations however the cost of apprentice subsidies has grown from approximately \$7 million in 2003/04 to \$13.7 million this financial year and is not sustainable at current subsidy levels in the longer term.

OCCUPATIONAL SAFETY & HEALTH AND SKILLS TRAINING

During the year the Board noted a substantial increase in the number of workers accessing BCITF subsidies for OSH training and the Fund achieved the gratifying result of supporting approximately 72,000 workers, most of whom completed the new safety awareness course required to meet WorkSafe safety regulations. BCITF subsidies for OSH and skills enhancement were provided for 83,734 people or approximately two thirds of the building and construction work force during the year.

Support for OSH and skills training is a key responsibility of the Fund and approximately \$9.4 million was expended during the year which equates to about \$112 per worker supported.

CAREER PROMOTION & SCHOOL TO WORK SUPPORT

The Career Promotion Program continues to respond to a growing need and during the year the Fund provided financial support of one kind or another for 2,647 secondary students.

The Fund continues to successfully promote the building and construction industry as a first choice career option with "No Limits" to students, parents, teachers and the general community.

RESEARCH AND DEVELOPMENT

The BCIT Board has been able to make well informed strategic decisions as a result of a strong information base arising from research undertaken by the Fund.

Research projects completed during the year included work identifying the actual cost of attrition of apprentices in the training system, barriers to training in the Civil Construction industry and wet trades and recruitment and retention processes in group training.

The Board was able to refer a number of research findings to the Minister for Education and Training and the Department of Education and Training. In addition a detailed submission was made to the review of training undertaken by the State Training Board's Skills Formation Taskforce.

CURRENT AND FUTURE OPERATIONS

Revenue for the year totalled \$23.2 million and expenditure \$25.2 million achieving a \$2 million shortfall on operations. The Fund's cash reserves have reduced to \$9.6 million and it is apparent that the Fund's industry stakeholders would like to see the current levels of support continue for as long as possible.

The Minister for Education and Training has approved an operational plan for 2007/08 that proposes continuation of existing successful programs. The plan is based on estimated revenue of \$20.5 million and expenditure of \$19.6 million. Industry and economic analysts predict construction work in housing to reduce by approximately 10% to 14% in 2007/08.

The Fund expects to spend approximately \$4 million less in 2007/08 because it has now funded the majority of workers who needed to undertake the new safety awareness course.

The Board will continue to monitor income and expenditure patterns closely but is pleased that the Fund has once again provided record levels of support for training during 2006/07.

BOARD AND STAFF CONTRIBUTIONS

In May 2007 Ms Ann-Marie McCann submitted her resignation from the Board after a period of approximately three years as a member. Ms McCann's contribution to the Board during a period of significant growth and strategic innovation has been appreciated. I also acknowledge the very strong commitment and personal expertise of the other members of the Board whose individual skills and knowledge have strongly contributed to another successful year.

The Board is helped in its work by several advisory committees and each member of the Career Promotion and Industry Skills Advisory committees are thanked sincerely. During the year the Chairman of the Career Promotion committee Mr Dale Alcock resigned due to work commitments and Mr Steven Peck took over the role of Chairman. On behalf of the members of the Board I would like to thank Dale Alcock sincerely as he was the driving force behind the establishment of the Career Promotion program which is now recognised by many other industries as pioneering and a significant success. I also confirm the Board's appreciation to the staff of the

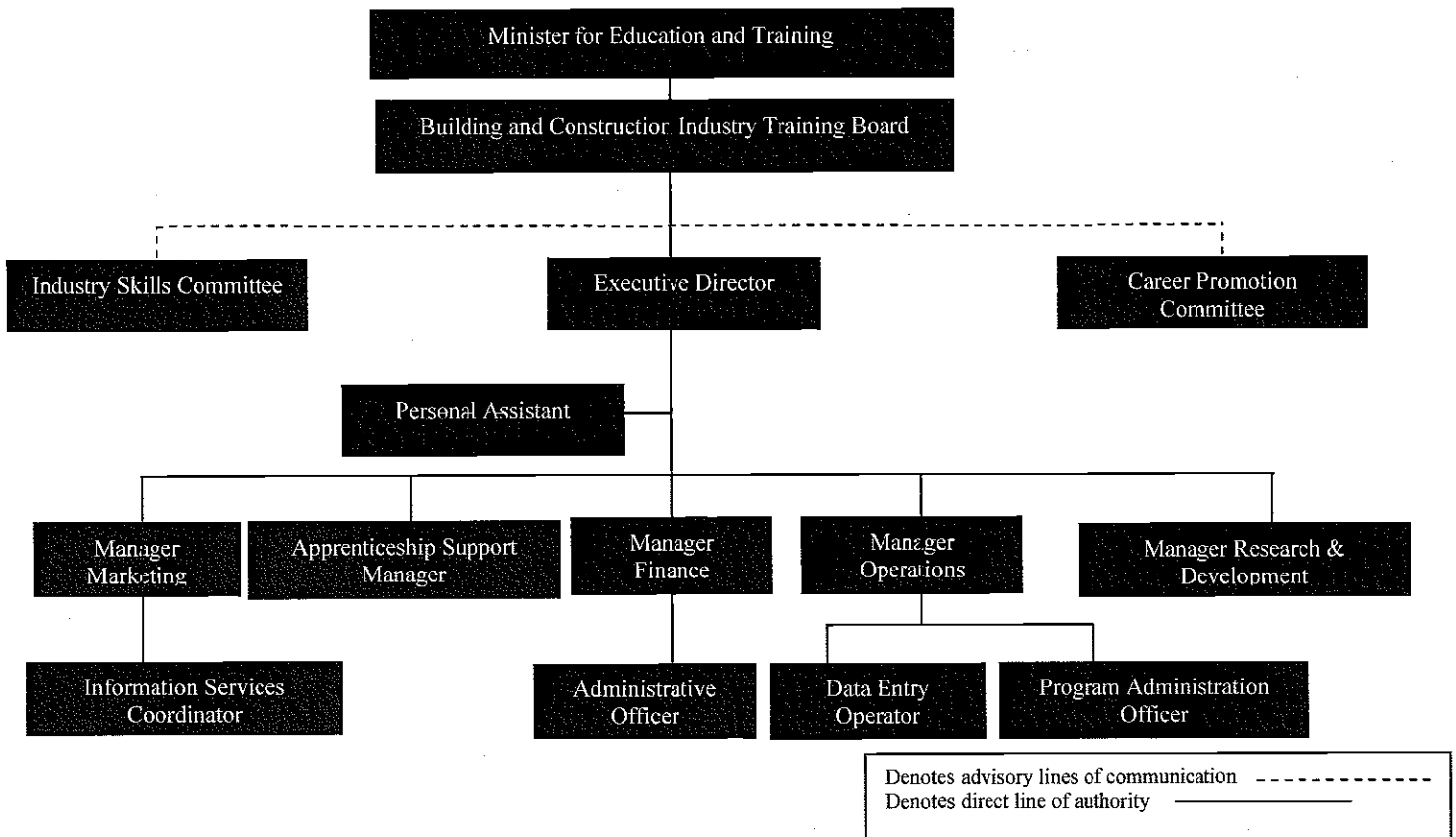
BCITF who have responded admirably to a significant workload during the year. The BCITF operates very effectively as a result of a small but expert and strongly committed team of willing staff.

During the year the Board appreciated strong support provided by the Hon. Ljiljana Ravlich MLC, Minister for Education and Training and following a change in portfolios the current Minister the Hon. Mark McGowan BA LLB MLA. The Minister's, their staff and the staff of the Department of Education and Training have worked cooperatively with the Board and the Fund and all contributed to the positive outcomes achieved during the year.

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

Ian C Hill
Chairman
BCIT Board

BCITF ORGANISATIONAL STRUCTURE



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

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

Members are appointed by the Minister following consultation with appropriate industry organisations. The Chairperson and one other member of the Board are persons regarded as independent of the building and construction industry.

Role of the Board

The Fund is strategically managed by an industry representative Board which is responsible for:

- Determining the strategic and policy framework of the Fund.
- Establishing an annual operational plan for approval by the Minister for Education and Training.
- Guiding the operations of the BCITF to ensure efficient collection of the levy and cost effective management of programs.

Board Profiles

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

Mr Hill retired from the Public Sector in 2003, however currently Chair's the Building and Construction Industry Training Board and the Training Accreditation Council.

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

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

Mr Colin Saunders, (member) has been a member of the Board since the early 1990's and has a strong background in the commercial and engineering sectors of the building and construction industry as a union representative. This includes being President of the Australian Manufacturing Workers Union.

Mr John Mitchell, (member) was appointed to the Board in July 2003 and is the Managing Director of a commercial building company called Universal Constructions. Mr Mitchell has a career in the building and construction industry spanning over 40 years. Mr Mitchell has been a past president and member of the executive of the Master Builders Association.

Mr Darren Kavanagh, (member) was appointed in December 2006. He is currently employed as Occupational Safety and Health officer of the Construction Forestry Mining and Electrical Union and has previously worked in the commercial and engineering sectors of the building and construction industry since the early 1990's.

Ms Ann-Marie McCann, (member) was appointed in August 2004 and is currently employed in a management role in the Equal Opportunity Commission. Ms McCann resigned from the Board in May 2007.

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

Meetings

During the year the Board met on seven occasions and participated in a number of other BCITF events including strategic planning workshops with industry stakeholders.

The Board continued its practice of visiting country regions and held one of its meetings and an industry forum in Albany in October 2006.

BCITF FUNCTIONS

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

Levy Collection

Funds are collected through a levy which is 0.2% of the value of construction projects in Western Australia. This equates to \$400 on a project valued at \$200,000. The levy was increased from 0.182% to 0.2% from the 1st January 2007.

The Fund pays collection agencies (local Government authorities) a fee of \$4.00 per transaction for the collection and remittance of the levy on a monthly basis. This fee has been increased to \$6.00 per transaction for the 2007/08 financial year.

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

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

Support Programs

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

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

BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND STAFF PROFILE

	2006/07	2005/06
Full Time Permanent	5	5
Full Time Contract	4	3
Part Time	2 @ .5 FTE	2 @ .5 FTE
Total FTE	10	9

As at 30 June 2007

PERFORMANCE FRAMEWORK

MISSION

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

KEY OBJECTIVES

To increase the number of skilled persons in the building and construction industry and improve the quality of training by:

The programs administered by the BCITF contribute to a number of the Government’s goals and strategic outcomes detailed in the “Better Planning Better Services” strategic planning framework for the Western Australian Public Sector.

The BCITF contribution is summarised as follows:

Goal 1

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

Strategic Outcomes

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

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

The impact of this support is significant as it involves support to over 2,000 employers for employment of 4,690 apprentices and further support for 83,734 workers who are developing skills directly relevant to their employment.

The BCITF’s career promotion program provides information to students, parents and educators that helps students to make informed choices in their education and career options. The program also supports schools to undertake school to work transition programs that better prepare students for careers in the building and construction industry.

Goal 2

TO ENSURE THAT REGIONAL WESTERN AUSTRALIA IS STRONG AND VIBRANT

Strategic Outcome

More skilled regional communities.

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

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

PERFORMANCE INDICATORS

During the year the Fund worked with the Department of Treasury and the Office of Auditor General to develop a new outcome based management structure and set of key performance indicators.

The Outcome Structure Review Group endorsed the new structure in September 2006 which is detailed below:

Desired Outcome of the Agency

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

Key Effectiveness Indicators

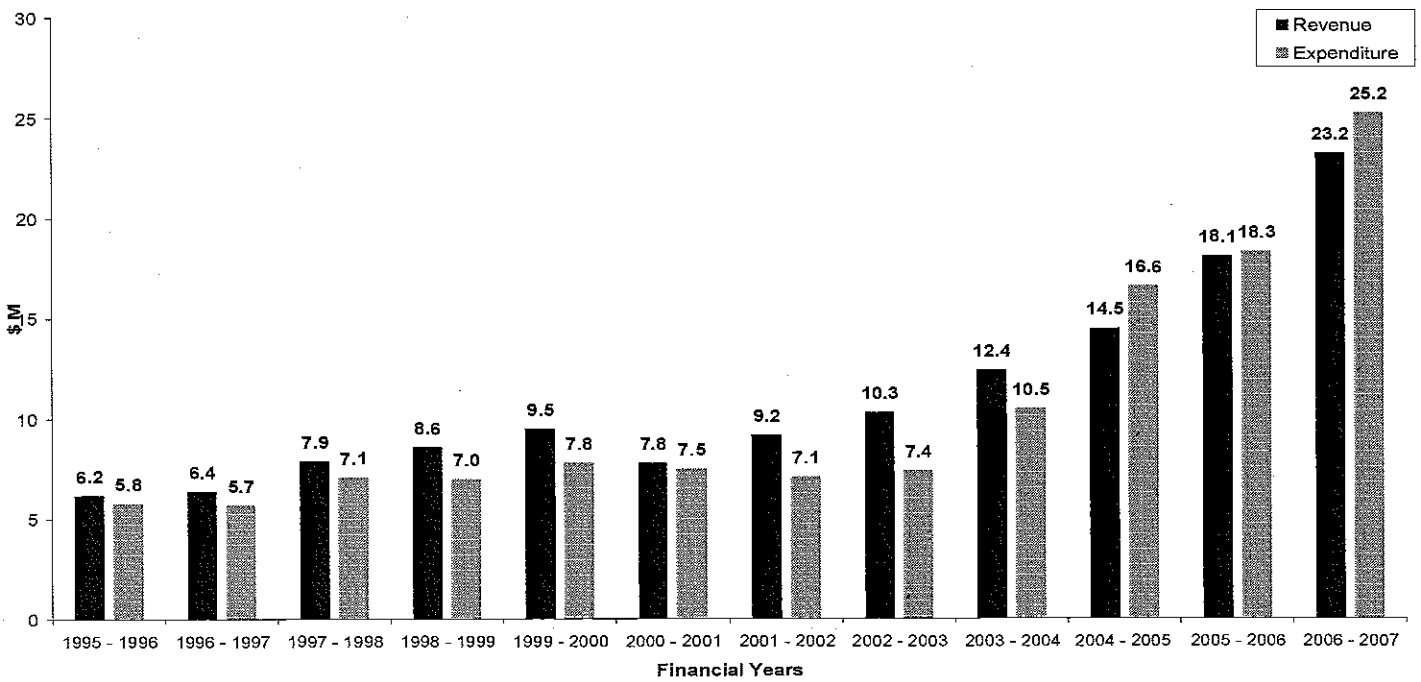
1. The proportion of employers and workers surveyed who are satisfied overall with the quality of training supported by the BCITF
2. The number of apprentices employed in the building and construction industry as a percentage of the trade's workforce in the industry
3. The number of workers in the building and construction industry supported to undertake skills training as a percentage of the total workforce in the industry

Key Efficiency Indicators

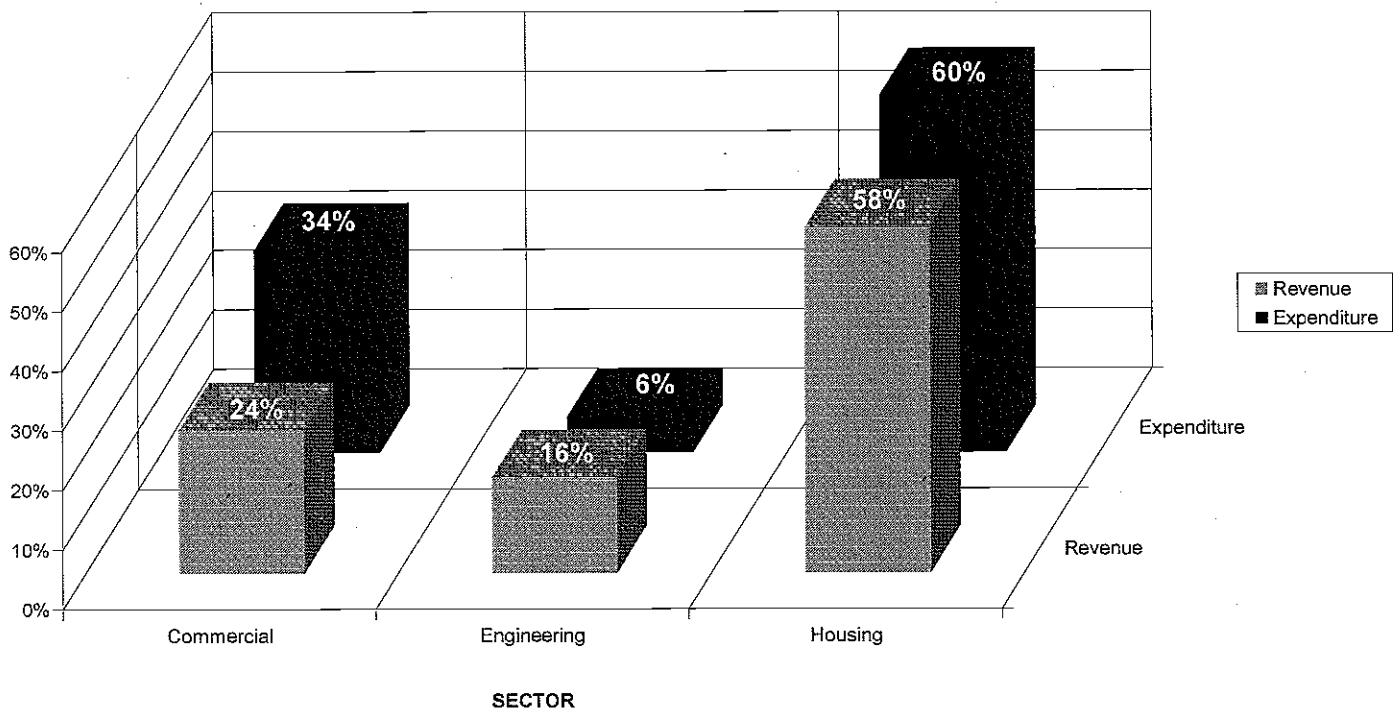
1. Apprentice and trainee support administration cost as a percentage of the total value of apprentices and trainee grants
2. Supplementary skills training administration cost as a percentage of the total value of supplementary skills grants

BCITF PROGRAM ACHIEVEMENTS FOR 2006/07

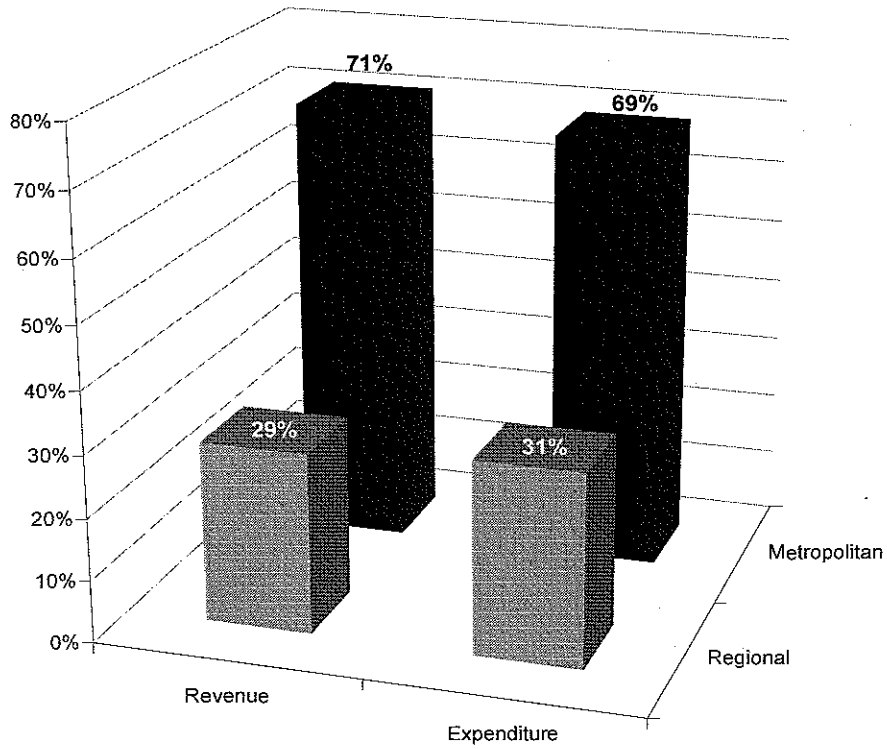
BCITF REVENUE & EXPENDITURE



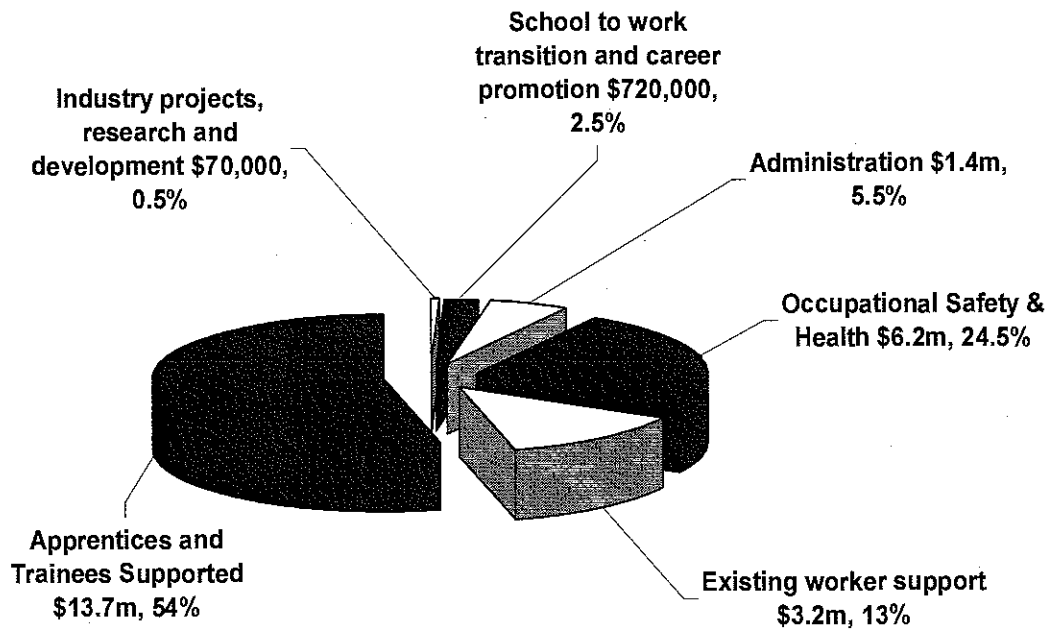
REVENUE & EXPENDITURE BY SECTOR 2006/07



REVENUE AND EXPENDITURE BY REGION



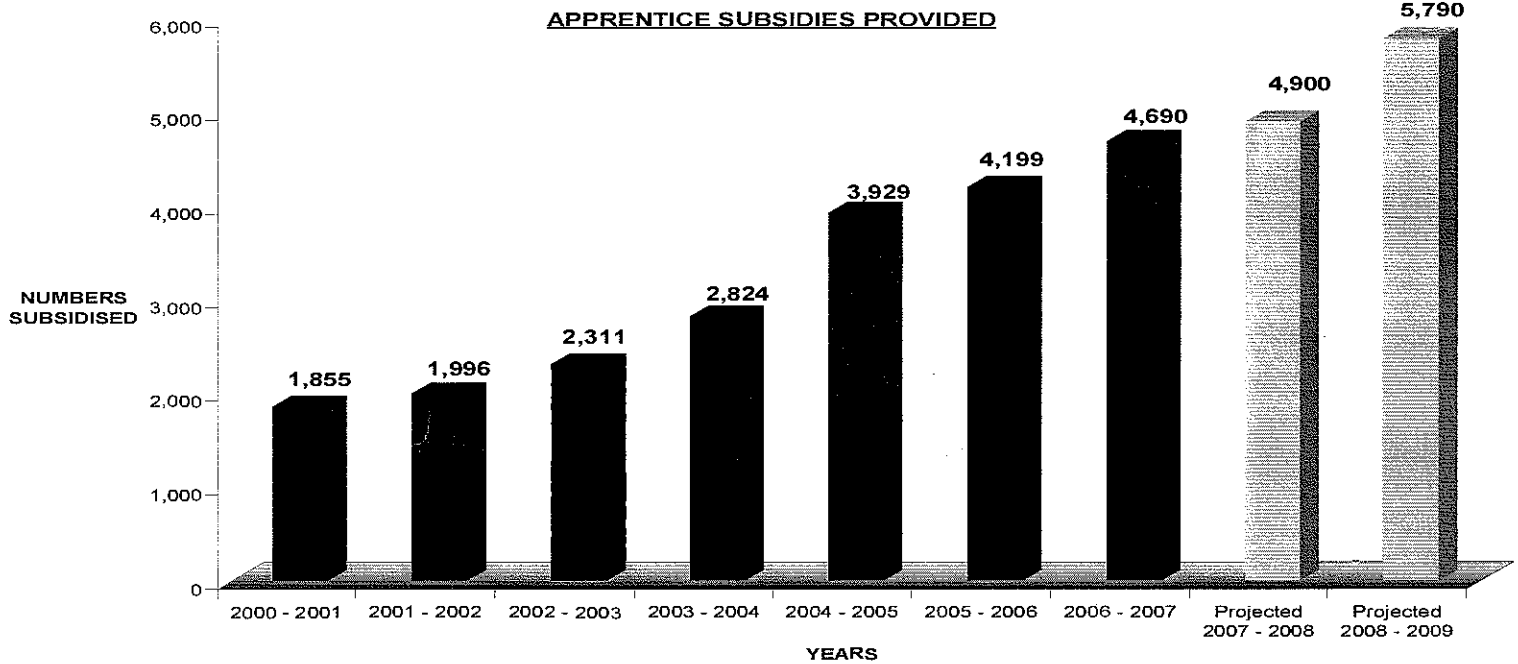
BCITF BREAKDOWN OF EXPENDITURE 2006/07



APPRENTICE AND TRAINEESHIP SUBSIDIES

The BCITF provides subsidies of up to **\$12,500** to employers and hirers to assist in the employment and training of apprentices and trainees. The Fund expanded the program in November 2006 when it admitted cabinet making apprentices to the program (includes support to employers of directly indentured apprentices and hirers of group training apprentices).

During the year the Fund distributed **4,690** apprentice support subsidies to employers which was 12% higher than the number provided in 2005/06. This included additional subsidies valued at \$3,000 to support employment of **675** mature age apprentices.



Expenditure on apprentice subsidies is detailed as follows:

	Number	Expenditure \$ 000
Direct Indenture Apprentices	1,904	\$ 6,174,085
Group Training Apprentices	2,786	\$ 6,268,524
Mature Age Bonus (direct indenture)		\$ 991,500
Pre-apprenticeship Bonus		\$ 230,250
Total Expenditure	4,690	\$ 13,664,359

Approximately 54% of Fund expenditure went to provision of subsidy support for employment of apprentices and trainees.

Analysis of training data confirms that the Training Fund is having a strong positive impact on apprentice employment.

Between 1991 and 2006 the number of apprentices in training in the **Building and Construction Industry increased by 255%**. By comparison the average increase for apprentices in other trades in the **remaining industries was 46%**.

SUPPLEMENTARY SKILLS PROGRAM

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

The Fund recognises **50 private training providers**, who deliver over **500 different training courses**, meeting the skill needs of the industry which range from rigging and scaffolding to communication and management skills.

2006/07 was once again a busy year and the Fund provided financial support to **12,162 people at a cost of \$3.2 million**. This represents a 0.4% increase on people supported in 2005/06.

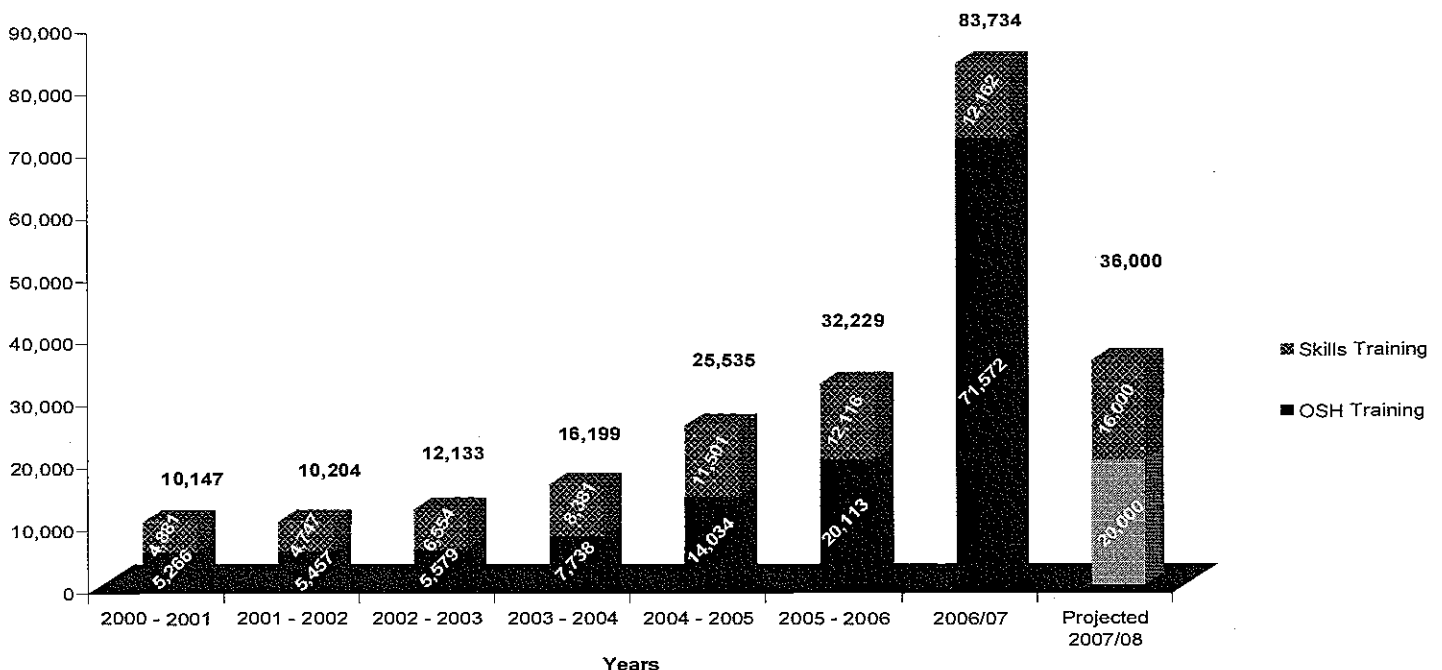
The small increase in supplementary skills training subsidies was pleasing given that training providers allocated the bulk of their training resources to delivery of safety awareness training. New WorkSafe regulations require workers to hold the necessary safety awareness certificate and the demand for this training took precedent over other training.

OCCUPATIONAL SAFETY AND HEALTH PROGRAM

The BCITF regards Occupational Safety and Health training as critically important to the industry and during the year the Fund has seen a dramatic growth in the number of people undertaking OS&H training courses. During the year the Fund extended the eligibility criteria for this program and approved the provision of subsidies for the employees of insulation companies to undertake safety awareness training.

Most of this growth has been people undertaking safety awareness (induction) training to meet new Work Safe regulations. During the year the Fund provided a remarkable **71,572 subsidies at a cost of \$6.2 million**. This represents a 256% increase on people supported in 2005/06.

WORKER TRAINING SUBSIDIES PROVIDED



CAREER PROMOTION AND SCHOOL TO WORK TRANSITION PROGRAM

The BCITF continued to promote the building and construction industry as a first choice career option for young people and the wider community during 2006-07 through the *One Industry – No Limits* suite of programs.

The programs are supported by a range of information materials, a dedicated website (www.nolimits.com.au) and a toll-free Careers Information Hotline.

Highlights of the *One Industry – No Limits* promotions for the year include

- 15,473 visits to the No Limits website
- Distribution of more than 10 000 career information brochures
- Presentations to students at 60 schools, including 10 regional schools
- Attendance at 2 major careers expos

School to Work Transition is a key part of the *One Industry – No Limits* suite of programs and includes several component programs for secondary school students, to raise their awareness of the career options in the building and construction industry through supporting hands-on, experiential opportunities. The programs within the scheme foster collaboration between industry, training providers and the education sector.

Some highlights of the School to Work Transition program for 2006-07 include

- **Scholarships awarded to 365 young people** who had successfully completed a building and construction Pre-Apprenticeship course
- **163 Year 11/12 students** subsidised in VET Structured Workplace Learning building and construction work placements
- **1,744 subsidies granted for secondary students** to undertake compulsory Safety Awareness Training for work experience on building and construction sites
- Try-A-Trade taster courses fully funded by the BCITF for **375 students** in metropolitan and regional areas

The Fund's *One Industry – No Limits* suite of programs also includes recognition for talented apprentices through its Excellence in Training program. In collaboration with industry associations, group training organisations and training providers, the BCITF supports awards for individual apprentices who demonstrate high achievement in their on and off-the-job training. In 2006-07, the BCITF **funded awards for more than 25 direct indenture and group training organisation apprentices.**

During the year, the BCITF introduced a new mobile public information exhibit for display in public libraries across the metropolitan area. The exhibit is supported with take-away information brochures, the No Limits website and the dedicated Careers Information Hotline. Twelve libraries and the Career Development Centre in Perth hosted the display for periods of up to 4 weeks at a time.

NEW INITIATIVES:

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

- Recognition of Cabinet Makers, Building Design Professionals and Building Insulation installers for the purposes of subsidy support.
- Development and implementation of a new apprentice support service involving an officer visiting probationary apprentices and their employers during the first three months of the apprenticeship to provide advice and information.
- Development of enhanced school to work student support services.

RESEARCH AND DEVELOPMENT PROGRAM

The BCITF Research and Development Program supports the BCIT Board in allocation of funding and determining effectiveness of programs.

The priority area for 2006/07 was the continued rolling out of research on the Cost of Attrition in the building industry. The results were released progressively, in order to fully realise the implications of the research. That attrition in the industry is at unacceptable levels is indisputable, putting a dollar value on this gave considerable weight to the argument for an urgent response at all levels.

Research was undertaken to assess the relative effectiveness and value of pre-entry testing / screening for a number of the trades and to determine the factors that contribute to successful apprenticeship training and training outcomes. Of particular focus was the processes in Group Schemes and it became apparent that there is considerable variance between the schemes, the trades, regions, and apprentice.

The report recognised that Group Schemes in WA play an important role by providing training to a very significant share of the building industry with around 40% of all apprentices hired through a group training scheme. Particular segments, businesses and trades within the industry utilise group schemes more than others. It was acknowledged that the schemes operate in a different business environment to direct employers of apprentices, have business obligations such as apprentice recruitment targets and host employer targets and the apprentice is just one aspect of their business.

Attracting greater numbers of candidates is important, however, improving apprentice completion rates is also critical for the future viability of the industry, particularly for the trades that have very low training rates.

Interaction with industry at the trade and apprentice level was continued throughout the year. A number of issues were identified through the surveys undertaken, and a number of concerns raised were followed through by direct discussion with a number of visits to work sites in the city, and the South West. This provides an opportunity for in depth and honest dialogue. Valuable feedback continues to be provided by the industry advisory committee which is comprised of representatives from the civil, services, off-site, housing and commercial skill streams.

INDUSTRY INITIATIVES PROGRAM

The BCITF provides financial support to industry organisations for research and development projects. During the year the Fund provided the Housing Industry Association with funding for a research and development project at a total cost of \$27,200. Details of this project are detailed as follows:

INDUSTRY INITIATIVES FUNDING 2006/2007	
PROJECTS	FUNDING PROVIDED
Housing Industry Association, Research into the Establishment of a Building Industry Cadetship	\$ 27,200
TOTAL	\$ 27,200

The Housing Industry Association project involved funding research into the extent of the need for the introduction of a cadetship for a number of para-professions within the building and construction industry. The research covered all sectors of the industry and not specifically the housing sector.

The research confirmed that there is ongoing demand in the industry for skilled para-professionals such as Schedulers and Estimators and strong need for formal training and qualifications. A national training package for these occupations is now in place and the Department of Education and Training has established and recognised a traineeship model.

RECOGNITION OF PRIOR LEARNING

During the year the Fund provided financial support for 49 industry workers to undertake RPL assessments. The BCITF has been instrumental in promoting the need for RPL processes and the number of assessments undertaken during the period is a 308% increase on the number provided during the previous financial year.

The Building and Construction Industry Training Council (BCITC) is accredited to deliver assessment services and works cooperatively with the BCITF to enable workers undertaking RPL assessment to receive financial support for the cost involved.

APPRENTICE SUPPORT MANAGER

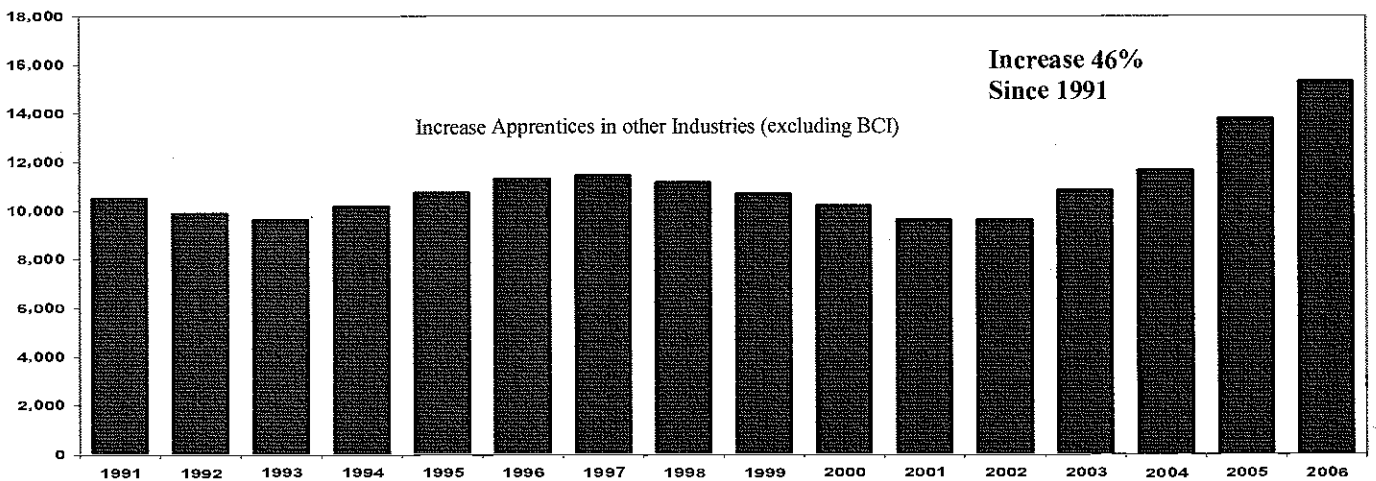
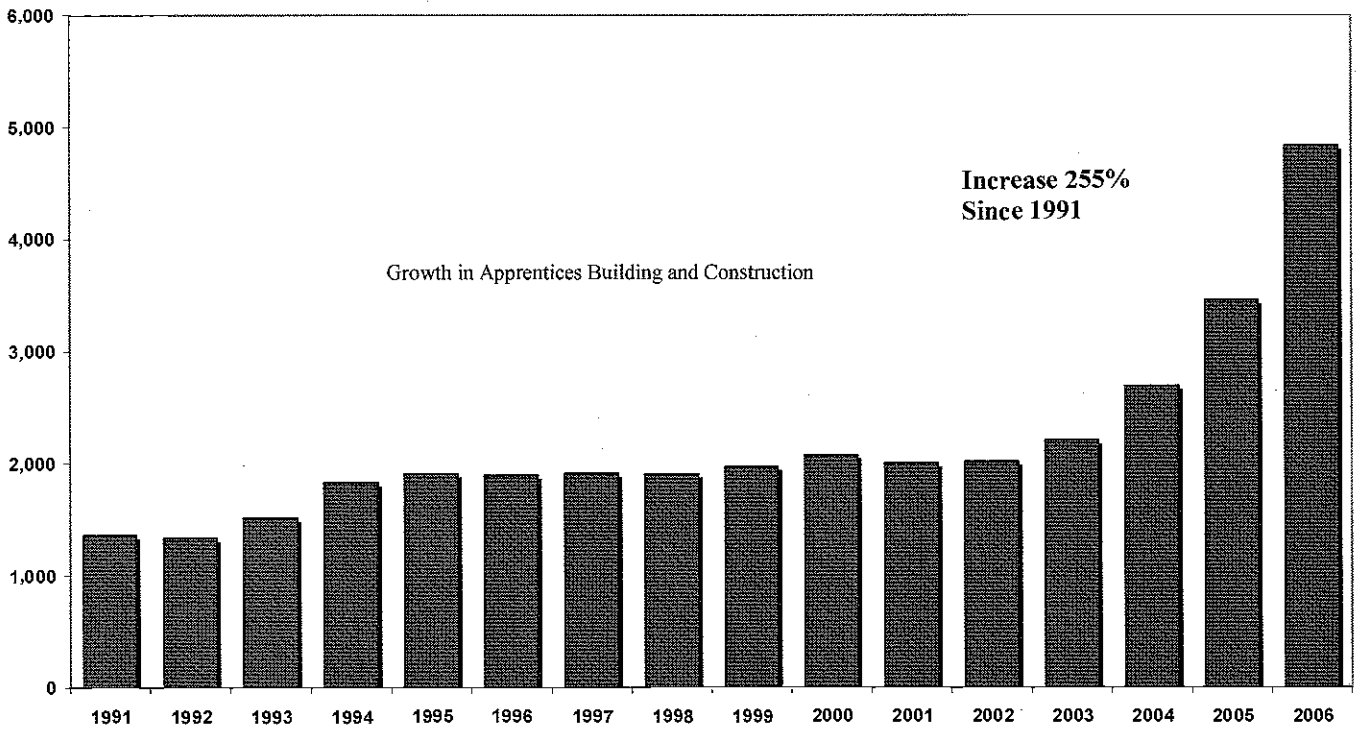
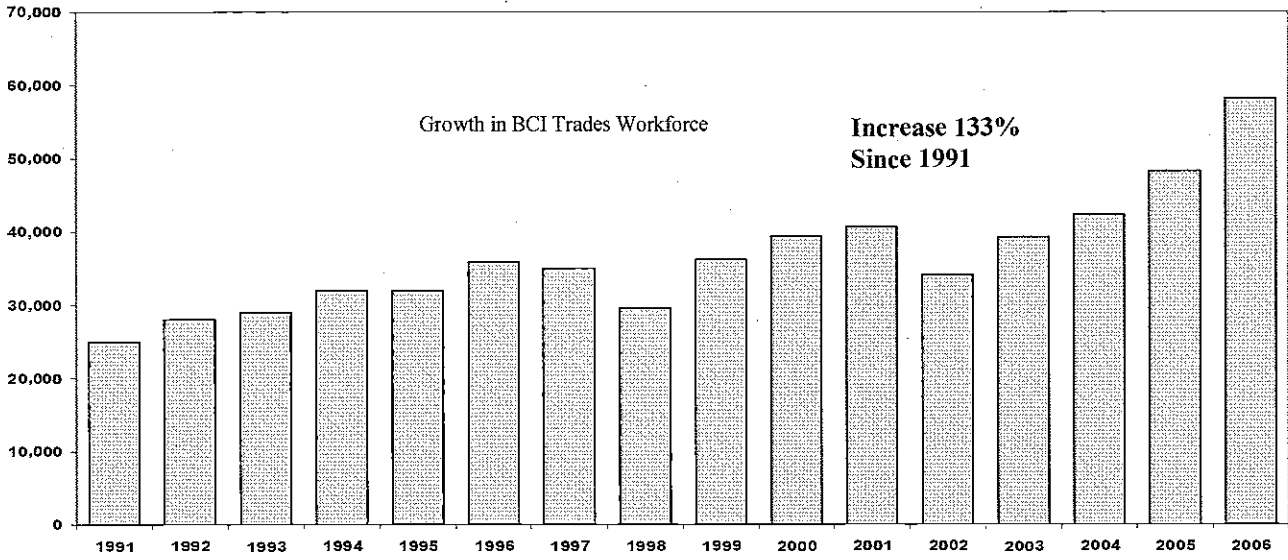
In May 2006 the Government introduced a number of reforms to the apprenticeship and traineeship system in WA, including, the provision of six new nominal two year term housing sector specific trade qualifications. In July 2006, the BCITF accepted a twelve month Funding Agreement from the Department of Education and Training to employ an Apprenticeship Support Officer to monitor and support the progress of new "housing" apprentices in WA. The Agreement was subsequently amended to include 'induction' site visits for three year term probationary apprentices in the Perth metropolitan area.

A support officer was seconded from the Department of Education and Training's Apprenticeship and Traineeship Support Network (ATSN) and in close liaison with the ATSN, all training and contract obligations relating to 'housing' apprentices were successfully undertaken. As at 30 June 2007, a total of 98 'housing' apprentices were in training and 283 site visits had been conducted. Periodic progress reports have been provided to the DET on the progress of the 'housing' reforms and all KPI's of the Agreement satisfied. The contract concluded on 30 June 2007 and funding has been finalised.

The BCITF has decided to maintain an information and promotion service for building and construction industry apprenticeships by continuing the employment of an Apprentice Support Officer. This officer will visit probationary apprentices and their employers during the initial probation period and will assist with BCITF school to work promotion and transition initiatives.

ISSUES AND TRENDS

One of the key objectives of the BCITF is to support an increase in the number of skilled workers in the industry. The following information details the number of apprentices in training in the building and construction industry since 1991 and a comparison with the number in training in all other industries.



Planned operations for 2007/08

The Minister for Education and Training approved the following operational plan in June 2007.

1 JULY 2007 TO 30 JUNE 2008 OPERATIONAL PLAN

INCOME

Levy Receipts (net)	\$ 19,860,000
Interest Income	\$ 620,000
Total Income	<u>\$ 20,480,000</u>

TRAINING EXPENDITURE

Group Training Schemes	\$ 6,500,000
Direct Indenture	\$ 5,485,000
Program Total	<u>\$11,985,000</u>

SUPPLEMENTARY SKILL PROGRAMS

Construction Skills	\$ 3,100,000
Industry Skills	\$ 800,000
Program Total	<u>\$ 3,900,000</u>

Safety & Health Program	\$ 1,500,000
Career Promotion School to Work Transition	\$ 650,000
Research & Development	<u>\$ 50,000</u>

Industry Support Programs	<u>\$ 150,000</u>
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Administration	<u>\$ 1,398,000</u>
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TOTAL PROGRAM EXPENDITURE	<u>\$ 19,633,000</u>
(Draw) Increase on reserves	<u>\$ 847,000</u>

Capital Expenditure Budget	\$ 15,000
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2007 - 2011 FINANCIAL PLAN

The BCIT Board has established a longer term operational and financial plan for the period until June 2011 which is summarised as follows:

Revenue	\$79,000,000
Expenditure	
Apprentice/Trainee Programs	\$53,400,000
Supplementary Skills	\$15,900,000
Safety and Health	\$ 7,500,000
Career Promotion and School to Work Transition	\$ 2,600,000
Research and Development	\$ 200,000
Industry Projects	\$ 600,000
Administration	\$ 5,800,000
Total Expenditure	\$86,000,000
(Draw) Increase on reserves	(\$7,000,000)

STATUTORY AND OBLIGATORY REPORTING

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

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

- Anti Corruption Act 1988.
- Building and Construction Industry Training Fund Levy Collection Act 1990.
- Commercial Arbitration Act 1984.
- Copyright Act 1968.
- Electoral Act 1907.
- Equal Opportunity Act 1994.
- Financial Management Act 2006
- Freedom of Information Act 1992.
- Fringe Benefits Tax Act 1986.
- Industrial Relations Act 1979 (Employment Act).
- Library Board of Western Australia Act 1951 – 1983.
- Local Government Act 1960,
- Occupational Health, Safety and Welfare Act 1984.
- Public and Bank Holidays Act 1972.
- Public Sector Management Act 1994.
- A New Tax System (Goods & Services Tax) Act 1999.
- Statutory Corporations (Liability of Directors) Act 1996.
- Superannuation Guarantee (Administration) Act 1992.
- Vocational Education and Training Act 1996.
- Workers Compensation and Rehabilitation Act 1981.
- Work Place Agreement Act 1993.

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

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

Publications

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

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

Contracts with Senior Officers

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

Changes in Written Law

During the year the Governor in Executive Council approved the "*Building and Construction Industry Training Levy Repeal Regulations 2006*" which enabled the repealing of the "*Building and Construction Industry Training Levy Regulations 2001*". The repeal regulations came into operation from the 1st January 2007 and had the effect of reverting the current training levy of 0.182% of project value to its original level of 0.2%.

Ministerial Directives

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

The Minister approved the 2007/08 Operational Plan in June 2007.

No further ministerial directives were issued.

Staff Development

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

\$10,450 was spent on staff development in 2006/07 which represents 1.2% of salary costs.

Workers Compensation

No workers compensation claims were recorded during the financial year.

Major Promotional, Public Relations or Marketing Activities

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

The Fund also promoted the availability of financial subsidies to industry and used various media and marketing strategies including the following information web sites:

www.bcitf.org

www.nolimits.com.au

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

Total expenditure for 2006/07 was \$

Advertising Agencies	\$96,507	Crowther Blayne	\$5,625
		Business Promotions	\$2,386
		Dowd Publications	\$5,690
		Times Publications	\$3,435
		HIA	\$4,364
		Hobsons Australia	\$6,820
		Construction Worker	\$4,440
		ADCORP	\$60,448
		Vinten Browning	\$3,299
Market research organisations	\$36,205	Curiosity Company	\$20,455
		TNS Research Solutions	\$15,750
Polling organisations	nil		nil
Direct mail organisations	nil		nil
Media advertising organisations	\$279,621	Media Decisions	\$279,621

Pricing Policies on Services

The Building and Construction Industry Training Fund does not charge any fees for services it renders.

Insurance Premiums paid to indemnify members of the Board

A Director's and Officer's liability insurance policy was taken out to indemnify members of the Building and Construction Industry Training Board against any liability incurred in undertaking their responsibilities. The amount of the insurance premium in 2006/07 was \$6,650.

Freedom of Information

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

Procedures are in place to respond to applications under the Freedom of Information Act.

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

Record Keeping Plans

A record keeping plan was introduced by the Fund in December 2001 following approval of the plan by the State Records Commission. The efficiency and effectiveness of the plan will be reviewed at least once every five years. The record keeping plan was last reviewed in April 2004 and approval was received for its continuation until April 2009. The Fund has an effective record keeping induction and staff training program which is reviewed from time to time and addresses employee roles and responsibilities in regard to their compliance with the Fund's record keeping plan.

Risk Management

The Fund has established and maintained a Risk Management Plan covering all operations. This plan was developed in consultation with Risk Cover. A review of the Risk Management Plan was commenced during the year and included staff workshops. A target date of the 1st October 2007 was set for completion of the revised risk management plan.

Corruption Prevention

A current risk management plan includes an assessment of risks associated with corruption and misconduct.

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

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

Equal Employment Opportunity

The BCITF employs a small team of 11 staff members in a diverse range of occupations. Six staff members are women, two staff members are part-time and of five management positions, one is occupied by a woman.

The BCITF revised its strategies to meet equal opportunity outcomes and submitted an updated EEO / Diversity Management Plan for 2006 – 2009 to the Office of Equal Opportunity in February 2007.

Sustainability Code of Practice

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

- Strategic planning is based on assessment of longer term needs of the building and construction industry and involves objectives and strategies that ensure the maximum effectiveness and the long term sustainability of Fund resources
- Agency operations and use of resources support sustainability, including a motor vehicle fleet of 2 vehicles that includes an LPG powered vehicle
- Staff are encouraged to make the most effective use of recycled paper products and to minimise light and power usage.
- The BCITF has responded to new training programs in the building and construction industry relating to sustainable building practices by providing training subsidies

Compliance with Public Sector Management Act Section 31 (1)

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

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


During the year, one staff member was appointed to a position following formal selection processes. No breach claims were lodged in respect to the appointment. No other complaints have been raised in respect to Public Sector Standards in Human Resource Management.

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

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

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

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



.....
Ian C Hill
Chairman



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

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

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

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

Summary of my Role

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


An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Building and Construction Industry Training Board
Financial Statements and Key Performance Indicators for the year ended 30 June 2007

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Building and Construction Industry Training Board at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2007.

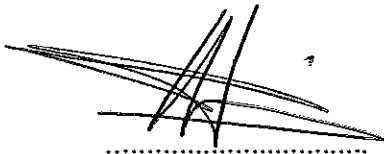

COLIN MURPHY
AUDITOR GENERAL
6 September 2007

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

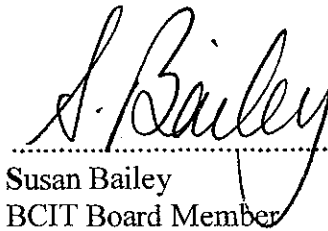
For the year ended 30 June 2007

CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the performance of the Building and Construction Industry Training Board for the financial year ended 30 June 2007.



Ian C Hill
Chairman



Susan Bailey
BCIT Board Member

Dated 29th day of August 2007



KEY PERFORMANCE INDICATOR RESULTS FOR 2006/07

MISSION

“The demands of the Building and Construction Industry for skilled workers are supported”

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

“Develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians, by creating the conditions required for investment and growth”

The Western Australian building and construction industry employs 10% of the states total workforce and contributes approximately 8% towards its gross domestic product.

KEY EFFECTIVENESS INDICATORS

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

Name	Satisfaction Target	Satisfaction 2006	Satisfaction 2005
Employer Satisfaction	* 70%	67%	63%
Building Worker Satisfaction	* 80%	80.6%*	n/a

This KPI relates to the satisfaction of employers and workers with the quality of services delivered by public and private registered training organisations to undertake apprenticeship and short skills and Occupational Safety and Health training which was subsidised by the BCITF.

Targets for employer and worker satisfaction levels have been set for the first time this financial year. Employer satisfaction levels relate primarily to delivery of off the job apprentice training by TAFE and private training providers.

Notes

A mailed survey was sent to 366 Employers who hire an apprentice directly, and 118 employers who hire through a Group Training Scheme (Host Employers). Total 171 responses were received. Satisfaction is calculated from a scale of 1-10, where 1 is very dissatisfied, and 10 is very satisfied, and is derived from the question : “Overall, I am happy with the training my apprentice is receiving”; responses 7-10 are included in the result. Confidence levels are +/- 5%

A mailed survey was sent to 990 building worker participants in courses subsidised by the Fund with 389 responses giving a 39% response rate. .Score derived from the question:” Overall I was satisfied with the quality of training” in a scale of 1-5, where 5 is very satisfied, and 1 is very dissatisfied; responses 4 and 5 included in results. Confidence level +/- 5%.



The source of data for employer satisfaction comes from a direct survey of employers. Building worker satisfaction data is derived from course feedback surveys.

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

Number	2006/07 Target	2006-07 (May 07)	2005-06 (May 06)	2004-05 (May 05)
Apprentices in training *1 (includes Electrical Mechanics)		8257	6241	4817
Tradesmen in industry including Electrical * 2		54,100	60,500	54,900
Training Rate	15%	15%	10%	9%

*1 Source: ATSN (WADOT)

*2 Source: ABS catalogue 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2007, Released 14/06/2007

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

	2006/07 Target	2006-07 (May 07)	2005-06 (May 06)	2004-05 (May 05)
Workers in industry trained with BCITF Support		83,734	32,229	23,132
Numbers of Workers in Industry		105,924	105,226	99,828
Percentage of workers supported	60%	79.05%	30.63%	23.17%

The target set for 2006/07 for the first time assumed a large proportion of the workforce would receive safety awareness training support.

The significant increase in percentage of workers supported during 2006/07 was due to the subsidisation of Occupational Safety and Health training for approximately 83,734 workers. This resulted from new WorkSafe regulations requiring all workers to undertake safety awareness training. Now that most workers in the industry have completed their training the number of BCITF subsidies and percentage of workers supported will return to previous levels for 2007/08.

*Source: BCITF

*Source 2: ABS catalogue 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2007, Released 14/06/2007.



Key Efficiency Indicators

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

2006/07	2005/06	2004/05	2003/04
6.3%	5.8%	4.5%	6.2%

The 2006/07 result is higher than 2005/06 but is affected by a change in recording of administrative costs which includes approximately \$300,000 in salaries for officers managing specific programs. If this cost was excluded the actual cost would be 3.3% of total expenditure on apprentice training.

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

2006/07	2005/06	2004/05	2003/04
5.9%	8.5%	7.7%	10.5%

During 2006/07 the Fund provided \$9,349,000 in supplementary skills subsidy support for non trade related training.

Economics of scale were achieved in 2006/07 because of the significant increase in number of subsidies processed whilst maintaining administration costs at previous levels.

Administrative costs for both apprentice and skills training support programs are targeted at approximately 8% of program expenditure.



**BUILDING AND CONSTRUCTION
INDUSTRY TRAINING BOARD**


FINANCIAL STATEMENTS

For the year ended 30 June 2007

STATEMENT OF CERTIFICATION

The accompanying financial statements of the Building and Construction Industry Training Board have been prepared in compliance with the provisions of the Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending June 30, 2007 and the financial position as at June 30, 2007


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



Howard Hughes
Chief Finance Officer

29/8/07

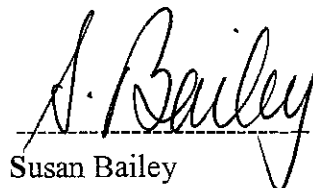
Date



Ian C Hill
For the BCIT Board

29/8/07

Date



Susan Bailey
For the BCIT Board

29/8/07

Date



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD (BCITB)
INCOME STATEMENT
for the year ended 30 June 2007

	Note	2007 (\$'000)	2006 (\$'000)
INCOME			
Revenue			
Levy receipts	3	22,427	17,409
Interest revenue	4	696	665
Other revenue	5	100	-
Total income		<u>23,223</u>	<u>18,074</u>
EXPENSES			
Expenses			
Employee benefits expense	6	851	645
Supplies and services	7	309	218
Depreciation expense	8	24	22
Accommodation expenses	9	69	63
Grants and subsidies - programs recurrent	10	781	786
Grants and subsidies - training expenditure recurrent	10	23,030	16,383
Other expenses	11	23	23
Revenue collection costs	12	139	123
Total expenses		<u>25,226</u>	<u>18,263</u>
Loss for the year		<u>(2,003)</u>	<u>(189)</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
BALANCE SHEET
as at 30 June 2007

	Note	2007 (\$'000)	2006 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	13	9,646	11,938
Receivables	14	482	366
Other current assets	15	2,382	1,621
Total Current Assets		<u>12,510</u>	<u>13,925</u>
Non-Current Assets			
Plant & equipment	16	39	47
Total Non-Current Assets		<u>39</u>	<u>47</u>
TOTAL ASSETS		<u>12,549</u>	<u>13,972</u>
LIABILITIES			
Current Liabilities			
Payables	18	13	11
Provisions	19	90	60
Other current liabilities	20	2,434	1,882
Total Current Liabilities		<u>2,537</u>	<u>1,953</u>
Non-Current Liabilities			
Provisions	19	29	33
Total Non-Current Liabilities		<u>29</u>	<u>33</u>
TOTAL LIABILITIES		<u>2,566</u>	<u>1,986</u>
NET ASSETS		<u>9,983</u>	<u>11,986</u>
EQUITY			
Retained earnings	21	9,983	11,986
TOTAL EQUITY		<u>9,983</u>	<u>11,986</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	Note	2007 (\$'000)	2006 (\$'000)
Balance of equity at start of period		<u>11,986</u>	<u>12,175</u>
RETAINED EARNINGS			
Balance at start of period		11,986	12,175
Loss for the period		(2,003)	(189)
Balance at end of period		<u>9,983</u>	<u>11,986</u>
Balance of equity at end of period	21	<u>9,983</u>	<u>11,986</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
CASH FLOW STATEMENT
for the year ended 30 June 2007

	Note	2007 (\$'000) Inflows (Outflows)	2006 (\$'000) Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Levies from project owners		21,539	16,986
Interest received		697	719
Other revenue		80	-
GST receipts from taxation authority		2,293	1,698
		<u>24,609</u>	<u>19,403</u>
Payments			
Employee benefits		(823)	(625)
Supplies and services		(326)	(233)
Accommodation		(69)	(62)
Program expenditure		(861)	(669)
Training expenditure		(22,460)	(15,637)
GST payments on purchases		(2,346)	(1,638)
Other payments		(11)	(11)
		<u>(26,885)</u>	<u>(18,875)</u>
Net cash (used in) / provided by operating activities	22b	<u>(2,276)</u>	<u>528</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(16)	(35)
Net cash used in investing activities		<u>(16)</u>	<u>(35)</u>
Net (decrease) / increase in cash and cash equivalents		(2,292)	493
Cash and cash equivalents at the beginning of the period		11,938	11,445
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22a	<u>9,646</u>	<u>11,938</u>

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
INDEX OF NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Subject	Policy Note	Disclosure Note	Title of the Policy note
General	1	1	Australian equivalents to International Financial Reporting Standards
General	2	2	Summary of significant accounting policies
General	2a		General statement
General	2b		Basis of preparation
General	2c		Reporting entity
Income	2d		Income
Income		3	Levy receipts
Income		4	Interest revenue
Income	2d		Gains
General	2e		Income tax
Assets	2f	16	Plant and equipment
Assets		17	Impairment of assets
Assets	2i	13	Cash and cash equivalents
General	2g	24	Leases
Assets	2j	14	Receivables
Assets	2h	28	Financial instruments
Liability	2k	18	Payables
Liability			Provisions
	2l (i)	19	Provisions – Employee benefits
	2l (ii)		Provisions – Other
Expense	2m	6	Superannuation expense
Liability	2n	20	Accrued salaries
General	2o	23	Resources received free of charge or for nominal cost
Expense	2p		Comparative figures
Expense		6	Employee benefits expense
Expense		7	Supplies and services
Expense		8	Depreciation and amortisation expense
Expense		9	Accommodation expenses
Expense		10	Grants and subsidies
Expense		11	Other expenses
Expense		12	Revenue collection costs
Income		5	Other revenue
Asset		15	Other assets
Liability		20	Other liabilities
Equity		21	Retained earnings
Cash Flow		22	Notes to the cash flow statement
General		25	Contingent liabilities and contingent assets
General		26	Events occurring after balance sheet date
General		27	Explanatory statement
General		29	Remuneration of members of the Accountable Authority and senior officers
General		30	Remuneration of auditor
General		31	Related bodies
External		32	Affiliated bodies
General		33	Supplementary financial information

This index does not form part of the financial statements.



1. Australian equivalents to International Financial Reporting Standards

General

The Building and Construction Industry Training Board's (Board) financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

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

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ended 30 June 2007.

2. Summary of significant accounting policies

(a.) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b.) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

(c.) Reporting Entity

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



(d.) Income

Revenue Recognition

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

Levy income

The principal revenue is levy collection based on the value of that construction work in accordance with Section 21 of the Building and Construction Industry Training Fund and Levy Collection Act of 1990. Revenue is recognised on receipt from project owners and in respect of collection agents, when the levy is received by an agent. An estimate of funds held by agents at the end of the reporting period is recognised as income for the period. Levy receipts are shown net of refunds: 2007 \$331,365 (2006:\$361,616).

Interest

Revenue is recognised as the interest accrues.

Gains

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

(e.) Income Tax

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

(f.) Plant and Equipment

Capitalisation/expensing of assets

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

Initial recognition and measurement

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

Depreciation

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



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

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

Office equipment	3 years
Office furnishings	5 years

(g.) Leases

The Board has entered into several operating lease arrangements for the rent of the office building and motor vehicles where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating leases. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits to be derived from the leased properties.

(h.) Financial Instruments

The Board has three categories of financial instrument:

- Loans and receivables (includes cash and cash equivalents, receivables and term deposits); and
- Held-to-maturity investments (term deposits); and
- Non-trading financial liabilities (payables).

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

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

See note 28 'Financial instruments'.

(i.) Cash and Cash Equivalents

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

(j.) Receivables

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



(k.) Payables

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

(l.) Provisions

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

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

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

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

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

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

(ii) Provisions - Other

Employment on-costs

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



(m.) Superannuation

The Board complies with Commonwealth legislation by making contributions according to individual requirements. Contributions are paid to selected superannuation funds complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

(n.) Accrued Salaries

Accrued salaries (refer note 20 'Other liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value.

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

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

(p.) Comparative Figures

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

3. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Board does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the Board has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.



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3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Board has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Board as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

2005-1	'Amendments to Australian Accounting Standard' (AASB 139 – Cash flow hedge accounting of forecast intragroup transactions)
2005-5 &AASB 139]	'Amendments to Australian Accounting Standards [AASB 1
2006-1 121]'	'Amendments to Australian Accounting Standards [AASB
2006-3 [AASB1045]'	'Amendments to Australian Accounting Standards
2006-4 134]'	'Amendments to Australian Accounting Standards [AASB
2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	'Scope of AASB 2'

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective.



These will be applied from their application date:

- a. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Board's exposure to risks, enhanced disclosure regarding components of the Board's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Board does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- b. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Board does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- c. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Board is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- d. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Board has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
- e. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Board if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Board has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

- f. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Board has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Board as they will have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

Changes in Accounting Estimates

There are no changes in accounting estimates.

New Standards and Interpretations not yet adopted

- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments makes consequential amendments to AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards, AASB 2 Share Based Payments, AASB 3 Business Combinations, AASB 4 Insurance Contracts, AASB 5 Non-Current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 7 Financial Instruments : Disclosures, AASB 102 Inventories,



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

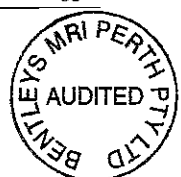
AASB 107 Cash Flow Statement, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 110 Events after the Balance Sheet Date, AASB 112 Income Taxes, AASB 114 Segment Reporting, AASB 116 Property, Plant and Equipment, AASB 117 Leases, AASB 118 Revenue, AASB 119 Employee Benefits, AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, AASB 121 The Effects of Changes in Foreign Currency Rates, AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investment in Associates, AASB 129 Financial Reporting in Hyperinflationary Economies, AASB 130 Disclosures of Financial Statement of Banks and Similar Financial Institutions, AASB 131 Interest in Joint Ventures, AASB 132 Financial Instruments: Disclosures and Presentation, AASB 133 Earnings Per Share, AASB 134 Interim Financial Reporting, AASB 136 Impairment of Assets, AASB 137 Provision, Contingent Liabilities and Contingent Assets, AASB 138 Intangible Assets, AASB 139 Financial Instruments: Recognition and Measurement, AASB 141 Agriculture, AASB 1023 General Insurance Contracts, and AASB 1038 Life Insurance Contracts. This standard is applicable to annual reporting periods beginning on or after 1 July 2007. The potential impact on the Board has not yet been determined.

- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 111 Construction contracts, AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and Interpretation 12 Service Concession Arrangements. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be applied at the same time as AASB 123 Borrowing Costs. This standard principally removes the references to expensing borrowing costs on qualifying assets and is not expected to affect the Board's financial report.
- AASB 2007-7 Amendments to Australian Accounting Standards arising from AASB 2007-4 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 2 Share-Based Payment, AASB 4 Insurance Contracts, AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB Cash Flow Statements and AASB 128 Investments in Associates. AASB 2007-7 is applicable for annual reporting periods beginning on or after 1 July 2007. This standard is only expected to impact disclosures contained within the financial report.
- AASB 2007-5 Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	2007 (\$'000)	2006 (\$'000)
3 Levy Receipts		
Levy receipts gross	<u>22,427</u>	<u>17,409</u>
Gross levy receipts by sector		
Housing	13,330	10,802
Commercial	5,487	3,458
Engineering construction	<u>3,610</u>	<u>3,149</u>
	<u>22,427</u>	<u>17,409</u>
4 Interest Revenue		
Interest revenue	<u>696</u>	<u>665</u>
Earned on current bank accounts plus investments by way of term deposits		
5 Other Revenue		
Grants received from other Government Departments	<u>100</u>	<u>-</u>
6 Employee Benefits Expense		
Salaries and accrued salaries	671	514
Superannuation- superannuation guarantee levy	57	46
Long service leave (a)	8	17
Annual leave (a)	17	(8)
Other employee costs	<u>98</u>	<u>76</u>
	<u>851</u>	<u>645</u>
(a) Includes a superannuation contribution component		
Employment on-costs such as worker's compensation insurance are included at note 11 Other Expenses'. The employment on-cost liability is included at note 19 'Provisions'.		
7 Supplies and Services		
Bank charges	4	4
Communications costs	41	23
Consumables	48	35
Accounting & audit fees	9	9
Board costs	102	104
Insurance & legal fees	17	19
Other supplies & services	62	11
Travel	<u>26</u>	<u>13</u>
	<u>309</u>	<u>218</u>
8 Depreciation Expense		
Depreciation - office equipment	<u>24</u>	<u>22</u>
9 Accommodation Expense		
Lease rentals	54	48
Outgoings	10	10
Repairs & maintenance	2	2
Cleaning	<u>3</u>	<u>3</u>
	<u>69</u>	<u>63</u>



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

**Notes to the Financial Statements
for the year ended 30 June 2007**

	2007 (\$'000)	2006 (\$'000)
10 Grants & Subsidies		
<u>Programs recurrent</u>		
Career promotion	633	571
Industry initiatives	27	113
Research & development	28	57
Advertising	-	1
Apprentices management	9	-
Competency assessment	10	3
School safety awareness	74	26
BCITF programs	-	15
	781	786
 <u>Training expenditure recurrent</u>		
by sector-		
Housing	13,329	8,720
Commercial	8,715	6,408
Engineering construction	986	1,255
	23,030	16,383
 11 Other Expenses		
Employment on-costs (a) (see note 5 Employee benefits)	1	1
Other (b)	22	22
	23	23
 (a) Includes worker's compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 19 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
(b) Audit cost, see note 30 'Remuneration of Auditor'.		
 12 Revenue Collection Costs		
Fees paid to collection agent	139	123
 13 Cash and Cash Equivalents		
Bank accounts	459	900
Funds on deposit	34	34
Other financial assets- term deposits < three months	9,153	11,004
	9,646	11,938
 14 Receivables		
Receivables	23	2
GST receivable	426	330
Interest receivable	33	34
	482	366
 15 Other Assets		
Accrued levy income	2,382	1,621



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
for the year ended 30 June 2007

	2007 (\$'000)	2006 (\$'000)
16 Plant & Equipment		
Office equipment at cost	153	158
Accumulated depreciation	(114)	(111)
	39	47

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

	Office equipment		Total Non Current Assets	
	2007 (\$000)	2006 (\$000)	2007 (\$000)	2006 (\$000)
Carrying amount at start of year	47	34	47	34
Additions	16	35	16	35
Disposals	(21)	(18)	(21)	(18)
Depreciation	(24)	(22)	(24)	(22)
Depreciation write back	21	18	21	18
Carrying amount at end of year	39	47	39	47

17 Impairment of Assets

There were no indications of impairment to plant & equipment assets at 30 June 2007.

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

18 Payables

Trade payables	13	11
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19 Provisions

Current

Employee benefits provision:

Annual leave (a)	45	28
Long service leave (b)	45	32
	90	60

Other provisions:

Employment on-costs (c)	1	1
	91	61

Non current

Long service leave (b)	29	33
	29	33

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

Within 12 months of reporting date	38	22
More than 12 months after reporting date	7	6
	45	28



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements
for the year ended 30 June 2007**

	2007 (\$'000)	2006 (\$'000)
19 Provisions (Cont...)		
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of reporting date	-	13
More than 12 months after reporting date	45	53
	<u>45</u>	<u>66</u>
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 11 'Other expenses'.		
20 Other Liabilities		
Accrued training expenses	2,154	1,825
Accrued salaries	13	18
Accrued expenses	267	38
	<u>2,434</u>	<u>1,881</u>
21 Equity		
Accumulated surplus/(deficit) (Retained Earnings)		
Balance at the start of the year	11,986	12,175
Result for the period	<u>(2,003)</u>	<u>(189)</u>
Balance at the end of the year	<u>9,983</u>	<u>11,986</u>
22a Notes to the Cash Flow Statement		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents		
Bank accounts	459	900
Funds on deposit	34	34
Other financial assets- term deposits	9,153	11,004
	<u>9,646</u>	<u>11,938</u>



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD**Notes to the Financial Statements
for the year ended 30 June 2007**

	2007 (\$'000)	2006 (\$'000)
22b Notes to the Cash Flow Statement (Cont...)		
<u>Reconciliation of profit/ (loss) after income tax equivalents to net cash flows provided by/(used in) operating activities:</u>		
Loss after income tax equivalents	(2,003)	(189)
Non cash items:		
Depreciation and amortisation expense	24	22
Increase in assets:		
Current receivables	(82)	(101)
Other current assets	(795)	(246)
Increase/ (decrease) in liabilities		
Current payables	2	(1)
Current provisions	29	(7)
Other current liabilities	553	1,033
Non-current provisions	(4)	17
Net GST payments	(54)	(60)
Change in GST receivables/payables	54	60
Net cash provided by /(used in) operating activities	<u>(2,276)</u>	<u>528</u>

23 Resources Received Free of Charge

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

24 Leases

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

	2007	2006
Within 1 year	70	57
Later than 1 year and not later than 5 years	76	22
Later than 5 years	-	-
	<u>146</u>	<u>79</u>
Representing:		
Non-cancellable Operating Leases	<u>146</u>	<u>79</u>

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments should be reviewed at eighteen month intervals and are subject to increase at a rate equivalent to the CPI. The current lease expired on 30 June 2007 and an option to extend for a further period of two years to June 2009 has been exercised.

The Board has entered into non-cancellable operating leases for two motor vehicles with State Fleet. Board policy is to replace vehicles on the expiry of the lease, the latest of which matures in 2009.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
for the year ended 30 June 2007

25 Contingent Liabilities

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

During the 2006/2007 year \$22.4 million dollars was collected as levies. Under the Act, these are payable before the commencement of construction and are refundable wholly or in part if the construction is not completed. The proportion representing incomplete work is not known and according to past experience the amount of the refunds in proportion to the total amount collected is relatively insignificant and in the year ended 30th June 2007 amounted to \$331,365 being 1.5% of the amount received. No other contingent liabilities have since come to our knowledge.

Litigation in progress

There are no known legal claims pending by third parties against the BCITB other than those matters referred to our lawyers or insurers in the normal course of business for which we consider there are no significant liabilities.

26 Events Occurring After Balance Date

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

27 Explanatory Statement

This statement provides details of any significant variations between these estimates and actual results for 2007 and between the actual results for 2006 and 2007. Significant variations are considered to be those greater than 10% of budget and \$10,000.

Significant variances between estimate and actual results for the financial year

The budget figures contained in this note to the financial statements were drawn from the Operational Plan endorsed by the Minister for Education and Training during the course of the year to 30 June 2007.

	2007	2007	Variation
	Estimate	Actual	S'000
	S'000	S'000	S'000
Revenue			
Levy Receipts - Gross	17,033	22,427	5,394
Interest	610	696	86
Expenditure			
Employee Benefits Expense	512	851	(339)
Training Expenditure	15,100	23,030	(7,930)

Levy receipts - gross

All sectors experienced higher growth than anticipated by Industry and economic analysis predictions. The commercial sector in particular exceeded budget by 61% while the housing sector was also strong finishing 26% over budget. Levy collections were as a result of the high building and construction activity, 32% above the budget for the year.

Interest

Interest income from Board reserves was in line with expectations as the higher revenue collections were more than off set against equally higher training expenditure. Interest income was 14% or \$86,000 over budget due to a significant rise in interest rates during the year.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements for the year ended 30 June 2007

27 Explanatory Statement (Cont...)

Employee costs

Employee costs were 66% higher than budget as the program managers and staff costs had been imbedded in the respective program budgets in the 2006/2007 Operational Plan. Compounding this effect was the secondment of a staff member for the purpose of a special purpose program from another Government agency. Although this was funded with a grant of \$100,000, the staff salaries and benefits are contained within normal operating costs. The grant is shown as other income in the Income Statement. Additional temporary staff were utilised during the year to assist with the significant increase in claims arising from programs and in particular, the Occupational Health and Safety program.

Training expenditure

The operational plan budget of \$15.1 million for training expenditure was based on an expectation that industry activity would level off from unprecedented growth in previous years. This did not eventuate and industry operations continued to grow during 2006/07. Demand for apprentices therefore increased unexpectedly. Funding of mature age apprentice subsidies also increased significantly above expectations.

The Fund also budgeted \$1.5 million to support subsidies for a new Occupational Safety and Health program that required workers to undertake safety awareness training. The Fund actually incurred \$6.2 million in expenditure because the industry workforce increased rather than decreased as expected and most workers undertook the necessary training in 2006/07, when a significant proportion were expected to defer the training until 2007/08.

As a result of these variations in expected demand for training support the Fund expended \$23.03 million or \$7.9 million more than budgeted. This variation has resulted in the Board making targeted reductions in apprentice training subsidies in the 2007/08 financial year.

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

	2007	2006	Variation
	\$'000	\$'000	\$'000
Revenue			
Levy Receipts - Gross	22,427	17,409	5,018
Interest	696	665	31
Expenditure			
Employee benefits expense	851	645	(206)
Supplies & services	309	218	(91)
Collection fees	139	123	(16)
Training expenditure	23,030	16,383	(6,647)

Levy receipts - gross

Continuing industry and economic forecast predictions of an easing in building and construction industry activity in 2006/07 did not eventuate and the booming activity in the housing industry in W.A. continued throughout the full year. Levy receipts were as a result 29% higher than 2005/06 with continued strong growth in the housing and commercial sectors of the industry. In particular, there were unforeseen large projects adding \$1.4 million to revenue.

Interest

Income from interest bearing deposits was marginally higher than the previous year despite a lower level of funds invested throughout the year. A significant increase in investment return due to higher interest rates accounted for the increase.

Employee expenses

Employee expenses were \$206,000 higher than 2005/06 due to a combination of factors which included the full year secondment a staff member, the full year impact of two new staff members from 2005/06, general incremental rises and the 4% award increase. The additional use of temporary staff to support the growth in operations and higher provisioning for employee entitlements contributed to the increase.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

Notes to the Financial Statements for the year ended 30 June 2007

27 Explanatory Statement (Cont...)

Supplies & services

Expenses increased by \$91,000 compared with the previous year. The increase was largely due to an increase in computer consulting and maintenance following a review of the Fund's IT requirements and support mechanisms. This included the engagement of a consultant to oversee and review the approach to the strategic planning process.

Training expenditure

Total expenditure of \$23 million was \$6.6 million or 41% higher than 2005/06 and reflected the continued growth in building industry activity and corresponding demand for training support.

The major variation was in the OS & H program which recorded a \$4.7 million increase in expenditure, due to strong demand for training support for a new safety awareness training program.

Group training and direct indenture / mature age programs also saw significant increases commensurate with the growth in industry operations. Construction skills support eased slightly as the training focus was concentrated on the OS & H courses.

28 Financial Instruments

Financial Instrument Disclosures

(a) Financial Risk Management Objectives and Policies

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

Credit risk

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

Liquidity risk

The Board has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

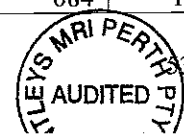
Cash flow interest rate risk

The Board is not exposed to any significant interest rate risk because cash and cash equivalents have short term maturities of less than three months and there are no borrowings.

(a) Interest Rate Risk Exposure

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

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000's	Fixed Interest Rate \$000's	Non- Interest \$000's	Total \$000's
2007					
Financial Assets					
Cash & Cash Equivalents	6.25	459	9,187		9,646
Other Financial Assets					
Receivables				2,864	2,864
Total Financial Assets		459	9,187	2,864	12,510
Financial liabilities					
Trade Payables				13	13
Accrued Salaries				13	13
Accrued Training Expenditure				2,154	2,154
Total Financial Liabilities				2,180	2,180
Net Financial Assets		459	9,187	684	10,330



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD

**Notes to the Financial Statements
for the year ended 30 June 2007**

**28 Financial Instruments (Cont...)
Financial Instrument Disclosures**

(a) Interest Rate Risk Exposure

	Weighted Average Effective Interest Rate %	Variable Int Rate \$000's	Fixed Int Rate \$000's	Non- Interest \$000's	Total \$000's
2006					
Financial Assets					
Cash & Cash Equivalents	5.22	900	11,038		11,938
Other Financial Assets					
Receivables				1,987	1,987
Total Financial Assets		900	11,038	1,987	13,925
Financial liabilities					
Trade Payables				11	11
Accrued Salaries				18	18
Accrued Training Expenditure				1,863	1,863
Total Financial Liabilities				1,892	1,892
Net Financial Assets		900	11,038	95	12,033

(b) Fair Values

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

29 Remuneration of Members of the Accountable Authority and Senior Officers

Remuneration of Members of the Accountable Authority

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

	2007	2006
\$10,000 - \$20,000	5	6
\$20,001 - \$30,000	-	-
\$30,001 - \$40,000	1	1
The total remuneration of Members of the Accountable Authority is	<u>96</u>	<u>97</u>

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

No members of the Accountable Authority are members of a BCITB sponsored pension scheme.



BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD
Notes to the Financial Statements
for the year ended 30 June 2007

29 Remuneration of Members of the Accountable Authority and Senior Officers (Cont...)
Remuneration of Senior Officers

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

	2007	2006
\$90,000 - \$100,000		
\$100,001 - \$110,000		1
\$110,001 - \$120,000		
\$120,001 - \$130,000		
\$130,001 - \$140,000	1	
The total remuneration of Senior Officers is:	<u>137</u>	<u>108</u>

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

No senior officers are members of a BCITB sponsored pension scheme.

30 Remuneration of Auditor

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

	2007	2006
Auditing the accounts, financial statements and performance indicators.	<u>22</u>	<u>22</u>

Expenses are included in 'Other Expenses' at note 11

31 Related Bodies

There are no bodies associated with the BCITB which would constitute that of a related body according to the disclosure requirements of the FMA.

32 Affiliated Bodies

There are no bodies associated with the BCITB which would constitute that of an affiliated body according to the disclosure requirements of the FMA.

33 Supplementary Financial Information

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



DIRECTORY

Office Address:	Business Centre Building 1st Floor/55 Salvado Road SUBIACO WA 6008
Postal Address:	PO Box 746 WEMBLEY WA 6913
Telephone:	(08) 9381 3900
Facsimile:	(08) 9388 8902
Executive Director:	Ralph Dawson
Internal Auditors:	Deloitte Touche Tohmatsu
External Auditors:	The Auditor General of Western Australia
Business Hours:	8.30 am to 5.00 p.m. Monday to Friday
Publications:	Information brochures, reports and other material explaining the operations of the BCITF are available from the office.
Website:	www.bcitf.org and www.nolimits.com.au

Enabling Legislation

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

Responsible Minister

The Hon. Mark McGowan BA LLB MLA, Minister for Education and Training; Southwest.