

Construction Industry Training Board

Financial report
for the year ended
30 June 2019



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To the Presiding Member Construction Industry Training Board

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 the Construction Industry Training Board for the financial year ended 30 June 2019.

Opinion

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 2019, 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, a Board Member, the Chief Executive Officer and the Executive Manager, 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* have been met.

I believe that the audit evidence 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 the 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.

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

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.

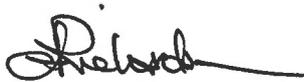
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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
- 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 2019

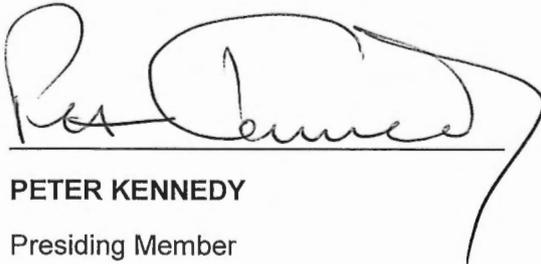
Certification of the Financial Statements

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 2019 and the results of its operation and cash flows for the financial year.

We certify that:

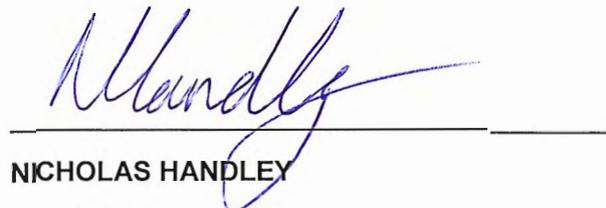
- the internal controls employed by the Construction Industry and Training Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period; and
- at the time of signing of this statement, there 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.



PETER KENNEDY

Presiding Member

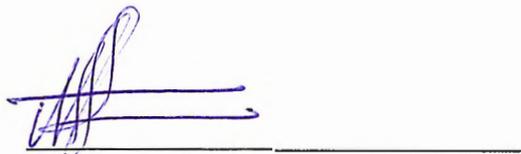
23 September 2019



NICHOLAS HANDLEY

Board Member

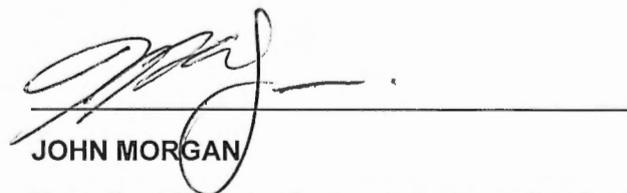
23 September 2019



MARIE PATERSON

Chief Executive Officer

23 September 2019



JOHN MORGAN

Executive Manager Finance & Business Services

23 September 2019

Construction Industry Training Board Financial Statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefits expenses	2.3	2,299	1,996
Supplies and services	3.1	1,190	1,288
Depreciation and amortisation	3.2	76	74
Grants and subsidies	3.3	92	-
Training claims	3.4	18,028	16,409
Impairment loss on receivables		19	-
Total Expenses		21,704	19,767
Income			
Industry levies	4.1	21,051	23,723
Interest		584	470
Grants from SA Government	4.2	297	416
Other income	4.4	11	7
Net gain on disposal of property, plant and equipment	4.3	-	2
Total Income		21,943	24,618
Net Result		239	4,851
Total Comprehensive Result		239	4,851

The accompanying notes form part of these financial statements.

Construction Industry Training Board Financial Statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	6.1	2,010	1,699
Receivables	6.2	1,006	874
Other financial assets	6.3	22,519	22,984
Total Current Assets		25,535	25,557
Non-Current Assets			
Property, plant and equipment	5.1	195	249
Intangible assets	5.2	29	49
Total Non-Current Assets		224	298
Total Assets		25,759	25,855
Current Liabilities			
Payables	7.1	1,966	1,753
Employee benefits	2.4	135	141
Provisions	7.2	2,349	2,932
Total Current Liabilities		4,450	4,826
Non-Current Liabilities			
Payables	7.1	12	10
Employee benefits	2.4	215	176
Total Non-Current Liabilities		227	186
Total Liabilities		4,677	5,012
Net Assets		21,082	20,843
Reserves		8,999	11,302
Retained earnings		12,083	9,541
Total Equity		21,082	20,843

The accompanying notes form part of these financial statements.

Unrecognised contractual commitments 10.1

Contingent assets and liabilities 10.2

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Operational Risk Reserve (Prudential Reserve)	Strategic Reserve	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2017		7,185	1,000	7,807	15,992
Total Comprehensive Result 2017-2018		-	-	4,851	4,851
Transfer from Operational Risk Reserve (Prudential Reserve)		3,117	-	(3,117)	-
Balance at 30 June 2018		10,302	1,000	9,541	20,843
Total Comprehensive Result 2018-2019		-	-	239	239
Transfer from Operational Risk Reserve (Prudential Reserve)	8.1	(2,303)	-	2,303	-
Balance at 30 June 2019		7,999	1,000	12,083	21,082

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 2019

	Note	2019	2018
		\$'000	\$'000
Cash flows from Operating Activities			
Cash Inflows			
Receipts from industry training levies		20,980	23,484
Interest received		585	631
GST recovered from the ATO		142	141
Grants from SA Government		297	416
Other receipts		(14)	39
Cash generated from operations		21,990	24,711
Cash Outflows			
Employee benefits paid		(2,277)	(2,074)
Training expenditure paid		(18,395)	(15,881)
Other payments		(1,471)	(1,473)
Cash used in operations		(22,143)	(19,428)
Net Cash provided by / (used in) operating activities		(153)	5,283
Cash flows from Investing Activities			
Cash Inflows			
Maturing term deposits		83,762	46,500
Proceeds from sale of plant and equipment		-	37
Cash generated from investing activities		83,762	46,537
Cash Outflows			
Purchase of investments		(83,297)	(54,484)
Purchase of property, plant and equipment and intangible assets		(1)	(70)
Cash used in investing activities		(83,298)	(54,554)
Net cash provided by / (used in) investing activities		464	(8,017)
Net increase / (decrease) in cash and cash equivalents		311	(2,734)
Cash and cash equivalents at beginning of financial year		1,699	4,433
Cash and cash equivalents at end of financial year	6.1	2,010	1,699

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*;
- 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 2018-19 financial statements the Board adopted AASB 9 – Financial Instruments and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

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.

2. Board, committee and employees

2.1. Key management personnel

Key management personnel of the Board include the Minister, Board Members, the Chief Executive Officer and the two members of the Executive Team who have responsibility for the strategic direction and management of the Board.

Total compensation for key management personnel was \$694,000 in 2018-19 and \$676,645 in 2017-18. (Note: Key Management Personnel now includes the Executive Management Team). 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. There were no transactions or balances to disclose with key management personnel or related parties.

2.2. Board and committee members

Members during the 2019 financial year were:

Members

Peter Kennedy (Independent Presiding Member, appointed 1 November 2018)

Mary Gabrielle Thompson (Independent Presiding Member, ceased 1 November 2018)

Phillip Sutherland (ceased 20 June 2019)

Martin O'Malley (ceased 20 June 2019)

Natasha Hemmerling (ceased 20 June 2019)

Gary Henderson (ceased 20 June 2019)

Jessica Rogers

Denise Janek (ceased 20 June 2019)

Rebecca Pickering (ceased 13 February 2019)

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Kylie Heneker (ceased 13 August 2018)
 Christine Stone (ceased 20 June 2019)
 Nicholas Handley (appointed 14 August 2018)
 Stephen Knight (appointed 14 August 2018, ceased 20 June 2019)
 Daniel Gannon (appointed 14 February 2019)
 Ian Markos (appointed 20 June 2019)
 Andrew Clarke (appointed 20 June 2019)
 Anthony Carbone (appointed 20 June 2019)
 Victoria Griffith (appointed 20 June 2019)
 Ruth Vagnarelli (appointed 20 June 2019)
 Laurel Dixon (appointed 20 June 2019)
 Rebecca Hayes (appointed 20 June 2019)

There were 6 deputies who attended meetings and accordingly were paid a fee. Not all deputies attended Board meetings. 3 of these 6 deputies became members during the year.

Board and committee remuneration

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

	2019	2018
	Number of Members	Number of Members
NIL	5	4
\$1-\$19,999	18	17
\$20,000-\$29,999	1	1
Total	24	22

Total remuneration received or receivable by members was \$161,594 (\$152,702). In addition, total remuneration of their deputies was \$5,650 (\$8,475).

Remuneration of members and their deputies reflects all costs of performing Board member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

During the year training funds were allocated to associated entities of the members of the Construction Industry Training Board. Such transactions were within terms and conditions no more favourable than those available on similar transactions with other parties.

2.3. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	1,730	1,437
Board fees	167	161
Annual leave	122	149
Employment on-costs-superannuation	157	135
Long Service Leave	72	42
Employment on-costs-other	51	40
Personal Leave	-	32
Total employee benefits expenses	2,299	1,996

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	2019 Number of Employees	2018 Number of Employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$191 001 to \$211 000	-	1
\$211 001 to \$231 000	-	-
\$231 001 to \$251 000	1	-
Total	1	1

The table includes all employees who received remuneration 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.

2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
Current:		
Annual leave	112	105
Long Service Leave	23	19
Accrued salaries and wages	-	13
Personal leave provision	-	4
Total current employee benefits	135	141
Non-current:		
Long service leave	215	176
Total non-current employee benefits	215	176
Total employee benefits	350	317

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.

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Training delivery	245	165
Telecommunication and IT expenses	188	185
Occupancy	173	173
Professional services	138	144
General administration and consumables	134	109
Marketing	100	153
Collection agent fees	94	97
Other	54	55
Research	30	27
Insurance	24	23
Legal costs	10	157
Total supplies and services	1,190	1,288

Operating lease payments

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

Consultants

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

	No	2019	No	2018
		\$'000		\$'000
Below \$10 000	2	9	-	-
\$10 000 or above	-	-	-	-
Total	2	9	-	-

3.2. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Motor vehicles	35	32
Computer software	21	23
Computer equipment	13	14
Office machines	3	2
Leasehold improvements	3	2
Furniture and fittings	1	1
Total depreciation and amortisation	76	74

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

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.

Useful life

Depreciation and amortisation of non-current assets is calculated on a straight-line basis for each class of depreciable assets over the estimated useful life. The depreciation and amortisation rates for each class of depreciable assets are set out as follows:

- Motor vehicles 15 percent
- Computer Software 25 percent
- Computer equipment 25 percent
- Office machines 20 percent
- Leasehold Improvements 35 percent
- Furniture and fittings 20 percent

The amortisation period and the amortisation method for intangible assets (e.g. computer software) is reviewed on an annual basis.

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

3.3. Grants and subsidies

	2019	2018
	\$'000	\$'000
One-off grants - Innovation	92	-
Total grants and subsidies	92	-

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Innovation grants, consistent with Board approved initiatives, included programs such as basic English and numeracy for construction workers with English as a second language, network awareness training and building information modelling.

3.4. Training claims

	2019	2018
	\$'000	\$'000
Housing sector	9,148	8,583
Commercial sector	5,332	4,753
Civil sector	2,605	2,493
Other	943	580
Total training claims	18,028	16,409

Training claims are recognised as expenses when training claims are submitted by training providers.

4. Income

4.1. Industry levies

	2019	2018
	\$'000	\$'000
Housing sector	8,831	9,093
Commercial sector	6,282	8,624
Civil sector	5,938	6,006
Total industry levies	21,051	23,723

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

4.2. Grants from SA Government

	2019	2018
	\$'000	\$'000
D2C contributions/grants	297	416
Total grants from SA Government	297	416

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).

Payments received from DfE and DIS are made according to the payment schedule in the respective agreement.

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

The Board did not dispose of any property, plant and equipment in 2018-19.

	2019	2018
	\$'000	\$'000
Motor Vehicles		
Proceeds from disposal	-	37
Less net book value of assets disposed	-	(35)
Net gain/(loss) from disposal of motor vehicles	-	2
Total net gain/(loss) from disposal of non-current assets	-	2

4.4. Other income

	2019	2018
	\$'000	\$'000
Sale of publications	-	4
Sundry revenue	11	3
Total other income	11	7

5. Non-financial assets

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Motor vehicles at cost (deemed fair value)	231	231
Less: accumulated depreciation	(67)	(32)
	164	199
Computer equipment at cost (deemed fair value)	107	107
Less: accumulated depreciation	(90)	(77)
	17	30
Office machines at cost (deemed fair value)	67	67
Less: accumulated depreciation	(57)	(54)
	10	13
Furniture and fittings at cost (deemed fair value)	49	49
Less: accumulated depreciation	(46)	(45)
	3	4
Leasehold improvements at cost (deemed fair value)	396	396
Less: accumulated depreciation	(395)	(393)
	1	3
Total property, plant and equipment	195	249

Property, plant and equipment 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 have 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 and are subject to regular revaluation.

Reconciliation 2018-19

	Furniture & fittings	Office machines	Computer equipment	Motor vehicles	Leasehold improvements	Total 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2018	4	13	30	199	3	249
Acquisitions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation and amortisation	(1)	(3)	(13)	(35)	(2)	(54)
Carrying amount as at 30 June 2019	3	10	17	164	1	195

5.2. Intangible assets

	2019	2018
	\$'000	\$'000
Computer software	1,773	1,773
Accumulated amortisation	(1,744)	(1,724)
Total computer software	29	49
Total intangible assets	29	49

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.

The internally developed computer software relates to the Board's training and levy administration system (TALAS) with a remaining useful life of 1.5 years and carrying amount of \$29,000.

Reconciliation 2018-19

	\$'000
Computer software	
Carrying amount as at 1 July 2018	49
Amortisation	(20)
Carrying amount as at 30 June 2019	29

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank	1,004	1,196
Bank deposits at call	1,006	503
Total cash and cash equivalents	2,010	1,699

6.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Trade debtors	676	655
Less allowance for doubtful debts	(28)	(9)
Less levy refund payable	(30)	(79)
Prepayments	145	141
Accrued interest	54	55
GST receivables	16	37
Sundry debtors	97	1
Accrued levy revenue	76	73
Total current receivables	1,006	874

Receivables arise in the normal course of levies raised and in selling goods and services to the public and government agencies. 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. 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.

The net amount of applicable GST payable to the ATO is included as part of receivables.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Balance at 30 June 2018 under AASB 139	9	
Adjustments on initial adoption of AASB 9	-	-
Carrying amount at the beginning of the period	9	-

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

6.3. Other financial assets

	2019	2018
	\$'000	\$'000
Current investments		
Westpac term deposits	8,804	15,859
ANZ term deposits	7,300	4,014
Commonwealth Bank term deposits	3,190	3,111
Bendigo Adelaide Bank term deposits	2,333	-
National Australia Bank term deposits	892	-
Total other financial assets	22,519	22,984

Other Financial Assets comprise 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.

For further information on risk management refer to note 11.3. For further information on the impact of the AASB 9 refer to note 9.2.

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019	2018
	\$'000	\$'000
Current:		
Accrued training expenses	1,628	1,319
Accrued expenses	159	218
Trade creditors	127	150
Employment on-costs	52	66
Total current payables	1,966	1,753
Non-current:		
Employment on-costs	12	10
Total non-current payables	12	10
Total payables	1,978	1,763

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.

The net amount of GST recoverable from the ATO is included as part of payables.

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 makes contributions 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged from the 2018 rate at 41% and the average factor for the calculation of employer superannuation cost on-costs has changed from the 2018 rate (9.9%) to 9.8%. 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. Provisions

	2019	2018
	\$'000	\$'000
Provision for Training Claims	2,349	2,932
Total provisions	2,349	2,932

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 2018-19 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. 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. 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.

9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the Treasurer's Instructions (Accounting Policy Statements) 2019 were issued by the Treasurer under the Public Finance and Audit Act 1987. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

Construction Industry Training Board Financial Statements

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact the Board's financial statements are:

- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

9.2. AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 did not result in changes in accounting policies and adjustments to the amounts recognised in financial statements.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

10. Outlook

10.1. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Operating lease commitments

	2019	2018
	\$'000	\$'000
Within one year	13	142
Later than one year but not later than five years	-	13
Total operating lease commitments	13	155

The Board's operating lease is for office accommodation and office equipment. The lease is non-cancellable and rent is payable monthly in advance.

10.2. Contingent assets and liabilities

The Board is not aware of any contingent assets and 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 2019.

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 decreased from 2018 (2.5%) to 2019 (1.25%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$26,973 and employee benefits expense of \$28,057. 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 4% for long service leave liability. As a result, there is no net financial effect resulting from the 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 are 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.

Property, plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that was less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value

11.3. 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 (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash and cash equivalents and other financial assets).

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

Refer to note 7.1 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 applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Held-to-maturity investments
- Loan and receivables
- Financial liabilities measured at cost.

Construction Industry Training Board Financial Statements

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

The Board measures all financial instruments at amortised cost.

	Note	2019 Carrying Amount / Fair Value \$'000	2018 Carrying Amount / Fair Value \$'000
Financial assets			
Cash and cash equivalent	6.1	2,010	1,699
Receivables (1) (2)	6.2	151	56
Other financial assets	6.3	22,519	22,984
Total financial assets		24,680	24,739
Financial liabilities			
Payables (1)	7.1	1,867	1,643
Provision for Training Claims	7.2	2,349	2,932
Total financial liabilities		4,216	4,575

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

(2) Receivables amount disclosed here excludes prepayments.