

Construction Industry Training Board

Financial report
for the year ended
30 June 2021



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To the Presiding Member Construction Industry Training Board

Opinion

I have audited the financial report of Construction Industry Training Board for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report has been prepared in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards including:

- a) giving a true and fair view of the financial position of the Construction Industry Training Board as at 30 June 2021, its financial performance and its cash flows for the year then ended, and
- b) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive Officer and the Director Finance and Business Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Construction Industry Training Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive Officer and members of the Construction Industry Training Board for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the Construction Industry Training Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 16(2) of the *Construction Industry Training Fund Act 1993*, I have audited the financial report of Construction Industry Training Board for the financial year ended 30 June 2021.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

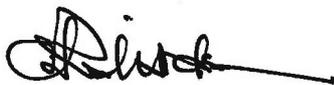
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Construction Industry Training Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer and the members of the Construction Industry Training Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

24 September 2021

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Construction Industry Training Board:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- comply with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Construction Industry Training Board as at 30 June 2021 and the results of its operation and cash flows for the financial year.

We certify that:

- the internal controls employed by the Construction Industry and Training Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period; and
- at the time of signing of this statement, there are reasonable grounds to believe that the Construction Industry Training Board will be able to pay its debts as and when they become due and payable.



MAREE WAUCHOPE

Presiding Member

23 September 2021



ANDREW FULLGRABE

Chief Executive Officer

23 September 2021



JOHN MORGAN

Director Finance & Business Services

23 September 2021



Construction Industry Training Board Financial Statements

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$'000	2020 \$'000
Income			
Industry levies	2.1	28,154	20,243
Investment income	2.4	603	338
Grants from SA Government	2.2	310	298
Other income		255	186
Net gain from the disposal of property, plant and equipment	2.3	35	1
Total Income		29,357	21,066
Expenses			
Employee benefits expenses	3.3	1,939	2,242
Supplies and services	4.1	1,168	1,038
Depreciation and amortisation	4.2	154	123
Grants and subsidies	4.3	15	30
Training claims	4.4	18,121	16,791
Commonwealth land project refunds	4.5	1,361	-
Interest paid		9	5
Impairment loss on receivables		(31)	(7)
Total Expenses		22,756	20,222
Net Result		6,601	844
Total Comprehensive Result		6,601	844

The accompanying notes form part of these financial statements.

Construction Industry Training Board Financial Statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021	2020
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	6.1	3,170	1,804
Receivables	6.2	1,324	885
Other financial assets	6.3	5,000	22,876
Total Current Assets		9,494	25,565
Non-Current Assets			
Other financial assets	6.3	22,932	-
Property, plant and equipment	5.1	726	917
Intangible assets	5.4	-	8
Total Non-Current Assets		23,658	925
Total Assets		33,152	26,490
Current Liabilities			
Payables	7.1	2,849	1,888
Financial liabilities	7.2	84	78
Employee benefits	3.4	104	114
Provisions	7.3	787	1,500
Total Current Liabilities		3,824	3,580
Non-Current Liabilities			
Payables	7.1	6	11
Financial liabilities	7.2	434	518
Employee benefits	3.4	110	204
Total Non-Current Liabilities		550	733
Total Liabilities		4,374	4,313
Net Assets			
Reserves	8.1	11,665	9,048
Retained earnings	8.1	17,113	13,129
Total Equity		28,778	22,177

The accompanying notes form part of these financial statements.

Unrecognised commitments	10.1
Contingent assets and liabilities	10.2

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Operational Risk Reserve (Prudential Reserve)	Strategic Reserve	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019		7,999	1,000	12,334	21,333
Total Comprehensive Result 2019-2020		-	-	844	844
Transfer to Operational Risk Reserve (Prudential Reserve)		49	-	(49)	
Balance at 30 June 2020		8,048	1,000	13,129	22,177
Total Comprehensive Result 2020-2021		-	-	6,601	6,601
Transfer to Operational Risk Reserve (Prudential Reserve)		2,617	-	(2,617)	
Balance at 30 June 2021	8.1	10,665	1,000	17,113	28,778

The accompanying notes form part of these financial statements.

Construction Industry Training Board Financial Statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash Inflows			
Receipts from industry training levies		27,781	20,231
Interest received		142	373
GST recovered from the ATO		106	148
Grants from SA Government		156	298
Other receipts		348	250
Cash generated from operations		28,533	21,300
Cash Outflows			
Employee benefits paid		(2,063)	(2,258)
Training expenditure paid		(18,184)	(17,380)
Commonwealth land project refunds		(1,361)	-
Other payments		(939)	(1,283)
Cash used in operations		(22,547)	(20,921)
Net cash provided by / (used in) operating activities		5,986	379
Cash flows from investing activities			
Cash Inflows			
Maturing term deposits		84,109	299,954
Proceeds from sale of plant and equipment		126	29
Cash generated from investing activities		84,235	299,983
Cash Outflows			
Purchase of investments		(88,733)	(300,312)
Purchase of property, plant and equipment and intangible assets		(45)	(223)
Cash used in investing activities		(88,778)	(300,535)
Net cash provided by / (used in) investing activities		(4,543)	(552)
Cash flows from financing activities			
Cash Outflows			
Repayment of principal portion of lease liabilities		(77)	(33)
Cash used in financing activities		(77)	(33)
Net cash used in financing activities		(77)	(33)
Net increase/(decrease) in cash and cash equivalents		1,366	(206)
Cash and cash equivalents at the beginning of the period		1,804	2,010
Cash and cash equivalents at the end of the period	6.1	3,170	1,804

The accompanying notes form part of these financial statements.

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1. About the Construction Industry Training Board

The Construction Industry Training Board (Board) is established under the *Construction Industry Training Fund Act 1993* (CITF Act).

The Board does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Board.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- the *Australian Charities and Not-for-profits Commission Act 2012*;
- the *CITF Act 1993*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards (with reduced disclosure requirements).

For the purposes of preparing the financial statements, the Board is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

The Board is exempt from Income Tax under subdivision 50-B of the *Income Tax Assessment Act 1997*. The Board is exempt from Payroll Tax in South Australia.

The Board is liable for Goods and Services Tax (GST) and Fringe Benefits Tax (FBT), however, as a registered charity, is endorsed to access:

- GST concessions under Division 176 of *A New Tax System (Goods and Services Tax) Act 1999*
- FBT rebate (49%) under section 123E of the *Fringe Benefits Tax Assessment Act 1986*.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

1.2. Objectives and programs

The objective of the Board is to manage and administer the Construction Industry Training Fund (the Fund). The Board's responsibilities include:

- to act as a principal adviser to the Minister for Education and the Assistant Minister for Vocational Education, Training and Apprenticeships for the Commonwealth and the Minister for Innovation and Skills for the State on training related matters for the Building and Construction Industry in South Australia;
- preparation of training plans;
- promote increased productivity, career opportunities, personal satisfaction and occupational health and safety;
- to initiate, carry out, support or promote research into training and personal needs;
- to liaise with educational, professional and training bodies in relation to training and personnel development; and
- co-ordination of training, review and evaluation of employment related training programs.

The Fund collects revenue by way of a levy of 0.25 percent of the value of building and construction work over \$40,000. This revenue is invested back into the industry in the form of expenditure on training and apprentice support to training provided by government and non-government organisations.

1.3. Impact of COVID-19 pandemic

The COVID-19 pandemic has not materially impacted on the operations of the Board. Government (State and Australian) stimulus packages, including the bringing forward of projects for the building and construction industry have been initiated. Levy revenues increased by \$7.9m (2020-21 compared with 2019-20), as seen at note 2.1, with all sectors experiencing increases. The highest increase (by amount and by percentage) was the Housing sector. Training claims increased by \$1.3m, as seen at note 4.4, with training providers and employers adjusting their operations and resource needs to deal with the COVID-19 pandemic.

2. Income

2.1. Industry levies

	2021	2020
	\$'000	\$'000
Housing sector	12,390	8,560
Commercial sector	8,376	6,435
Civil sector	7,388	5,248
Total industry levies	28,154	20,243

Industry levies are recognised as income when the Board obtains control of the levies. Control is normally obtained when a levy application is lodged.

2.2. Grants from SA Government

	2021	2020
	\$'000	\$'000
D2C contributions/grants	310	298
Total grants from SA Government	310	298

Construction Industry Training Board Financial Statements

Doorways2Construction™ (D2C) is South Australia's premier Vocational Education and Training in schools program for the building and construction industry with grants to assist in the funding received from the Department for Education (DfE) and the Department for Innovation and Skills (DIS).

Revenue is recognised when invoices are raised to DfE and DIS according to the payment schedule in the respective agreement.

2.3. Net gain from the disposal of property, plant and equipment

	2021	2020
	\$'000	\$'000
Motor vehicles:		
Net proceeds from disposal	126	28
Less carrying amount of assets disposed	(91)	(26)
Net gain/(loss) from disposal of motor vehicles	35	2
Office machines:		
Net proceeds from disposal	-	-
Less carrying amount of assets disposed	-	(1)
Net gain/(loss) from disposal of office machines	-	(1)
Total net gain/(loss) from disposal of assets	35	1

2.4. Investment income

	2021	2020
	\$'000	\$'000
Net unrealised gain on unutilised fund investment value recognised at fair value through profit and loss	432	-
Interest income	125	338
Dividend imputation credits	46	-
Total investment income	603	338

3. Board, committee and employees

3.1. Key management personnel

Key management personnel of the Board include the Minister, Board Members, the Chief Executive Officer and the three members of the Executive Team who have responsibility for the strategic direction and management of the Board. Total compensation for key management personnel was \$764,899 in 2020-21 and \$812,831 in 2019-20.

Salaries and other benefits the Minister for Innovation and Skills receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

The Board is an independent statutory authority established pursuant to the *Construction Industry Training Fund Act 1993* and is explicitly not an agency or instrumentality of the Crown. Related parties of the Board include all key management personnel and their close family members and any entities controlled or jointly controlled by them.

During the year training funds and supplies and services of \$1,037,229 (\$870,474) were allocated to associated entities of the members of the Construction Industry Training Board.

3.2. Board and committee members

Members during the 2021 financial year were:

Maree Wauchope (Independent Presiding Member)
 Nicholas Handley
 Daniel Gannon
 Ian Markos (ceased 2 April 2021)
 Anthony Carbone
 Victoria Griffith (ceased 7 August 2020)
 Ruth Vagnarelli
 Andrew Clarke (appointed 2 April 2021)
 Stephen Knight
 Aaron Cartledge
 Amanda Price-McGregor
 Philip Sutherland (appointed 7 August 2020)
 Patrick Curran

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2021	2020
	Number of Members	Number of Members
NIL	-	19
\$1-\$19,999	21	11
\$20,000-\$29,999	1	1
Total	22	31

Total remuneration received or receivable by members was \$153,112 (\$141,248). This included remuneration of deputies of \$9,040 (\$7,910).

Remuneration of members and their deputies includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	1,538	1,795
Board fees	153	149
Annual leave	112	113
Employment on-costs – superannuation	127	143
Long service leave	(14)	(1)
Employment on-costs – other	23	43
Total employee benefits expenses	1,939	2,242

Employment on-costs - superannuation

The superannuation employment on-costs charge represents the Board's contributions to superannuation plans in respect of current services of current employees.

Executive remuneration	2021 Number of Employees	2020 Number of Employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$194 001 to \$214 000	1	-
\$314 001 to \$334 000	-	1
Total	1	1

The total remuneration received by those employees for the year was \$204,700 (\$323,239).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the Board.

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current:		
Annual leave	88	103
Long service leave	-	-
Accrued salaries and wages	16	11
Total current employee benefits	104	114
Non-current:		
Long service leave	110	204
Total non-current employee benefits	110	204
Total employee benefits	214	318

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave and personal leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken in future years by employees is estimated to be less than the annual entitlement for personal leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided at note 11.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Training delivery	227	228
Information technology and communications	328	218
Accommodation	32	157
Professional services	313	184
General administration and consumables	33	62
Marketing	40	18
Collection agent fees	74	51
Other	47	50
Research	43	38
Insurance	20	24
Legal costs	11	8
Total supplies and services	1,168	1,038

Accommodation

The Board's accommodation is provided by an external company under a lease agreement. The lease agreement meets the definition of lease set out in AASB 16.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	No	2021	No	2020
		\$'000		\$'000
Below \$10 000	3	11	-	-
\$10 000 or above	4	106	3	97
Total	7	117	3	97

4.2. Depreciation and amortisation

	2021	2020
	\$'000	\$'000
Motor vehicles	15	34
Computer software	8	21
Accommodation and leasehold improvements	22	12
Right-of-use buildings and improvements	90	37
Computer equipment	8	12
Office machines	5	5
Furniture and fittings	6	2
Total depreciation and amortisation	154	123

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

- Motor vehicles 15 percent
- Computer Software 25 percent
- Computer equipment 25 percent
- Office machines 20 percent
- Accommodation and leasehold Improvements 35 percent
- Right-of-use buildings and improvements Lease term
- Furniture and fittings 20 percent

During the year, the Board did not make any adjustments to the estimated useful life of any asset categories.

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

4.3. Grants and subsidies

	2021	2020
	\$'000	\$'000
One-off grants – Innovation	15	30
Total grants and subsidies	15	30

Innovation grants, consistent with Board approved initiatives, consisted of building information modelling.

4.4. Training claims

	2021	2020
	\$'000	\$'000
Housing sector	9,288	8,548
Commercial sector	5,057	4,864
Civil sector	2,464	2,314
Other	1,312	1,065
Total training claims	18,121	16,791

Funding is provided to government and non-government training providers upon receiving training claims. Training claims are recognised as an expense when the training has been provided by the training provider. This is determined from actual claims received and an estimate of training provided but claims not yet received.

4.5. Commonwealth land project refunds

	2021	2020
	\$'000	\$'000
Commonwealth land project refunds	1,361	-
Total Commonwealth land project refunds	1,361	-

Entities have paid but are not required to pay levies for construction projects performed on the land of the Commonwealth of Australia. The Board has consulted with the Department of Treasury and Finance and the Crown Solicitor's Office and have approved refunds to entities that requested the levies be repaid.

5. Non-financial assets

5.1. Property, plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned and right-of-use (leased) assets. The assets presented below do not meet the definition of investment property.

	2021	2020
	\$'000	\$'000
Motor vehicles at cost (deemed fair value)	-	183
Less: accumulated depreciation	-	(78)
	-	105
Computer equipment at cost (deemed fair value)	98	65
Less: accumulated depreciation	(68)	(60)
	30	5
Office machines at cost (deemed fair value)	31	28
Less: accumulated depreciation	(20)	(15)
	11	13
Furniture and fittings at cost (deemed fair value)	54	52
Less: accumulated depreciation	(34)	(28)
	20	24
Accommodation and leasehold improvements at cost (deemed fair value)	199	192
Less: accumulated depreciation	(35)	(13)
	164	179

	2021 \$'000	2020 \$'000
Right-of-use building and leasehold improvement at cost	628	628
Less: accumulated amortisation	(127)	(37)
	501	591
Total property, plant and equipment	726	917

5.2. Property, plant and equipment owned by the Board

Property, plant and equipment owned by the Board with a value equal to or in excess of \$1,000 is capitalised, otherwise it is expensed. Property, plant and equipment is recorded at fair value. Detail about the Board's approach to fair value is set out in note 11.2.

Impairment

Property, plant and equipment owned by the Board has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

Reconciliation 2020-21

	Furniture & fittings	Office machines	Computer equipment	Motor vehicles	Accommodation leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2020	24	14	5	104	179	326
Acquisitions	2	2	33	-	7	44
Disposals	-	-	-	(89)	-	(89)
Depreciation and amortisation	(6)	(5)	(8)	(15)	(22)	(56)
Carrying amount as at 30 June 2021	20	11	30	-	164	225

5.3. Property, plant and equipment leased by the Board

Right-of-use assets for property, plant and equipment leased by the Board as lessee are measured at cost.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$1,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The Board has a lease for office accommodation lease which commenced 1 November 2019. The term of the lease is 7 years 2 months, with the option to extend for 10 years. The option to extend has not been included in the term because management has determined that it is uncertain whether the Board will exercise the right of renewal. Rent is payable monthly in advance.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The Board's maturity analysis of its lease liabilities is disclosed in note 11.4. Right-of-use depreciation expense is disclosed in note 4.2, and interest expense relating to leases is disclosed on the Statement of Comprehensive Income. Cash outflows related to leases are disclosed in note 8.2.

Impairment

Property, plant and equipment leased by the Board has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

5.4. Intangible assets

	2021	2020
	\$'000	\$'000
Computer software	1,773	1,773
Accumulated amortisation	\$(1,773)	(1,765)
Total computer software	-	8
Total intangible assets	-	8

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$1,000.

Reconciliation 2020-21

	\$'000
Computer software	
Carrying amount as at 1 July 2020	8
Amortisation	(8)
Carrying amount as at 30 June 2021	-

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank	3,170	1,804
Total cash and cash equivalents	3,170	1,804

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables	805	385
Less allowance for doubtful debts	(10)	(21)
Less levy refund payable	(352)	(64)
Accrued levy revenue	654	413
Total trade receivables	1,097	713
Prepayments	25	86
Accrued interest	2	19
Sundry debtors	200	67
Total current receivables	1,324	885

Trade receivables arise in the normal course of levies raised and in selling goods and services to the public and government agencies. Trade receivables are normally settled within 14-30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

6.3. Other financial assets

	2021	2020
	\$'000	\$'000
Current		
ANZ term deposits	-	7,400
National Australia Bank term deposits	1,475	6,129
Westpac term deposits	2,178	3,730
Commonwealth Bank term deposits	-	3,233
Bendigo Adelaide Bank term deposits	1,347	2,384
Total current investments	5,000	22,876
Non-current		
Investments with Funds SA – unitised funds with Funds SA	22,932	-
Total non-current investments	22,932	-
Total investments	27,932	22,876

Current investments include term deposits held to maturity for periods of less than three months. There is no impairment loss on term deposits due to the rating of the counterparties.

During 2020-21, CITB was declared a prescribed authority and received approval from the Treasurer to invest surplus funds with Funds SA. During the current year, the investments were measured at fair value through profit or loss. These investments are not subject to impairment testing.

For further information on risk management refer to note 11.4.

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued training expenses	2,332	1,667
Accrued expenses	84	93
Trade payables	378	52
<u>Statutory payables</u>		
GST Payable	1	7
Employment on-costs	54	69
Total current payables	2,849	1,888
<u>Non-current</u>		
<u>Statutory payables</u>		
Employment on-costs	6	11
Total non-current payables	6	11
Total payables	2,855	1,899

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Employment on-costs

Employment on-costs include superannuation contributions and ReturnToWorkSA levies and are settled when the respective employee benefits that they relate to is discharged.

The Board contributes to the employees' nominated prescribed superannuation fund. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability at reporting date relates to any contributions due but not yet paid into the superannuation funds.

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As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave is unchanged from the 2020 rate of 42% and the average factor for the calculation of employer superannuation cost on-costs has changed from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material.

7.2. Financial liabilities

	Note	2021	2020
		\$'000	\$'000
Current			
Lease liabilities	5.3	84	78
Total current financial liabilities		84	78
Non-current			
Lease liabilities	5.3	434	518
Total non-current financial liabilities		434	518
Total financial liabilities		518	596

The Board measures financial liabilities at amortised cost.

Note 11.3 describes possible cash outflows for leases the Board is exposed to that are not included in lease liabilities.

7.3. Provisions

	2021	2020
	\$'000	\$'000
Current		
Provision for Training Claims	787	1,500
Total provisions	787	1,500

The Board has provided a training claim provision that represents the discounted value of the present obligation in relation to progressive training claims that fall within the financial year. The discounted value reflects management's assessment of the cost of servicing the claims discounted by probability of claim and attrition rates based on historic empirical data. Changes to the number of registrants, funding rate, and discount rates impact the carrying amount of the provision. In 2020-21 a provision was recognised for progressive training claims that are likely to fall due within the year of balance date.

8. Other disclosures

8.1. Equity

The Board has provided for two reserves:

1. Operational Risk Reserve - a reserve to meet operational risks involved during the course of business calculated using a number of assumptions addressing variability in revenue, expenditure and other events.
2. Strategic Reserve - a reserve to address any strategic needs that may arise which the Board considers warrant an allocation of funds calculated at a nominal value.

8.2. Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Total cash outflows for leases was \$77,447 (2020: \$33,077).

9. Changes in accounting policy

There were no changes to any accounting policies in 2020-21.

10. Outlook

10.1. Unrecognised commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value. The Board did not have any commitments at balance date.

10.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Board is not aware of any contingent assets or liabilities.

10.3. Events after the reporting period

There have been no events after the reporting period which would have a material effect on the Board's financial statements at 30 June 2021.

11. Measurement and risk

11.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2020 (0.75%) to 2021 (1.25%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$15,518 and employee benefits expense of \$15,518. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months based on previous experience, expected terminations and known applications for leave.

11.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Revaluation

Property, plant and equipment, other than right-of-use assets, is subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are measured at historical cost less accumulated depreciation. The Board capitalises all non-current assets with a value of one thousand dollars (\$1,000) or more.

Funds SA investments are re-measured to fair value at each reporting period.

Other financial assets – Funds SA investments

The fair value of the Funds SA investments is based on the statements produced by Funds SA which reflect the fair value of the unit prices.

Property, plant and equipment

All items of property, plant and equipment owned by the Board that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life that was less than three years have not been revalued. The carrying value of these items are deemed to approximate fair value.

11.3. Possible lease cash outflows not reflected in lease liabilities

The Board has entered into a lease for its accommodation needs with an external lessor. The lease liability does not reflect the extension options of an additional 10 years (two options of 5 years) as the Board does not consider it reasonably certain that it would be taken up. Estimated costs are unable to be determined as these will be negotiated as part of any extension at that time.

11.4. Financial instruments

Financial risk management

Risk management is managed by the Board and Board risk management policies are in accordance with the Board's Risk Management Policy Statement.

The Board is exposed to a variety of financial risks, credit risk and liquidity risk. The Board has non-interest bearing assets (receivables) and liabilities (payables) and interest bearing assets (cash and cash equivalents and other financial assets). In addition, the Board has funds invested with Funds SA in two accounts, "High Growth" and "Moderate". A Performance Plan has been created for these investments which is updated on a yearly basis and includes detail on financial risks.

The Board has no significant concentration of credit risk. Investments are in the form of term deposits with approved banking institutions and investments with Funds SA. In relation to liquidity/funding risk, the continued existence of the Board in its present form, is dependent on Government policy.

Refer to notes 6 and 7 for further information.

There are no fair value differences as carrying values approximate fair values and there is minimal exposure to interest rate or market risk due to the nature of the financial assets and liabilities held.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted include the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

With the exception of the Funds SA investments, the Board measures all financial instruments at amortised cost. The Board has measured the Funds SA investments as fair value through profit or loss as they represent investments that the Board intends to hold for the long-term for strategic purposes.

Construction Industry Training Board Financial Statements

Category of financial asset and financial liability	Note	2021	2021 Contractual maturities		
		Carrying Amount / Fair Value	Within 1 year	1-5 years	More than 5 years
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
Financial assets					
Cash and cash equivalent	6.1	3,170	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables (1)	6.2	202	n/a	n/a	n/a
Other financial assets	6.3	5,000	n/a	n/a	n/a
Financial assets classified as fair value	6.3	22,932	n/a	n/a	n/a
Total financial assets		31,304			
Financial liabilities					
Financial liabilities at amortised cost					
Payables (1)	7.1	2,753	2,753	-	-
Lease liabilities	7.2	518	84	434	-
Provision for Training Claims	7.3	787	787	-	-
Total financial liabilities		4,058	3,624	434	-

Category of financial asset and financial liability	Note	2020	2020 Contractual maturities
		Carrying Amount	Within 1 year
		(\$'000)	(\$'000)
Financial assets			
Cash and cash equivalent	6.1	1,804	n/a
Financial assets at amortised cost			
Receivables (1)	6.2	85	n/a
Other financial assets	6.3	22,876	n/a
Financial assets classified as fair value		-	n/a
Total financial assets		24,765	
Financial liabilities			
Financial liabilities at amortised cost			
Payables (1)	7.1	1,774	1,774
Lease liabilities	7.2	596	78
Provision for Training Claims	7.3	1,500	1,500
Total financial liabilities		3,870	3,352

(1) Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 6.2.