



ABBTF

**AUSTRALIAN BRICK & BLOCKLAYING
TRAINING FOUNDATION LIMITED**

ACN 097 159 914
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LTD
(A.C.N. 097 159 914)

DIRECTORS REPORT
YEAR ENDED 30 JUNE 2006

The board of directors presents the audited accounts of the Australian Brick & Blocklaying Training Foundation Ltd (ABBTF) for the year ended 30 June 2006.

Directors

The directors as at the date of this report are:

Lindsay Partridge (appointed 8/12/2005)
Colin Kupke
Keith Mitchelhill (appointed 8/12/2005)
Chris Grubb (appointed 8/12/2005)
Bruce Mackenzie
Patrick Eather (appointed 8/12/2005)
Lawrie Dore (appointed 8/12/2005)
Brian Moss (appointed 8/12/2005)
Geoff Noble (appointed 8/12/2005)
Elizabeth Crouch (appointed 21/2/2006)
Grant Daly (appointed 23/8/2006)

Directors who have resigned during or since the end of the financial year:

Wilhelm Harnisch (appointed 21/2/2006, resigned 23/8/2006)
George Cassimatis (resigned 5/12/2005)
Doug Willmot (resigned 5/12/2005)
Danny Blomeley (resigned 5/12/2005)
Brian Welch (resigned 5/12/2005)
Graham Wolfe (resigned 5/12/2005)

Principal Activities

The principle activities of the Foundation are to address the skill shortage in bricklaying by promotion and recruiting, bricklayer training support and apprentice employment support.

Financial Results

The net funds available as a result of the operating activities for the year were \$561,544 (2005 - \$77,353). The company is exempt from paying income tax.

Review of Operations

The year to June 2006 saw the creation of the ABBTF as a national body to implement strategies to address the skill shortage in bricklaying across Australia.

In December 2005 the Victorian Brick and Blocklaying Training Foundation Ltd was renamed ABBTF and a new board of directors appointed to oversee the national program.

ABBTF applied to the ACCC for authorisation to operate the scheme funded by a levy on the sale of clay bricks and concrete masonry and a matching contribution from participating manufacturers. The application sought to replace existing separate approvals applicable to Victoria and for all other states across Australia. Approval was granted for a further three year term to March 2009. The ACCC endorsed the scheme which would result in an increase in competent, skilled bricklayers, reduce construction delays and increase employment of young people in a skilled trade.

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DIRECTORS REPORT
YEAR ENDED 30 JUNE 2006

The ABBTF program was then aligned in Victoria, New South Wales and Queensland, and introduced in the Australian Capital Territory.

Radio and newspaper advertising at the start of the school year promoted the trade and in many cases respondents assisted to an immediate start in an apprenticeship or pre-apprenticeship training. The impact of promotion to lift the profile of bricklaying created an awareness in many secondary schools.

School students involved in the ABBTF sponsored step out program showed great enthusiasm for the hands on experience and many have since commenced bricklayer training. The 40 hour step out programs have increased from the previous year across all states and will ensure students commencing bricklaying make a better informed choice and increase their chances of completing the apprenticeship term.

Pre-apprenticeship enrolments are higher this year through TAFE colleges in Victoria and also in Queensland where the new Intensive Skills course has been introduced to provide apprentices with credit for skills and a shortened apprenticeship term. NSW courses are provided by the Brick Industry Training School. Support for an increased take up of this pre-entry training by TAFE is needed in the state.

Apprentice enrolments have grown in Victoria and Queensland as a result of the ABBTF strategies. NSW numbers have eased in line with lower levels of building activity. Despite this lower training rate, ABBTF has increased its number of supported apprentices over the previous year. Subsidised employment in Victoria has continued to increase numbers and a new offer to employers in Queensland will increase numbers receiving employment subsidies in 2007.

A similar scheme was introduced in the Australian Capital Territory during the year to increase apprentice numbers. The ABBTF program will be also be launched in Tasmania in November 2006, followed by Western Australia in April 2007 and South Australia by July 2007.

The skill shortage in bricklaying is also being addressed by a promotional program to attract bricklayers from the United Kingdom who may qualify under the Skilled Independent Migration Visa program.

Activity numbers are as follows:

	Step Out Program		Pre-Apprentices		Apprentices In Training		Supported Apprentices	
	2006	2005	2006	2005	2006	2005	2006	2005
Victoria	180	161	264	202	689	631	160	129
NSW	210	12	75	60	630	670	145	105
Qld	620	473	72	30	371	294	38	10
	1010	646	411	292	1690	1595	343	244

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DIRECTORS REPORT
YEAR ENDED 30 JUNE 2006

Dividends

The company does not have a share capital and it is precluded from paying dividends.

Significant Changes

In December 2005 the company changed its name, appointed new directors and adopted a business plan to implement the scheme to address the bricklayer shortage in all states and the Australian Capital Territory.

Matters subsequent to Balance Date

There are no matters or circumstances which have arisen since 30 June 2006 that have significantly affected or may significantly affect:

1. the operations of the company;
2. the results of those operations; or
3. the state of affairs of the company,

in the financial years subsequent to that financial year.

Likely Developments in Operations

The scheme to address the shortage of skilled bricklayers will be introduced in Tasmania, Western Australia and South Australia during the year to June 2007.

Contracts with Directors

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration of Directors shown in the accounts) by reason of a contract made by the company with any Director, or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer for the costs or expenses to defend legal proceedings.

With the exception of the following matters:

During the financial year the company has paid to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

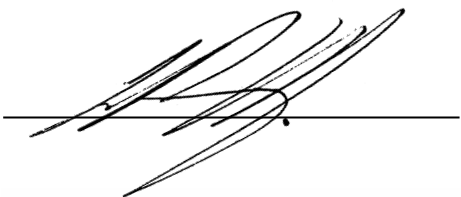
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DIRECTORS REPORT
YEAR ENDED 30 JUNE 2006

Information on Directors

Name:	Qualifications	Meetings Attended
Lindsay Partridge	Director	3
Colin Kupke	Director	6
Keith Mitchelhill	Director	3
Chris Grubb	Director	3
Bruce Mackenzie	Director	5
Patrick Eather	Director	2
Lawrie Dore	Director	3
Brian Moss	Director	3
Geoff Noble	Director/Secretary	6
Elizabeth Crouch	Director	2
Grant Daly	Director	0
Wilhelm Harnisch	Director	2
George Cassimatis	Director	3
Danny Blomeley	Director	3
Brian Welch	Director	2
Graham Wolfe	Director	2

This report is made in accordance with a resolution of the board.

Director  LINDSAY R PARTRIDGE

Director  GEOFF NOBLE

Dated at Essendon this 21st day of November 2006.

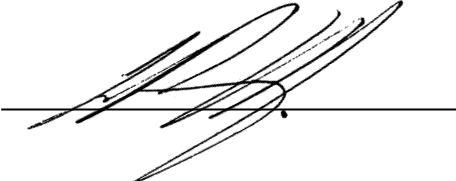
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DIRECTORS DECLARATION
YEAR ENDED 30 JUNE 2006

In the opinion of the Directors of the company:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including,
- (i) giving a true and fair view of the financial position of the company as at 30 June 2006 and of its performance, as represented by the results of its operations, changes in equity and its cashflows, for the period ended on that date; and
 - (ii) complying with Accounting Standards and the Corporation's Regulations 2001 and other mandatory professional requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board

Director  LINDSAY R PARTRIDGE

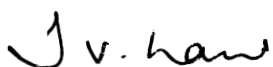
Director  GEOFF NOBLE

Dated at Essendon this 21st day of November 2006.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS
ACT 2001 TO THE DIRECTORS OF AUSTRALIAN BRICK & BLOCKLAYING TRAINING
FOUNDATION**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

- i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Terrence Victor Lant
Registered Company Auditor

4 November 2006
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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LIMITED**

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for the Australian Brick & Blocklaying Training Foundation Limited("the foundation"), for the year ended 30 June 2006.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the foundation. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement.

The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the foundation's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.


Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of the Australian Brick & Blocklaying Training Foundation Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the foundation's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Terrence Victor Lant
Registered Company Auditor
4 November 2006

AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LTD
(A.C.N. 097 159 914)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
Current Assets			
Cash and cash equivalents	5	1,873,991	212,902
Trade Debtors		691,689	135,283
BITS Loan Account		5,223	0
Total Current Assets		2,570,903	348,186
Non Current Assets			
Property, plant and equipment	6	39,181	2,967
Total Non Current Assets		39,181	2,967
Total Assets		2,610,084	351,153
Current Liabilities			
Trade and other payables	7	110,540	1
Accrued Expenses	8	485,455	37,682
Lease liability		9,682	0
GST Liabilities		111,926	14,768
Total Current Liabilities		717,602	52,451
Non Current Liabilities			
Lease liability		19,233	0
Total Non Current Liabilities		19,233	0
Total Liabilities		736,835	52,451
Net Assets		1,873,248	298,702
Equity			
New South Wales	9	430,410	0
Australian Capital Territory	9	185,272	0
Queensland	9	1,087,456	0
Victoria	9	170,110	298,702
Total Equity		1,873,248	298,702

AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LTD
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STATEMENT OF FINANCIAL PERFORMANCE
YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Income			
Interest Received		19,706	6,878
Members Levy		2,462,650	726,243
Total Income		2,482,356	733,121
Cost Of Sales			
Taster/Step Out Program		161,153	26,181
Pre-apprenticeship		63,814	26,000
Employment Subsidy		1,015,031	301,113
Mature Age Allowance		30,000	8,000
Total Cost Of Sales		1,269,999	361,294
		1,212,357	371,827
Gross Surplus			
Expenses			
Administration Costs	2	195,567	56,923
Promotional Costs	3	207,348	77,438
Development Costs	4	259,213	160,113
Total Expenses		662,129	294,474
Net Funds Available		550,229	77,353

AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LTD
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STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2006

	Note	Retained Surplus \$	Total \$
Balance at 1 July 2004		221,349	221,349
Surplus funds available		77,353	77,353
Balance at 30 June 2005		298,702	298,702
Surplus funds available		550,229	550,229
Contributions from states		1,024,317	1,024,317
Balance at 30 June 2006		1,873,248	1,873,248

AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LTD
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STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Cash Flows From Operating Activities			
Industry contributions		1,956,827	79,086
Interest		19,706	0
GST Collected		177,624	0
GST Paid		(124,025)	0
Payments to suppliers and employees		(1,380,707)	0
Net cash provided by operating activities		649,424	79,086
Cash Flows From Investing Activities			
Contributions from other states		1,026,290	0
Loans to BITS		(5,223)	0
Purchases of plant and equipment		(9,401)	0
Net cash provided by investing activities		1,011,666	0
Net increase in cash held		1,661,090	79,085
Cash at the beginning of the financial year		212,901	133,816
Cash at the end of the financial year		1,873,991	212,901
Reconciliation of cash flow			
Cash on hand		794	100
Cash at bank		1,873,197	212,801
		1,873,991	212,901
Non-cash flows in operating profit			
Depreciation		3,090	1,483
(Increase)/decrease in debtors		(556,406)	29,897
(increase)/decrease in BITS loan account		(5,223)	0
(Increase)/decrease in fixed assets		(39,303)	0
Increase/(decrease) in equity		1,574,546	77,352
Increase/(decrease) in accrued expenses		447,773	0
Increase/(decrease) in GST liabilities		97,158	0
Increase/(decrease) in lease liabilities		28,915	0
Increase/(decrease) in creditors		110,540	(29,647)
Net cash provided by (used in) operating activities		1,661,090	79,085

AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LTD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the Australian Brick and Blocklaying Training Foundation Limited (ABBTF). The financial report of the ABBTF complies with all Australian equivalents to International Financial Reporting Standards in their entirety.

The following is a summary of the material accounting policies adopted by the ABBTF in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The ABBTF has prepared financial statements in accordance with the Australian equivalent to International Financial Reporting Standards (AIFRS) from July 2005.

In accordance with the requirements of AASB 1: First time Adoption of Australian Equivalents to International Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions under AASB 1 have been applied.

These accounts are the first financial statements of ABBTF prepared in accordance with AIFRS.

The financial report is prepared on an accruals basis and is based on historical costs.

Accounting Policies

a. Income Tax

No provision for income tax has been raised as the ABBTF operates solely as a non-profit company and is exempt from income tax.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is calculated on a diminishing value basis over the useful lives of the assets from the time the asset is held ready for use.

c. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the ABBTF, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the amount equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the ABBTF will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments.

e. Revenue

Revenue from Members Levies is recognised upon completion of the month to which the levy relates.

Interest revenue is recognised when received.

f. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

g. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

h. Critical Accounting Estimates and Judgments

The ABBTF evaluate estimates and judgments incorporated in the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Note 2: Administration Costs

	2006	2005
	\$	\$
Accounting	10,655	0
Audit fees	5,925	1,375
Bank charges	903	859
Computer costs	2,433	867
Conference and training	6,109	1,771
Depreciation	3,090	1,483
Insurance officer liability	8,215	1,507
Insurance public liability	1,990	1,044
Insurance workers compensation	768	351
Interest	777	0
Legal fees	10,874	401
Long service Leave accrued	11,799	0
Office expenses	836	503
Postage and courier	1,347	1,644
Printing and stationery	3,520	1,326
Rent	54,173	30,750
Research costs	523	0
Staff amenities	885	988
Statutory fees	0	1,120
Subscriptions	1,425	388
Sundry	3,348	175
Superannuation	4,417	728
Telephone – land lines	3,547	4,548
Wages and salaries	58,008	5,095
	195,567	56,923

Note 3: Promotional Costs

	2006	2005
	\$	\$
Apprentice awards	15,073	7,740
Clothing	18	7,672
Expos and events	25,354	0
Newspaper advertising	8,932	2,186
Other promotional costs	17,033	2,511
Photography	0	350
Printing – promotional	45,881	6,946
Radio advertising	80,862	39,728
Schools promotion	10,909	5,161
TAFE promotion	2,621	3,704
VCAL support	0	300
Website maintenance	665	1,140
	207,348	77,438

Note 4: Development Costs

	2006	2005
	\$	\$
Superannuation	16,203	12,311
Telephone – mobiles	7,186	0
Travel – motor vehicle lease	4,125	0
Travel and accommodation	14,028	10,162
Travel interstate	16,207	2,649
Wages and salaries	201,464	134,991
	259,213	160,113

Note 5: Cash and Cash Equivalents

	2006	2005
	\$	\$
Cash on hand	794	100
Cash at bank	1,873,197	212,801
	1,873,991	212,901

Note 6: Property, Plant and Equipment

	2006	2005
	\$	\$
Office equipment – at cost	4,450	4,450
Less accumulated depreciation	-2,472	-1,483
	<u>1,978</u>	<u>2,967</u>
Computer equipment – at cost	2,519	0
Less accumulated depreciation	-137	0
	<u>2,382</u>	<u>0</u>
Projectors and screens – at cost	5,223	0
Less accumulated depreciation	-225	0
	<u>4,998</u>	<u>0</u>
Nissan Navara – at cost	40,484	0
Less accumulated depreciation	-15,275	0
	<u>25,209</u>	<u>0</u>
Kyocera photocopier – at cost	6,400	0
Less accumulated depreciation	-3,368	0
	<u>3,032</u>	<u>0</u>
Trailer – at cost	1,659	0
Less accumulated depreciation	-77	0
	<u>1,582</u>	<u>0</u>
Total Property, Plant and Equipment	<u>39,181</u>	<u>2,967</u>

Note 7: Trade and Other Payables

	2006	2005
	\$	\$
PAYG tax	13,669	1
Superannuation liability	461	0
Trade creditors	96,410	0
	<u>110,540</u>	<u>1</u>

Note 8: Accrued Expenses

	2006	2005
	\$	\$
Audit fees	4,000	0
Employment subsidy	418,954	37,682
Long service leave accrued	11,799	0
Pre apprenticeship	10,000	0
Rent	3,418	0
Taster/step out program	35,384	0
Telephone – Land Lines	700	0
Travel & Accommodation	1,200	0
	<u>485,455</u>	<u>37,682</u>

Note 9: Equity

	2006	2005
New South Wales	\$	\$
Contributions	118,028	0
Share of surplus/deficit	312,382	0
	<u>430,410</u>	<u>0</u>
ACT		
Contributions	125,472	0
Share of surplus/deficit	59,800	0
	<u>185,272</u>	<u>0</u>
Queensland		
Contributions	780,818	0
Share of surplus/deficit	306,638	0
	<u>1,087,456</u>	<u>0</u>
Victoria		
Balance at beginning	298,702	221,349
Share of surplus/deficit	-128,592	77,353
	<u>170,110</u>	<u>298,702</u>

Note 10: Mortgages and Charges

The ABBTF had no mortgages, charges or securities affecting the property of the ABBTF at balance date.

Note 11: Related Parties

The following Board of Directors held office during the financial year:

Lindsay Partridge	Managing Director, Brickworks Ltd
Keith Mitchelhill	Exec General Manager, Boral Clay & Concrete
Chris Grubb	Exec General Manager, CSR Bricks & Pavers
Colin Kupke	Managing Director, C & M Bricks
Bruce Mackenzie	Director, Holmesglen Inst. of TAFE
Brian Moss	Apprentice Manager, Australand
Patrick Eather	General Manager Operations, Metricon Homes
Lawrie Dore	Chief Executive Officer, DJ Builders
Elizabeth Crouch	Chief Executive Officer, Industry Policy HIA
Grant Daly	National Manager, Training Policy MBA
Geoff Noble	General Manager, ABBTF

The aggregate remuneration of Executive Directors for the 2006 financial year was \$90,300 (2005 \$0).

There were no loans made to Board members during the reporting period.

Note 12: Contingent Liabilities

The following contingent liabilities may arise from wages support agreements through group training companies if and when apprentice bricklayers complete their training contract and apprenticeship term.

	\$
Victoria	380,000
New South Wales	687,000
Australian Capital Territory	35,000
Queensland	73,000
Total	<u>1,175,000</u>

Note 13: Comparative Figures

Comparative figures in the accounts reflect the change in operation from Victorian to National from January 2006 as referred to in the Directors' Report.

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