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Government

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23

Australian Capital Territory

Budget

Delivering for Canberrans:
now and into the future

Building and Construction Industry
Training Fund Authority
Statement of Intent

Structure and Content of the 2022-23 Budget Papers

The 2022-23 Budget is presented in two papers and a series of agency Budget Statements.

Budget Speech

The Treasurer's speech to the Legislative Assembly highlights the Government's Budget strategy and key features of the Budget.

Budget Outlook

The Budget Outlook summarises the 2022-23 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2022-23 Budget results are provided, as well as background information on the development of the 2022-23 Budget, including economic conditions and federal financial relations. It also provides an overview of the Territory's infrastructure investment program and details of 2022-23 initiatives. Full accrual financial statements and notes are provided for all sectors.

Budget Statements

The Budget Statements contain information on each directorate and agency, including descriptions of functions and roles and responsibilities, together with major strategic priorities.

Acknowledgement



We acknowledge the Traditional Custodians of the ACT, the Ngunnawal people. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region

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ACT
Building and Construction Industry
Training Fund Authority

Statement of Intent

2022-23

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 2022-23 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 2022-23 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 2022-23 Statement of Intent has been agreed between:



Mr Michael Young
Chairman

20 July 2022



Mr Chris Steel MLA
Minister for Skills

25 July 2022



Mr Andrew Barr MLA
Treasurer

29 July 2022

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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:

2022-23 to 2025-26 Key Performance Indicators (KPIs)

Objectives	Performance Measures	KPI 2022-23	KPI 2023-24	KPI 2024-25	KPI 2025-26
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 2022.	By 31 October 2023.	By 31 October 2024.	By 31 October 2025.

2022-23 to 2025-26 KPIs continued

Objectives	Performance Measures	KPI 2022-23	KPI 2023-24	KPI 2024-25	KPI 2025-26
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 7.25:1.	A current ratio of 7.46:1.	A current ratio of 7.64:1.	A current ratio of 7.78:1.

Notes:

1. The Authority relies upon industry stakeholders to guide the funding direction and needs for training provided by RTOs.
2. 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 skill shortages in the industry in the future.

Review of performance against 2021-22 objectives

Objectives	Performance Measures	Planned KPI for 2021-22	Estimated Outcome 2021-22	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 expects to conduct 25 audits during 2021-22.	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 \$4.700 million in training program expenses consistent with the approved training plan.	The Authority expects to fund \$4.422 million in training program expenses. ¹	Objective not 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 expects to fund 370 entry level placements at Group Training Organisations. ²	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 2021.	Completed. Approval received on 29 October 2021.	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 expects to provide \$0.367 million to employers of first year apprentices in trades nominated as skills shortage trades by the Authority. ³	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 6,000 existing worker positions in accordance with the approved training programs.	The Authority expects to fund approved training positions for 9,878 existing workers 2021-22 ⁴	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 9.5:1.	A current ratio of 7.0:1. ⁵	Objective not met.

Note:

1. The Authority anticipates to spend \$0.278m less than its target of \$4.700m 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 lower than expected for the year due to lower than expected training outcomes due to the health orders issued for covid-19 which restricted attendance in face-to-face training programs for the upskilling and cross skilling training program.
2. The Authority expects to fund 370 entry-level placements at Group Training Organisations (GTO), 20 places higher than the target of 350 placements. GTO's employed more apprentices during 2021-22, due to a higher demand from host employers. The actual result is the average of the quarterly entry level placement figures for approved ACT Apprentices under an ACT training contract provided to the Authority by GTO's.
3. The Authority's Skill Shortage Incentives payments are provided under the Entry Level Training program. The aim is to increase the number of apprentices entering the industry by supporting employers of apprentices with an incentive payment to employ first year apprentices in the building and construction industry against annual nominated skills shortage trades. The Authority provided more funding for employers employing first year apprentices in the following skills shortage trades nominated by the Authority: bricklaying/block laying, roof plumbing, painting and decorating, civil construction – various, flooring technology, mobile plant technology, plastering wall and ceiling lining, plastering solid and locksmithing. These additional apprentices will assist the future skill needs for the industry.
4. The Authority expects to fund 9,878 which is an additional 3,878 approved training positions than originally expected, for existing workers successfully 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.
5. Current Ratio = Current Assets/Current Liabilities. The estimated outcome (7.0:1) was lower than target (9.5:1) and is a result of lower cash than expected due to lower levy income during 2021-22.

Employment profile

The Authority will maintain a steady number of employees during 2022-23.

Projected staff numbers (full time equivalents)

	2020-21 Actual	2021-22 Est. Outcome	2022-23 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 2022-23 Budget year.

Budgeted Financial Statements

Budgeted financial statements for the 2022-23 Budget year, as well as forward estimates for the three financial years commencing 2023-24, 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

2021-22 Budget		2021-22 Interim Outcome \$'000	2022-23 Budget \$'000	Var %	2023-24 Estimate \$'000	2024-25 Estimate \$'000	2025-26 Estimate \$'000
Income							
Revenue							
5,500	Levy Income	4,634	5,500	19	5,500	5,500	5,500
63	Interest	59	97	64	100	103	105
5,563	Total Income	4,693	5,597	19	5,600	5,603	5,605
Expenses							
4,700	Training Program Expenses	4,422	4,700	6	4,700	4,700	4,700
436	Employee Expenses	430	449	4	465	480	500
48	Superannuation Expense	61	52	-15	54	56	60
177	Supplies and Services	248	185	-25	194	210	225
107	Depreciation and Amortisation	102	77	-25	60	40	40
0	Borrowing Costs	8	7	-13	6	5	4
5,468	Total Expenses	5,271	5,470	4	5,479	5,491	5,529
95	Operating (Deficit)/Surplus	-578	127	-122	121	112	76
95	Total Comprehensive (Deficit)/Income	-578	127	-122	121	112	76

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

Budget		Interim Outcome	Planned		Planned	Planned	Planned
as at 30/6/22 \$'000		as at 30/6/22 \$'000	as at 30/6/23 \$'000	Var %	as at 30/6/24 \$'000	as at 30/6/25 \$'000	as at 30/6/26 \$'000
Current Assets							
6,076	Cash and Cash Equivalents	5,605	5,809	4	5,990	6,142	6,258
488	Receivables	309	309	-	309	309	309
11	Other	12	12	-	12	12	12
6,575	Total Current Assets	5,926	6,130	4	6,311	6,463	6,579
Non Current Assets							
372	Property, Plant and Equipment	417	340	-19	280	240	200
372	Total Non Current Assets	417	340	-19	280	240	200
6,947	TOTAL ASSETS	6,343	6,470	2	6,591	6,703	6,779
Current Liabilities							
543	Payables	619	619	-	619	619	619
82	Employee Benefits	149	149	-	149	149	149
66	Lease Liabilities	78	78	-	78	78	78
691	Total Current Liabilities	846	846	-	846	846	846
Non-Current Liabilities							
58	Employee Benefits	0	0	-	0	0	0
324	Lease Liabilities	311	311	-	311	311	311
35	Other	0	0	-	0	0	0
417	Total Non-Current Liabilities	311	311	-	311	311	311
1,108	TOTAL LIABILITIES	1,157	1,157	-	1,157	1,157	1,157
5,839	NET ASSETS	5,186	5,313	2	5,434	5,546	5,622
REPRESENTED BY FUNDS EMPLOYED							
5,839	Accumulated Funds	5,186	5,313	2	5,434	5,546	5,622
5,839	TOTAL FUNDS EMPLOYED	5,186	5,313	2	5,434	5,546	5,622

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

Budget		Interim Outcome	Planned		Planned	Planned	Planned
as at 30/6/22 \$'000		as at 30/6/22 \$'000	as at 30/6/23 \$'000	Var %	as at 30/6/24 \$'000	as at 30/6/25 \$'000	as at 30/6/26 \$'000
Opening Equity							
5,744	Opening Accumulated Funds	5,764	5,186	-10	5,313	5,434	5,546
5,744	Balance at the Start of the Reporting Period	5,764	5,186	-10	5,313	5,434	5,546
Comprehensive Income							
95	Operating Result for the Period	-578	127	-122	121	112	76
95	Total Comprehensive Income	-578	127	-122	121	112	76
Closing Equity							
5,839	Closing Accumulated Funds	5,186	5,313	2	5,434	5,546	5,622
5,839	Balance at the End of the Reporting Period	5,186	5,313	2	5,434	5,546	5,622

ACT Building and Construction Industry Training Fund Authority
Cash Flow Statement

2021-22 Budget		2021-22 Interim Outcome \$'000	2022-23 Budget \$'000	Var %	2023-24 Estimate \$'000	2024-25 Estimate \$'000	2025-26 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
5,500	Levies Received	4,774	5,500	15	5,500	5,500	5,500
63	Interest Received	59	97	64	100	103	105
250	GST – ITC Received from the ATO	290	250	-14	250	250	250
5,813	Operating Receipts	5,123	5,847	14	5,850	5,853	5,855
Payments							
484	Related to Employees	480	501	4	519	536	560
4,700	Related to Training Programs	4,302	4,700	9	4,700	4,700	4,700
177	Related to Supplies and Service	243	185	-24	194	210	225
0	Borrowing Costs	7	7	0	6	5	4
250	GST – ITC Paid to Suppliers	284	250	-12	250	250	250
5,611	Operating Payments	5,316	5,643	6	5,669	5,701	5,739
202	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-193	204	-206	181	152	116
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES							
Payments							
0	Purchase of Property, Plant and Equipment	0	0	0	0	0	0
0	Repayment of Lease Liabilities - Principal	76	0	-100	0	0	0
0	NET CASH INFLOW/(OUTFLOW) FROM INVESTING AND FINANCING ACTIVITIES	-76	0	-100	0	0	0
202	NET INCREASE/ (DECREASE) IN CASH HELD	-269	204	-176	181	152	116
5,874	CASH AT BEGINNING OF REPORTING PERIOD	5,874	5,605	-5	5,809	5,990	6,142
6,076	CASH AT THE END OF THE REPORTING PERIOD	5,605	5,809	4	5,990	6,142	6,258

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- Levy Income: the decrease of \$0.866 million in the 2021-22 interim outcome from the original budget was due to lower than anticipated levies being received on building approvals.

Balance Sheet

- Payables: the increase of \$0.076 million in the 2021-22 interim outcome from the original budget was due to a higher number of training rebate applications and Group Training Organisation apprentice invoices being received.

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.