



ACT
Government

Australian
Capital Territory
Budget
2020–21



Driving Canberra's Recovery

Building and Construction Industry Training Fund Authority
Statement of Intent

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Training Fund Authority

Statement of Intent

2020-21

THE ACT BUILDING AND CONSTRUCTION INDUSTRY TRAINING FUND AUTHORITY

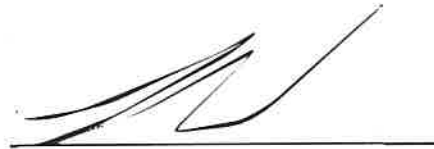
The ACT Building and Construction Industry Training Fund Authority (the Authority) is a Territory Authority established under the *Building and Construction Industry Training Levy Act 1999* which came into effect on 21 May 1999.

The attached 2020-21 Statement of Intent has been prepared in accordance with Section 61 of the *Financial Management Act 1996* (the FMA).

The responsible Minister, Mr Chris Steel MLA, was consulted during the preparation of the Statement of Intent.

The Statement of Intent, which focuses on the 2020-21 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the Authority's strategic and business planning processes.

The Authority's 2020-21 Statement of Intent has been agreed between:



Mr Michael Young
Chairman

22 January 2021



Mr Andrew Barr MLA
Treasurer

28 January 2021



Mr Andrew Barr MLA
Acting Minister for Skills

28 January 2021

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Purpose

The Authority will provide funding for the training of eligible workers, support the entry of new people into the building and construction industry, and improve the culture and access to training.

The Authority will:

- promote increased productivity, career opportunities, personal satisfaction and a Workplace Health and Safety (WHS) culture within the building and construction industry;
- equitably distribute training funds to employers and employees in the building and construction industry;
- allocate funds against priorities and outcomes for training delivery, not capital or administrative costs; and
- encourage employment and skills development in the building and construction industry.

The Authority has the power to do all things necessary to be done for, or in connection with, the performance of its functions.

The major corporate objectives of the Authority relevant to this Statement of Intent are:

- to operate as a customer service oriented entity along business like lines;
- to use benchmarking to operate at least as efficiently as alternative service providers and to provide quality, value for money services in all aspects of the Authority's operations;
- to use financial practices and maintain accounts and records which satisfy the requirements of the FMA, including the associated ACT Accounting Policy modelled on the requirements of Australian Accounting Standards, and which fairly present the Authority's financial position and operational and cash flow results for planning and reporting purposes;
- to adopt high standard operating practices to safeguard the environment and health and safety of staff; and
- to provide a productive and satisfying working environment for staff, and a commitment to high standards of human resource management based on the principles of equal employment opportunity.

This Statement of Intent reflects the objectives and plans of both the Authority's board and management over the term of the Statement, within the context of past performance and existing Government policy. It does not represent purchase or other funding commitments by the clients of the Authority, including the Government.

The Government's ownership interests in the Authority covered by this Statement relate to:

- efficient and effective management of the Authority's expenses and revenues in order to achieve at least its planned operating result;
- efficient and effective utilisation of assets employed and liabilities managed by the Authority;
- the Government's interests as an employer including staffing profiles, staff turnover and occupational health and safety;
- efficient cash management of the Authority's current position with consequential maximisation of returns on investment;
- the Authority's longer term financial stability and viability together with its continuing capacity to provide services; and
- the optimal level of investment in the Authority.

This Statement of Intent does not exclude, and is in addition to, the continuation of other Government wide policies including customer focus policies (commitment to service) and Government employment policies such as equal employment opportunities.

Nature and scope of activities

The Authority's functions are to:

- administer the Training Fund, the income of which is obtained by a Training Levy of 0.2 per cent on the value of work in respect of which the Training Levy is payable by the Project Owner; and
- make payments, or direct that payments be made, from the Training Fund in accordance with the Training Plan.

The key strategies that the Authority intends to employ in enabling it to achieve its objectives, efficiency measures and manage business and financial risks are to:

- prepare the Authority's annual Training Plan for approval by the Minister;
- undertake extensive consultation with industry stakeholders to determine any additional training priorities required by industry to inform the Training Plan;
- ensure the income of the Training Fund is sufficient to meet the annual Training Plan objectives;
- ensure the funding available is sufficient for the approved training programs; and
- maintain the Authority's profile among its stakeholders.

The management of the Authority's current and future directions is reflected in the following five programs described below:

- Program 1: Entry Level Training - continue to support apprentices and trainees employed in trades and vocations. Continue to promote the building and construction industry as a rewarding career choice.
- Program 2: Existing Worker Training and Professional Development - continue to support and fund existing worker training and professional development for those persons employed within the ACT building and construction industry. Monitor the quality and effectiveness of training programs funded by the Authority.
- Program 3: Promotion and Marketing - continue to review and revise promotional activities to support the Authority's strategies. Implement cost effective promotional activities to encourage an increase in the uptake of training programs. In all promotional activity, emphasise the building and construction industry as a positive, rewarding, meaningful and worthwhile life-long career.
- Program 4: Research and Development - continue to support the development of new training programs and the extension of existing training programs. Continue the involvement of all building and construction industry organisations, stakeholders and individuals.
- Program 5: Access and Equity - ensure that the Authority continues to address and support persons who have special training needs.

Risks

A risk to the Authority's income may arise from any change in market conditions related to the Building and Construction Industry, given the levy is payable on the value of building works approvals.

The scope of activities and how the Authority uses these funds are undertaken in accordance with the Annual Training Plan, including the funding of incentive payments to ACT employers who engage an apprentice in trades identified by ACT industry stakeholders in the development of the annual plan. Stakeholder expectations are for the industry to remain stable at current levels of activity.

The Authority supports eligible industry stakeholders by providing financial incentives and rebates for completed training, to make training more affordable and accessible to those workers undertaking upskilling training. The Authority relies on industry stakeholders to guide the funding direction and needs for training delivered by nationally registered Training organisations. Provision of training funds to employers and employees in the Industry shall continue to be funded in accordance with the Annual Training Plan by the Authority, whilst maintaining a strong liquidity position into the future.

Performance measures and targets

The performance of the Authority can be measured by the indicators below:

2020-21 to 2023-24 Key Performance Indicators (KPIs)

Objectives	Performance Measures	KPI 2020-21	KPI 2021-22	KPI 2022-23	KPI 2023-24
Ensure that the training programs funded by the Authority are conducted in accordance with the functions of the Authority and Authority's funding agreements.	The Authority will conduct audits of Authority funded training programs.	Conduct 25 audits.	Conduct 25 audits.	Conduct 25 audits.	Conduct 25 audits.
Ensure the funding available for its approved training programs is sufficiently budgeted. ¹	The Authority will have the funds available to fund its approved training programs.	The Authority expects to fund \$4.700 million in training program expenses consistent with the approved training program.	The Authority expects to fund \$4.700 million in training program expenses consistent with the approved training program.	The Authority expects to fund \$4.700 million in training program expenses consistent with the approved training program.	The Authority expects to fund \$4.700 million in training program expenses consistent with the approved training program.
Ensure the ongoing funding of entry level apprentices at Group Training Organisations (GTO). ²	The Authority will continue to fund entry level placements each year at GTOs.	Funding provided for 350 entry level placements at GTOs each year.	Funding provided for 350 entry level placements at GTOs each year.	Funding provided for 350 entry level placements at GTOs each year.	Funding provided for 350 entry level placements at GTOs each year.
Prepare and submit the Authority's annual Training Plan for approval by the Minister by the legislated date.	Obtain approval of the Training Plan by the Minister by the legislated date.	By 31 October 2020.	By 31 October 2021.	By 31 October 2022.	By 31 October 2023.

2020-21 to 2023-24 KPIs continued

Objectives	Performance Measures	KPI 2020-21	KPI 2021-22	KPI 2022-23	KPI 2023-24
Ensure the Authority provides on the job training incentives to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	Provide funding to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	Provide funding of \$0.050 million to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	Provide funding of \$0.050 million to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	Provide funding of \$0.050 million to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	Provide funding of \$0.050 million to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.
Ensure funding of training positions for existing workers in accordance with the approved training.	The allocation of funding is provided in accordance with the approved training program.	Provide funding for 6,000 existing worker positions in accordance with the approved training programs.	Provide funding for 6,500 existing worker positions in accordance with the approved training programs.	Provide funding for 6,500 existing worker positions in accordance with the approved training programs.	Provide funding for 6,500 existing worker positions in accordance with the approved training programs.
Manage the Authority's resources to achieve the budgeted financial result.	Maintain a healthy current ratio over the budget and forward years.	A current ratio of 9.66:1.	A current ratio of 9.93:1.	A current ratio of 10.17:1.	A current ratio of 10.37:1.

Notes:

- The Authority relies upon industry stakeholders to guide the funding direction and needs for training provided by RTOs and as such, industry activity is expected to be slightly lower than the previous financial year. As a consequence the Authority expects there to be less training activity than the previous year.
- To ensure the ongoing viability of GTOs and the ACT building and construction industry, it is essential that the Authority continue the funding of GTOs, as without this funding the GTOs would employ fewer apprentices. This could lead to a reduction in the number of apprentices employed which could lead to serious skill shortages in the industry in the future.

Review of performance against 2019-20 objectives

Objectives	Performance Measures	Planned KPI for 2019-20	Audited Outcome 2019-20	Explanation of Variance
Ensure that the training programs funded by the Authority are conducted in accordance with the Authority's funding agreements.	The Authority will conduct audits of Authority funded training programs.	Conduct 25 audits.	Completed. The Authority conducted 25 audits during 2019-20.	Objective met.
Ensure the funding available for its approved training programs is sufficiently budgeted.	The Authority will have the funds available to fund its approved training programs.	The Authority expects to fund \$3.590 million in training program expenses consistent with the approved training plan.	The Authority funded \$4.597 million in training program expenses. ¹	Objective met.
Ensure the ongoing funding of entry level apprentices at GTOs.	The Authority will continue to fund entry level placements each year at GTOs.	Funding provided for 350 entry level placements at GTOs each year.	The Authority funded 369 entry level placements at Group Training Organisations.	Objective met.
Prepare and submit the Authority's annual Training Plan for approval by the Minister by the legislated date.	Obtain approval of the Training Plan from the Minister by 31 October 2019.	Approval from Minister by 31 October 2019.	Completed. Approval received on 23 October 2019.	Objective met.
Ensure the Authority provides on the job training incentives to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	Provide funding to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	Provide funding of \$0.050 million to employers of first year apprentices in trades nominated as skill shortage trades by the Authority.	The Authority provided \$0.287 million to employers of first year apprentices in trades nominated as skills shortage trades by the Authority. ²	Objective met.
Ensure funding of training positions for existing workers in accordance with the approved training programs.	The allocation of funding is provided in accordance with the approved training program.	Provide funding for 6,500 existing worker positions in accordance with the approved training programs.	The Authority funded approved training positions for 13,732 existing workers 2019-20. ³	Objective met.
Manage the Authority's resources to achieve the budgeted financial result.	Maintain a healthy current ratio over the budget period.	A current ratio of greater than 12.3:1.	A current ratio of 8.9:1. ⁴	Objective not met.

Note:

1. The Authority expended \$1,006 million more than its target on training programs. Training Program expenses represent training rebates which have been applied for and granted during the year together with employer apprenticeship payments. The value of applications for training rebates was higher than expected for the year and additional employer payments, including incentive payments was higher than expected for eligible employers of apprentices in the nominated skill shortage trades.
2. The Authority provided more funding for employers employing first year apprentices in a number of following skills shortage trades nominated by the Authority including bricklaying, glass and glazing, solid plastering, wall and floor tiling, concreting, roof tiling, painting and decorating, civil construction-plant, civil construction – bridge, civil construction – pipe laying, roof plumbing, stone masonry, engineering mechanical, engineering metal fabrication, construction water proofing, fire protection, and electronics and communications. These additional apprentices will assist the future skill needs for industry.
3. Authority markets and promotes that funding is available for training and consequently over the years, the number of organisations and individual construction workers applying to undertake training has increased. In addition there are new courses being introduced e.g. the Work Health and Safety Regulation 2011 was amended in February 2019 to mandate the approved training course Working Safely with Asbestos Containing Materials (ACM) which is mandatory for certain workers in the ACT, these include workers undertaking: Air-Conditioning/Mechanical Services Plumber, Refrigeration Mechanics, Cabler (data and communications), Electrical trades and assistants, Gasfitter, Plumber – general and assistant and Telecommunications Technicians. Training is undertaken within existing levels of funding allocation for training. The addition 7,732 approved training positions for existing workers completing approved training programs. The variance from target was due to the Authority receiving and approving a higher number of training program applications for rebates and a higher number of eligible participants successfully completing approved training programs.
4. The current ratio of 8.9:1 for the 2019-20 audited outcome is lower than the 2019-20 planned estimate of 12.3:1 which is mainly due to the higher percentage increase in current liabilities, compared to current assets. Current liabilities as of 30 June 2020 were higher than expected due to higher payables than budgeted for and inclusion of lease liabilities in accordance with the application of the AASB 16 Leases using the cumulative catch-up method at year end.

Employment profile

The Authority will maintain a steady number of employees during 2020-21.

Projected staff numbers (full time equivalents)

	2018-19 Actual	2019-20 Aud. Outcome	2020-21 Budget
Classification			
Chief Executive Officer	1	1	1
Compliance Manager	1	1	1
Industry Liaison Officer	1	1	1
Total	3	3	3

Monitoring and reporting

The Authority shall satisfy the requirements of the Chief Minister's Annual Report Directions. The Authority's Annual Report will, among other things, report against the requirements of the Statement of Intent.

The FMA authorises the Treasurer to obtain financial and other statements from the Authority for a stated period including annual, quarterly and monthly reporting.

Annual Reporting

As part of preparations for end of year reporting, the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) will advise of the dates when the following documents are required at CMTEDD and at the Auditor-General's Office:

- Certified financial statements;
- Management discussion and analysis;
- A full and accurate set of audited financial records for the preceding financial year in the form requested; and
- Consolidation packs relating to the annual financial statements, draft and final.

Financial arrangements

The Authority maintains a strong revenue base that is able to grow subject to the activity in the building and construction industry. The employment structure does not vary from year to year and, as such, cost increases are mainly the result of increased training expenses and expected pay rises. A strong liquidity position is anticipated over the 2020-21 Budget year.

Budgeted Financial Statements

Budgeted financial statements for the 2020-21 Budget year, as well as forward estimates for the three financial years commencing 2021-22, appear below. These general purpose financial statements have been prepared in accordance with the ACT's Model Financial Statements and include:

- a) Operating Statement;
- b) Balance Sheet;
- c) Statement of Changes in Equity;
- d) Cash Flow Statement; and
- e) Notes to the Financial Statements as appropriate.

Financial Statements
ACT Building and Construction Industry Training Fund Authority
Operating Statement

2019-20 Budget		2019-20 Audited Outcome \$'000	2020-21 Budget \$'000	Var %	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Income							
Revenue							
3,800	Levy Income	5,903	5,800	-2	5,500	5,500	5,500
104	Interest	89	59	-34	63	65	66
3,904	Total Income	5,992	5,859	-2	5,563	5,565	5,566
Expenses							
3,590	Training Program Expenses	4,597	4,700	2	4,700	4,700	4,700
412	Employee Expenses	419	424	1	436	449	465
38	Superannuation Expense	42	44	5	48	52	54
272	Supplies and Services	166	171	3	177	185	194
17	Depreciation and Amortisation	111	109	-2	107	77	60
0	Borrowing Costs	13	0	-100	0	0	0
4,329	Total Expenses	5,348	5,448	2	5,468	5,463	5,473
-425	Operating (Deficit)/Surplus	644	411	-36	95	102	93
-425	Total Comprehensive (Deficit)/Income	644	411	-36	95	102	93

**ACT Building and Construction Industry Training Fund Authority
Balance Sheet**

Budget as at 30/6/20 \$'000		Aud.Outcome as at 30/6/20 \$'000	Planned as at 30/6/21 \$'000	Var %	Planned as at 30/6/22 \$'000	Planned as at 30/6/23 \$'000	Planned as at 30/6/24 \$'000
Current Assets							
4,480	Cash and Cash Equivalents	6,000	6,520	9	6,722	6,901	7,054
383	Receivables	651	651	-	651	651	651
31	Other	13	13	-	13	13	13
4,894	Total Current Assets	6,664	7,184	8	7,386	7,565	7,718
Non Current Assets							
125	Property, Plant and Equipment	586	477	-19	370	293	233
125	Total Non Current Assets	586	477	-19	370	293	233
5,019	TOTAL ASSETS	7,250	7,661	6	7,756	7,858	7,951
Current Liabilities							
337	Payables	575	575	-	575	575	575
60	Employee Benefits	87	87	-	87	87	87
0	Lease Liabilities	82	82	-	82	82	82
397	Total Current Liabilities	744	744	-	744	744	744
Non-Current Liabilities							
47	Employee Benefits	50	50	-	50	50	50
0	Lease Liabilities	390	390	-	390	390	390
25	Other	33	33	-	33	33	33
72	Total Non-Current Liabilities	473	473	-	473	473	473
469	TOTAL LIABILITIES	1,217	1,217	-	1,217	1,217	1,217
4,550	NET ASSETS	6,033	6,444	7	6,539	6,641	6,734
REPRESENTED BY FUNDS EMPLOYED							
4,550	Accumulated Funds	6,033	6,444	7	6,539	6,641	6,734
4,550	TOTAL FUNDS EMPLOYED	6,033	6,444	7	6,539	6,641	6,734

ACT Building and Construction Industry Training Fund Authority
Statement of Changes in Equity

Budget as at 30/6/20 \$'000		Aud.Outcome as at 30/6/20 \$'000	Planned as at 30/6/21 \$'000	Var %	Planned as at 30/6/22 \$'000	Planned as at 30/6/23 \$'000	Planned as at 30/6/24 \$'000
Opening Equity							
4,975	Opening Accumulated Funds	5,389	6,033	12	6,444	6,539	6,641
4,975	Balance at the Start of the Reporting Period	5,389	6,033	12	6,444	6,539	6,641
Comprehensive Income							
-425	Operating Result for the Period	644	411	-36	95	102	93
-425	Total Comprehensive Income	644	411	-36	95	102	93
Closing Equity							
4,550	Closing Accumulated Funds	6,033	6,444	7	6,539	6,641	6,734
4,550	Balance at the End of the Reporting Period	6,033	6,444	7	6,539	6,641	6,734

ACT Building and Construction Industry Training Fund Authority
Cash Flow Statement

2019-20 Budget \$'000		2019-20 Aud.Outcome \$'000	2020-21 Budget \$'000	Var %	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
3,800	Levies Received	6,057	5,800	-4	5,500	5,500	5,500
104	Interest Received	89	59	-34	63	65	66
250	GST – ITC Received from the ATO	264	250	-5	250	250	250
4,154	Operating Receipts	6,410	6,109	-5	5,813	5,815	5,816
	Payments						
450	Related to Employees	448	468	4	484	501	519
3,590	Related to Training Programs	4,652	4,700	1	4,700	4,700	4,700
272	Related to Supplies and Service	175	171	-2	177	185	194
250	GST – ITC Paid to Suppliers	261	250	-4	250	250	250
4,562	Operating Payments	5,536	5,589	-1	5,611	5,636	5,663
-408	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	874	520	-41	202	179	153
	CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES						
	Payments						
0	Purchase of Property, Plant and Equipment	12	0	-100	0	0	0
0	Repayment of Lease Liabilities - Principal	91	0	-100	0	0	0
0	NET CASH INFLOW/(OUTFLOW) FROM INVESTING AND FINANCING ACTIVITIES	-103	0	-100	0	0	0
-408	NET INCREASE/ (DECREASE) IN CASH HELD	771	520	-33	202	179	153
4,888	CASH AT BEGINNING OF REPORTING PERIOD	5,229	6,000	15	6,520	6,722	6,901
4,480	CASH AT THE END OF THE REPORTING PERIOD	6,000	6,520	9	6,722	6,901	7,054

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- Levy Income: the increase of \$2.103 million in the 2019-20 audited outcome from the original budget was due to higher than anticipated levies being received on building approvals for residential apartment projects.
- Training Program Expenses: the increase of \$1.007 million in the 2019-20 audited outcome from the original budget is mainly due to higher than estimated Up-Skilling and Cross Skilling expenses increasing as the result of a higher number of course completions.

Balance Sheet

- Cash and Cash Equivalents: the increase of \$1.520 million in the 2019-20 audited outcome from the original budget was higher than expected due to a better than budgeted operating result as revenues increased more than expenses.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.

Cash Flow Statement

Variations in the statement are explained in the notes above.