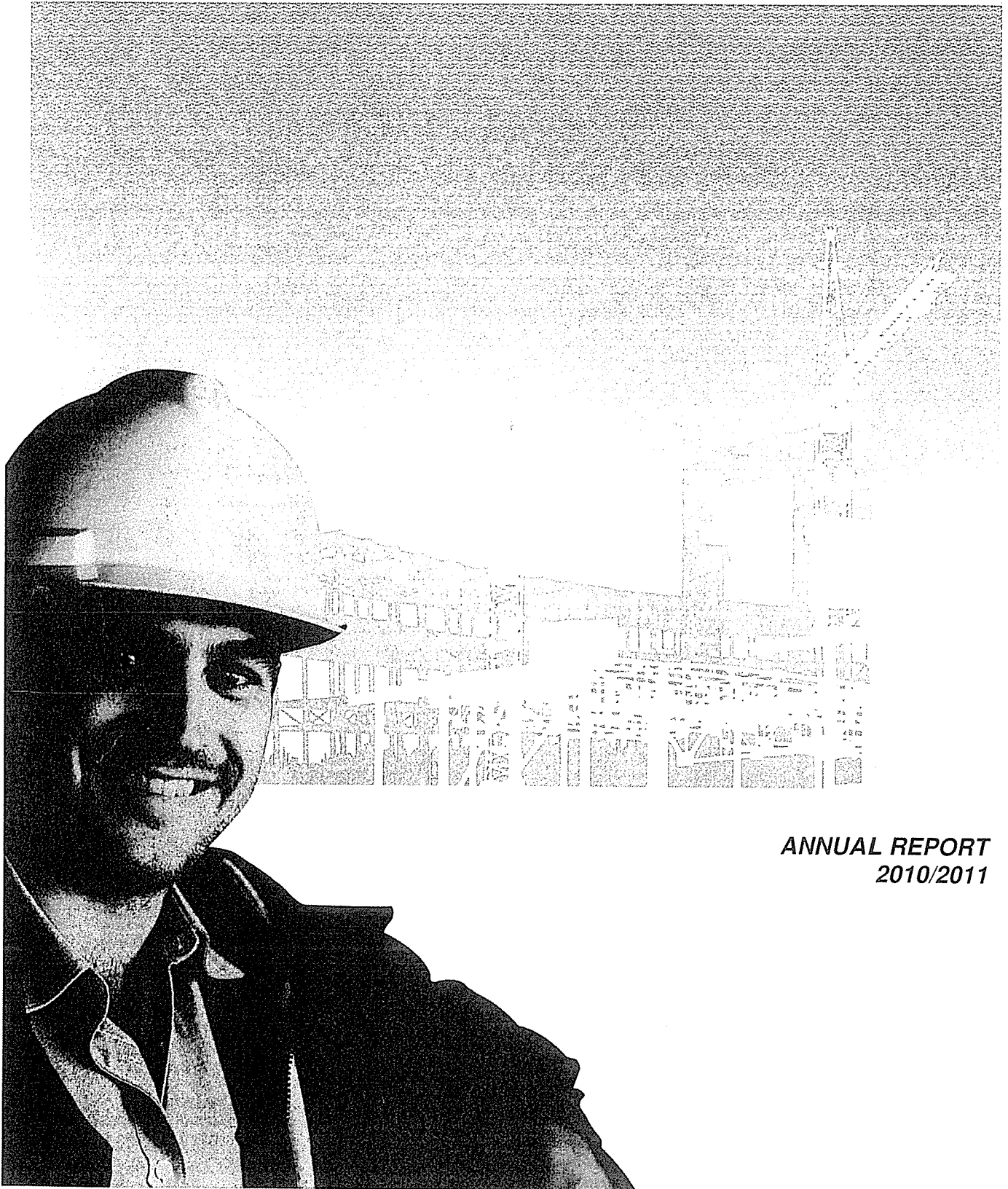


CONSTRUCTION INDUSTRY LONG
SERVICE LEAVE PAYMENTS BOARD



ANNUAL REPORT
2010/2011

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



Directory

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

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BANKERS:	Bank of Western Australia Limited
ACTUARY:	Pricewaterhouse Coopers
AUDITORS:	Auditor-General's Office
BUSINESS HOURS:	8.30 am to 5.00 pm Monday to Friday
PUBLICATIONS:	Pamphlets and other material explaining the Scheme are available from the Board's Office and the Board's web site.

ISSN 1033-4173

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



Honourable Simon O'Brien MLC
Minister for Finance; Commerce; Small Business
13th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Minister

In accordance with section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the Annual Report of the Construction Industry Long Service Leave Payments Board for the financial year ending 30 June 2011.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

L Gibbs
Chair

Date: 24/8/2011

M McLean
Member of the Board

Date: 24/8/2011

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



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CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



OVERVIEW

Executive Summary

The Board is now in its 25th year of operation and continues to achieve its original key objective of providing a portable long service leave benefit to onsite employees in the construction industry. Since commencement in 1987 the Board has made in excess of 18,000 payments to employees and the Scheme has grown to the current peak level of 74,845 registered employees as at 30 June 2011.

The strong growth, over the past 10 years, in employees being contributed for (average for the year) is shown in the table below;

Year	Employees Contributed For	Percentage Increase
2001	27,380	(n/a)
2002	27,171	(nom)
2003	28,406	(+5%)
2004	32,066	(+13%)
2005	34,950	(+9%)
2006	40,224	(+15%)
2007	45,022	(+12%)
2008	52,169	(+16%)
2009	56,562	(+8%)
2010	56,374	(nom)
2011	62,047	(+10%)

In the past year 2273 payments totalling \$16.9M were made to employees.

Whilst the number of employees has grown to a peak level in 2011, the number of employers reduced slightly to 4991 from the 2010 peak of 5124.

In the past year the employers' contribution levy generated \$62.7M and this was above budget. This strong performance was as a result of industry activity, number of employees contributed for and the number of days worked by employees in the industry.

The Board's investments performed well during the year with a return of + 8.0% (benchmark = 8.4%) generating an above budget result of \$13.6M. This investment income was a pleasing increase on last year's result of \$8.1M. Investment conditions remained challenging during the year; however, year on year, market growth was achieved.

Over recent years the Board has suffered adversely from the Global Financial Crisis however the Statement of Financial Position as at 30 June 2011 shows that the Board has restored its equity position and now has Total Equity of \$16.1M. Notwithstanding this Total Equity of \$16.1M (as at 30 June 2011) it is important to note that at the time of writing this Executive Summary global financial markets were highly volatile.

The impact on the Australian ASX 200 Index has been significant and as at 9 August 2011 the index had fallen to 4,035 which is -12% on 30 June 2011 level of 4,608. The short/medium term outlook for financial markets is one of continued volatility. A sustained market downturn will have an adverse impact on the Board's investment portfolio and in turn the 30 June 2011 Total Equity of \$16.1M.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



Executive Summary (continued)

On a more positive note the table below shows the significant growth in the assets and liabilities of the Board over the past 5 and 10 years.

	30 June 2001	30 June 2006	30 June 2011	5 Year Growth	10 Year Growth
Assets	\$86.7M	\$108.3M	\$223.4M	106%	158%
Liabilities	\$59.0M	\$74.8M	\$207.2M	177%	251%
Total Equity	\$27.7M	\$33.5M	\$16.1M	(52%)	(42%)

During the year the Board engaged its Actuary (Pricewaterhouse Coopers) to undertake an "Experience Review" ie a detailed analysis of the Scheme in regards to key historical performance aspects including:

- growth rate in the number of employees;
- participation rate of employee;
- termination rate of employees; and
- in-service rate (the rate at which employees take long service leave whilst in the Scheme).

This exercise covered the period 2006 – 2010 and has enabled the Board to update its actuarial model to be as precise as possible – this will be of significant benefit to the Board in the forward planning of required asset levels (investment funds) to cover the forecast growth in the actuarial liability. The actuarial model forecasts that the liability (as per AASB119) to employees will increase to \$291M in the period to June 2015.

In the ensuing months Board Members will carefully assess the up to date financial position of the Board plus forecast investment earnings and liability projections and determine the contribution levy for 2012. The preliminary view is that the levy will remain unchanged at 2.25%. The levy of 2.25% is comparable to Schemes in other states which have a levy in the range 1.25% - 2.70%.

The Board continues to have a reasonably conservative investment strategy with the asset allocation as at 30 June 2011 being:

	Recommended Range*	Recommended Benchmark*	Actual Allocation
	%	%	%
Australian Shares	35 - 75	55.0	56.7
Overseas Shares	0 - 15	-	-
Listed Property	0 - 20	10.0	5.8
Total Growth Assets	35 - 75	65.0	62.5
Australia Fixed Interest	10 - 40	20.0	19.4
Overseas Fixed Interest	0 - 15	-	-
Cash	10 - 40	15.0	18.1
Total Fixed Income Assets	25 - 65	35.0	37.5
Total Assets		100	100

*As per the Board's Investment Policy Statement

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



Executive Summary (continued)

Scheme funds under management totalled \$197.9M as at 30 June 2011. The Board's Investment Advisor is Pricewaterhouse Coopers and funds are managed by:

- Maple-Brown Abbott Limited;
- Mercer (Australia) Pty Ltd; and
- Schroder Investment Management Australia Limited.

In addition to the above the Board held cash deposits of \$10.0M as at 30 June 2011.

From an operational perspective the Board continues to review systems to improve operational efficiencies. The Board is optimistic that legislative amendments to the Construction Industry Portable Paid Long Service Leave Act 1985 will be finalised in the short term and that these amendments will result in the achievement of further efficiencies. The Board will ensure the amendments are publicised so that parties affected are aware of the changes.

In view of the increasing number of interstate based employers (with employees working on site in Western Australia), Board staff are to undertake an interstate visit early in the new financial year to meet some of those employers and enhance their understanding of our Scheme. This interstate visit demonstrates the Board's service commitment to industry employers.

On a local basis the Board continues to ensure that employers which are required to be registered, are registered, and are correctly recording service for eligible employees. Furthermore the Board's inspection team continues with its program across both metropolitan and regional locations to ensure employers are paying the correct contribution levy for eligible employees.

The changing nature of employment in the industry means that the Board has an increasing level of employees with interstate service and this has resulted in an increasing level of awareness and cooperation amongst Australia-wide Schemes to ensure employees can access their benefits with the minimum of effort. Furthermore, all Australia-wide Schemes are working together to implement, where ever possible, best practice operational processes.

The financial year 2011 – 2012 will be an exciting period for the Scheme as it will be the host of the 2011 National Conference of Portable Long Service Leave Schemes – an opportunity which only comes around every 8 years. Delegates will include Chairs, Board Members and senior executives from the eight Australian Schemes. The Conference will be held at Mandurah in October 2011 and will feature a well-qualified line up of industry speakers. Our Minister, the Hon. Simon O'Brien MLC, will formally open the Conference.

The Conference promises to be an important forum for delegates to enhance knowledge and to network with delegates from other states.

On the 6th January 2012 the Board will achieve its 25th year anniversary milestone. The Board is very proud of this achievement and looks forward to continuing to deliver an invaluable service to both industry employees and employers.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



Operational Structure

Enabling Legislation

The Construction Industry Long Service Leave Scheme (the Scheme) was established by 'The Construction Industry Portable Paid Long Service Leave Act, 1985' (the Act) which was assented to on 13 December 1985.

The Act and the Regulations prescribing the Awards to be included in the Scheme were proclaimed on 19 December 1986. The Scheme commenced by Ministerial Order on the appointed day of 6 January 1987.

Responsible Minister

The Honourable Simon O'Brien MLC, Minister for Finance, Commerce, Small Business

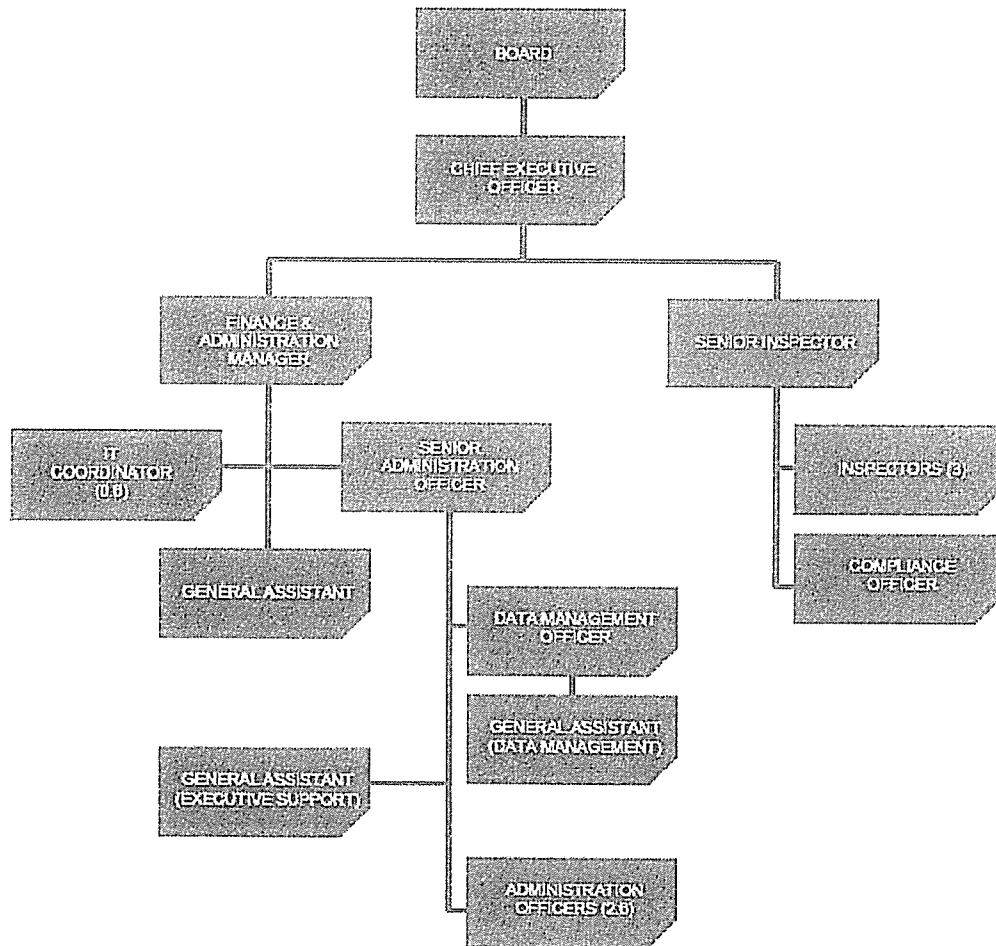
Mission

To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



Organisational Chart



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



Operational Structure (continued)

The Board

Formal title: Construction Industry Long Service Leave Payments Board (the Board)

Appointment

The Act provides for the Scheme to be administered by the Board which is a body corporate comprising of seven members. The members of the Board are appointed by the responsible Minister for a period of two years. Current Board members' appointments end on 24 September 2011.

In accordance with the provisions of the Act, three members representing employers are selected by the responsible Minister from nominations by the Master Builders Association of W.A. and the Chamber of Commerce and Industry of W.A.

To represent employees three members are selected from nominations by Unions W.A. and the Building Trades Associations of Unions of W.A.

The Chair is a separate appointment by the Minister.

Board Members

CHAIR

Ms L. Gibbs LLB

MEMBERS

Nominated under section 6(b) of the Act to represent employers:-

Mr D. Lee
Mr M. McLean
Mr R. Sputore

Nominated under section 6(c) of the Act to represent employees:-

Mr S. McCartney
Mr L. McLaughlan
Mr K. Reynolds

Senior Officers

Mr F. J. Youens CPA, F Fin, MAICD
Chief Executive Officer

Mr J. Flint FCPA, FCIS, P.Grad Bus, BBus
Finance & Administration Manager

Board Meetings Attendance

	NUMBER OF MEETINGS ELIGIBLE TO ATTEND	NUMBER ATTENDED
Ms L Gibbs (Chair)	4	4
Mr D Lee	4	2
Mr S McCartney	4	3
Mr L McLaughlan	4	3
Mr M McLean	4	4
Mr K Reynolds	4	1
Mr R Sputore	4	4

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2011

Key Legislation Impacting on Activities

Auditor General Act 2006

Crime Corruption Commission Act 2003

Disability Services Act 1993

Equal Opportunity Act 1984

Financial Management Act 2006

Freedom of Information Act 1992

Industrial Relations Act 1979

Occupational Safety and Health Act 1984

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

State Records Act 2000

Statutory Corporations (Liability of Directors) Act 1996

Superannuation Guarantee (Administration) Act 1992

Trustees Act 1962

Workers Compensation and Injury Management Act 1981

In the financial administration of the Scheme the Board has complied with the requirements of the Financial Management Act 2006 and other relevant written law and exercised controls which provide reasonable assurance that the receipt and expenditure of monies and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing the Board is not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2011

Performance Management Framework

Outcome Based Management Framework

A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.

Changes to the Outcome Based Management Framework

The Board's Outcome Based Management Framework did not change during 2010/2011.

Shared Responsibilities with Other Agencies

The Board does not share responsibilities with any other agencies.

Report on Operations

Financial Targets: Actual performance compared to the Board's Budget Estimates

	2010-11 Estimate (1) \$000	2010-11 Actual \$000	2010-11 Variation \$000
Contribution From Employers	\$53,176	\$62,657	\$9,481 (a)
Investment Income	\$8,565	\$13,587	\$5,022 (b)
Total Equity	\$19,620	\$16,149	(\$3,471) (c)

(1) As per the Board's Budget estimates.

(a) Number of employees contributed for and employees' days of service in the construction industry were higher than estimated.

(b) The investment return was 8.0% compared to the estimate of 6.0% and portfolio value was larger than estimate.

Investment Income comprises:

- Net investment revenue;
- Interest revenue;
- Gain on disposal of investments;
- Impairment losses of investments; and
- Change in the fair value of available-for-sale financial assets.

(c) Contributions from employers and investment income were higher than estimate however initial forecast of Total Equity at 30 June 2010 was significantly different (-\$10.6M) to actual and the actuarial liability increase was higher than estimate (+\$6.9M).

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2011

Key Performance Indicators: Actual performance compared to the Board's Budget Forecast

	2010-11 Estimate (1)	2010-11 Actual	2010-11 Variation
Outcome: A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.			
Key Effectiveness Indicators:			
(i) construction industry employers who have registered with the Board.	5,082	4,991	(91)
(ii) eligible and registered construction industry employees for whom contributions have been made.	53,561	62,047	8,486
(iii) qualifying service profile of construction industry employees for whom contributions have been made:- - Total number of employees qualified for a long service leave benefit	11,912	10,097	(1,815)
(iv) construction industry employees who have received a long service leave payment.	2,063	2,273	210
(v) construction industry employers long service leave contribution rate.	2.25%	2.25%	-
(vi) annual return derived from the Board's investments.	6.0%	8.0%	2.0%
Service: Management of the Construction Industry Long Service Leave Scheme.			
Key Efficiency Indicators:			
(i) average administrative cost per registered construction industry employee.	\$45.87 p.a	\$42.49 p.a	(\$3.38) p.a
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.21	0.20	(0.01)

(1) As per the Board's Budget, internal modelling and actuarial forecasts.

The Key Effectiveness Indicators show that the Board significantly exceeded the number of employees for whom contributions were made and the number of employers was very close to estimate. Key Effectiveness Indicator (vi) shows that the Board generated a sound return from investments.

The Key Efficiency Indicators show that the Board has performed better than estimates and this was achieved due to the economies of scale associated with increased construction industry employee numbers.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2011

Significant Issues and Trends

Current and emerging issues and trends

Stability and growth in financial markets remains a key issue for the Board and in the event of a material downturn the Board's reasonably conservative investment strategy should slightly reduce the negative impact on the investment return. The Board highlights the considerable uncertainty in the forecasting of financial market performance. In June 2011 the median forecasts by leading Australian Economists was for the ASX 200 index to increase from the 30 June 2011 level of 4,608 to 5,050 at 31 December 2011 and then to 5,339 at 30 June 2012. With the ASX 200 index falling to 4,035 as at 9 August 2011 the achievement of 5,339 (+32%) by 30 June 2012 would appear very optimistic.

The Board will continue to be guided by its Investment Advisor with the goal of taking a long term view and balanced approach to the management of the investment portfolio during periods of volatility and uncertainty in financial markets.

The growth in the daily rate of pay for benefits paid by the Scheme remains an issue that the Board regularly monitors. The table below summarises the actual results of the Scheme.

Year ending	Daily Rate of Pay	% increase pa
2007	\$205	n/a
2008	\$225	9.8%
2009	\$244	8.4%
2010	\$256	4.9%
2011	\$268	4.7%
4 year average		6.9%

The Scheme's 4 year average of 6.9% is slightly under the Average Weekly Earnings growth for WA males level of 7.9% (Source; Australian Bureau of Statistics). Notwithstanding this, industry sources report strong pressure on construction industry wages as a flow-on effect of resource industry labour demand.

In the Board's "base case" financial model an assumed long term rate of pay growth of 5%pa is utilised. If the rate of pay growth is in excess of this assumed level then it has a direct impact on the Board's actuarial liability ie pay growth of say 6%pa in 2012 will result in an additional increase in the actuarial liability of ~\$2M.

The Board will continue to monitor pay growth to ensure that any strong above average pay growth is adequately offset by contribution levy and investment earnings.

Changes in Written Law

The repeal of the Workplace Relations Act 1996 and introduction of the Fair Work Act (Cth) 2009.

Likely Developments

Amendments to the Construction Industry Portable Paid Long Service Leave Act 1985 (the Act) are progressing as a result of the legislative changes with the introduction of the Fair Work Act (Cth) 2009. In addition, the Board has sought further legislative changes to the Act which will improve administrative efficiency.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2011

Disclosure and Legal Compliance

FINANCIAL STATEMENTS

CERTIFICATION STATEMENT:

The accompanying financial statements of the Construction Industry Long Service Leave Payments Board have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2011 and the financial position as at 30 June 2011.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

Signed this 24th day of August, 2011

L Gibbs
Chair

M McLean
Member of the Board

J Flint
Chief Finance Officer



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010 \$000
INCOME			
Revenue			
Contribution from employers		62,657	52,669
Employer surcharges		-	4
Net investment revenue	6	7,978	5,403
Interest revenue	7	802	1,303
Property revenue		33	42
Other revenue		35	5
Gains			
Net gain on disposal of investments	9	735	8,714
TOTAL INCOME		72,240	68,140
EXPENSES			
Long service leave payments		16,890	16,323
Impairment losses of investments		3,204	-
Employee benefits expense	10	1,283	1,229
Supplies and services	11	1,645	1,203
Depreciation and amortisation expense	12	34	43
Finance costs	13	59	132
Accommodation expenses	14	358	329
Property expenses		2	3
Accrued long service leave liability	8	17,688	21,700
Other expenses	15	395	483
TOTAL EXPENSES		41,558	41,445
PROFIT FOR THE PERIOD		30,682	26,695
OTHER COMPREHENSIVE INCOME			
Changes in the fair value of available-for-sale financial assets	24	7,276	(7,276)
Total other comprehensive income/(loss)		7,276	(7,276)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		37,958	19,419

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF FINANCIAL POSITION AS AT YEAR END 30 JUNE 2011

	Note	2011 \$000	2010 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	25	10,049	11,600
Receivables	16	605	191
Other current assets	18	14,760	12,322
Available-for-sale financial assets	17	197,891	143,381
Total Current Assets		<u>223,305</u>	<u>167,494</u>
Non-Current Assets			
Property, plant and equipment	19	79	67
Intangible assets	20	5	2
Total Non-Current Assets		<u>84</u>	<u>69</u>
TOTAL ASSETS		<u>223,389</u>	<u>167,563</u>
LIABILITIES			
Current Liabilities			
Accrued long service leave benefits liability	8	123,475	115,655
Payables	22	719	579
Provisions	23	270	238
Total Current Liabilities		<u>124,464</u>	<u>116,472</u>
Non-Current Liabilities			
Accrued long service leave benefits liability	8	82,727	72,859
Provisions	23	49	41
Total Non-Current Liabilities		<u>82,776</u>	<u>72,900</u>
TOTAL LIABILITIES		<u>207,240</u>	<u>189,372</u>
NET ASSETS		<u>16,149</u>	<u>(21,809)</u>
EQUITY			
Reserves	24	-	(7,276)
Accumulated surplus/(losses)	24	16,149	(14,533)
TOTAL EQUITY		<u>16,149</u>	<u>(21,809)</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Note	Reserves \$000	Accumulated surplus/ (losses) \$000	Total equity \$000
Balance at 1 July 2009		-	(41,228)	(41,228)
Total comprehensive income/(loss) for the year		-	26,695	26,695
Net change in fair value of available-for-sale financial assets		(7,276)	-	(7,276)
Balance at 30 June 2010	24	(7,276)	(14,533)	(21,809)
Balance at 1 July 2010		(7,276)	(14,533)	(21,809)
Total comprehensive income/(loss) for the year		-	30,682	30,682
Other comprehensive income				
Net change in fair value of available-for-sale financial assets		7,276	-	7,276
Balance at 30 June 2011	24	-	16,149	16,149

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from employers		59,672	51,471
Interest received		802	1,303
GST receipts from taxation authority		(10)	-
Other receipts		68	42
Payments			
Employee benefits		(1,258)	(1,143)
Supplies and services		(1,506)	(1,013)
Finance costs		(59)	(132)
Accommodation		(358)	(329)
GST payments to taxation authority		-	(18)
Payments for long service leave		(16,890)	(16,322)
Other payments		(238)	(487)
Net cash (used in)/provided by operating activities	25	40,223	33,372
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		-	5
Purchase of non-current intangible assets		(49)	(24)
Proceeds from sale of investments		23,782	93,195
Purchase of investments		(73,485)	(152,953)
Distributions received		7,978	5,403
Net cash provided by/(used in) investing activities		(41,774)	(54,374)
Net (decrease)/increase in cash and cash equivalents		(1,551)	(21,002)
Cash and cash equivalents at the beginning of period		11,600	32,602
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	25	10,049	11,600

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

1. Australian Accounting Standards

General

The Construction Industry Long Service Leave Payments Board's ("the Board") financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Board has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended but are not operative have been early adopted by the Board for the annual reporting period ended 30 June 2011.

2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except that the following assets are stated at their fair value: financial instruments classified as available-for-sale.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at Note 4 'Key sources of estimation uncertainty'.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(b) Basis of Preparation (continued)

At 30 June 2011 the Board has an excess of assets over liabilities of \$16.15 million (2010: excess of liabilities over assets of \$21.8 million). This was as a result of an increase of \$17.69 million in actuarial valuation of Accrued Long Service Leave Benefits at year end (2010: \$21.7 million) less the above budget contribution from employers and above budget investment revenue.

(c) Reporting Entity

The reporting entity comprises the Construction Industry Long Service Leave Payments Board.

(d) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Contribution from employers

Contributions from employers are due at the end of each 3 month period. Consequently contributions due in respect of the quarterly period to 30 June 2011 have been accrued.

Investment revenue

Investment revenue comprises distributions received from managed funds investments and is recognised when the Board becomes entitled to receive the distributions.

Interest

Revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and gains on redemptions of investments in managed funds.

(e) Property, Plant and Equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(e) Property, Plant and Equipment (continued)

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the cost model is used for the measurement of all other property, plant and equipment. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Leasehold improvements	5 years
Furniture and fittings	10 years
Office equipment	3 to 5 years
Motor vehicles	6 to 7 years

(f) Intangible Assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$5,000 are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Board have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Licences	3 to 5 years
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Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(f) Intangible Assets (continued)

Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

(g) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

As the Board is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at end of each reporting period.

(h) Leases

The Board has entered into a number of operating lease arrangements for the rent of the office building and motor vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Lease payments are expensed on a straight line basis over the lease terms as this represents the pattern of benefits to be derived from the leased property and motor vehicles.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(i) Financial Instruments

In addition to cash, the Board has the following categories of financial instrument:

- Loans and receivables
- Financial liabilities measured at amortised cost
- Available-for-sale financial assets (includes units in quoted managed investment funds and managed listed shares).

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Units in quoted managed investment funds and managed listed shares
- Term deposits

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Fair value of the available-for-sale financial assets are based on current bid prices.

(j) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(k) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(l) Investments and Other Financial Assets

The Board classifies its investments into the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

(i) Loans and receivables

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(l) Investments and Other Financial Assets (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable units and shares in managed investment funds, are non-derivatives that are either designated in this category or not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses on available-for-sale financial assets are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Comprehensive Income. The fair value of quoted investments are based on current bid prices.

Purchases and sales of investments are recognised on trade-date – the date on which the Board commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership.

The Board assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is no objective evidence of impairment then no action is taken at that time. However if there is objective evidence of impairment, then the Board calculates the amount of any loss and recognises it during that reporting period.

(m) Payables

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at fair value, as they are generally settled within 30 days.

(n) Provisions

Provisions are liabilities of uncertain timing and amount. The Board only recognises a provision where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting period.

Other Provisions

Employment on-costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(n) Provisions (continued)

Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Conditional long service leave provisions are classified as non-current liabilities because the Board has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Eligible employees may contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension Scheme or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS).

Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Board makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(n) Provisions (continued)

Superannuation (continued)

Prior to July 1991 the Board had a private superannuation scheme for employees. This has since been wound up with all assets and members entitlements transferred to Asgard. The Board contributes to Asgard for those members still employed by the Board and the contributions made to this scheme extinguish any future liability for the Board. Employees who commenced working with the Board after July 1991 are only able to join the West State Superannuation Scheme (WSS) and when joining the Board after 16 April 2007 employees must join the GESB Super Scheme (GESBS). Both Schemes are operated by GESB.

The GSS Scheme, the WSS Scheme and the GESBS Scheme, where the current service superannuation charge is paid by the Board to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, the WSS Scheme and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB. The GSS Scheme is a defined benefit scheme for the purposes of employees and whole of government reporting. However, from an agency perspective, apart from the transfer benefits, it is a defined contribution plan under AASB119.

(o) Superannuation expense

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

(p) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(q) Finance costs

Finance costs are comprised of bank charges on the bank accounts held by the Board and are expensed when incurred.

(r) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

(s) Reporting Entity

The reporting entity comprises the Board. There are no related parties



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

3. Judgements made by management in applying accounting policies

There have been no judgements made by management in applying accounting policies that have significant effect.

4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Board's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Board.

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the Authority to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Authority's Statement of Cash Flows relate to increases in recognised assets.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

5. Disclosure of changes in accounting policy and estimates (continued)

Voluntary changes in Accounting Policy

There have been no significant voluntary changes in accounting policy.

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Board has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Board. Where applicable, the Board plans to apply these Australian Standards from their application date:

		Operative for reporting periods beginning on/after
<i>AASB 2009-11</i>	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]. The amendment to AASB 7 Financial Instruments Disclosures requires modification to the disclosure of categories of financial assets. The Board does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 Jan 2013
<i>AASB 2009-12</i>	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] This Standard introduces a number of terminology changes. There is no financial impact on the Board resulting from the application of this revised Standard.	1 Jan 2011
<i>AASB 1053</i>	Application of Tiers of Australian Accounting Standards This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Board. However it may affect disclosures in the financial statements of the Board if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.	1 July 2013



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

AASB 2010-2	<p>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on the Board. However this Standard may reduce some note disclosures in financial statements of the Board. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013
AASB 2011-2	<p>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</p> <p>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
AASB 2010-5	<p>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)</p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on the Authority resulting from the application of this revised Standard.</p>	1 Jan 2011
AASB 2010-6	<p>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]</p> <p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
AASB 9	<p>Financial Instruments</p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The Standard was reissued on 6 Dec 2010 and the Board is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

AASB 2010-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</p> <p>This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013
AASB 1054	<p>Australian Additional Disclosures</p> <p>This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011
AASB 2011-1	<p>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]</p> <p>This Amending Standard, in conjunction with AASB 1054 Australian Additional Disclosures, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

	2011 \$000	2010 \$000
6. Net investment revenue		
Distributions from managed funds	7,978	5,403
	<u>7,978</u>	<u>5,403</u>

7. Interest revenue

Bank account and term deposit interest	802	1,303
	<u>802</u>	<u>1,303</u>

8. Accrued long service leave benefits liability

The Scheme's long service leave liability at 30 June 2011 has been calculated by the Actuary as \$206.2 million (as per AASB 119)

Opening balance	188,514	166,814
Increase in provision	17,688	21,700
Closing balance	<u>206,202</u>	<u>188,514</u>

The liability is allocated as follows:

Current		
Accrued long service leave benefits liability	123,475	115,655
Non-current		
Accrued long service leave benefits liability	82,727	72,859
Total	<u>206,202</u>	<u>188,514</u>

The two key assumptions applied by the Actuary in calculating the liability are:

- The rate of members' future pay increases is estimated at 5.0% (2010: 5.0%) per annum.
- The discount rate is 5.2% (2010: 4.4%) as quoted by the government bond rate for a 7.7 (2010: 2.9) year term.

9. (Losses)/gains on disposal of investments

Costs of disposal of investments	23,338	114,903
Impairment loss recognised to date	-	(30,423)
	<u>23,338</u>	<u>84,480</u>
Proceeds from disposal of investments	23,782	93,194
Realised gains from current period sales	444	8,714
Prior period gains on sale recognised in current period	291	-
Total realised gains	<u>735</u>	<u>8,714</u>

10. Employee benefits expense

Wages and salaries ^(a)	922	861
Superannuation – defined contribution plans	262	281
Long service leave ^(b)	8	5
Annual Leave ^(b)	91	82
	<u>1,283</u>	<u>1,229</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 15 'Other Expenses'. The employment on-costs liability is included at note 23 'Provisions'.

11. Supplies and services

Communications	147	147
Consultants and contractors	1,205	780
Consumables	94	99
Travel	45	36
Other	154	141
	<u>1,645</u>	<u>1,203</u>



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

12. Depreciation and amortisation expense

Depreciation		
Plant, equipment and vehicles	17	22
Leased plant, equipment and vehicles	14	15
Total depreciation	<u>31</u>	<u>37</u>
Amortisation		
Intangible assets	3	6
Total amortisation	<u>3</u>	<u>6</u>
Total depreciation and amortisation	<u>34</u>	<u>43</u>

13. Finance costs

Bank fees	59	132
	<u>59</u>	<u>132</u>

14. Accommodation expenses

Lease rentals	338	313
Repairs and maintenance	5	2
Light and power	15	14
	<u>358</u>	<u>329</u>

15. Other expenses

Board members fees	77	77
Employment on-costs ^(a)	38	39
Annual leave provision	21	51
Long service leave provision	18	35
Doubtful debts expense	159	191
Insurances	49	58
Motor vehicle expenses	33	32
	<u>395</u>	<u>483</u>

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 23 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

16. Receivables

Employer debtors	677	308
Allowance for impairment of employer debtors	(163)	(208)
	<u>514</u>	<u>100</u>
Other debtors	33	43
GST receivable	58	48
	<u>605</u>	<u>191</u>

Reconciliation of changes in the allowance for impairment of employer debtors:		
Balance at start of year	208	47
Doubtful debts expense recognised in the statement of comprehensive income	159	191
Amounts written off	(204)	(30)
Balance at end of year	<u>163</u>	<u>208</u>

\$203,842 of bad debts, where an allowance for impairment was not previously raised, were written off during the year directly against employer debtors (2010: \$30,278).



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

	2011 \$000	2010 \$000
17. Available-for-sale financial assets		
At valuation:		
- Maple-Brown Abbott Limited	61,427	47,829
- Mercer (Australia) Pty Ltd	61,727	46,802
- Schroder Investment Management Aust Limited	74,737	48,750
	<u>197,891</u>	<u>143,381</u>
18. Other assets		
Accrued contributions	14,700	12,288
Prepayments	60	34
	<u>14,760</u>	<u>12,322</u>
19. Property, plant and equipment		
Furniture and fittings		
At cost	38	30
Accumulated depreciation	(14)	(11)
	<u>24</u>	<u>19</u>
Leasehold improvements		
At cost	71	73
Accumulated depreciation	(69)	(57)
	<u>2</u>	<u>16</u>
Office equipment		
At cost	57	62
Accumulated depreciation	(21)	(59)
	<u>36</u>	<u>3</u>
Motor vehicles		
At cost	24	58
Accumulated depreciation	(7)	(29)
	<u>17</u>	<u>29</u>
	<u>79</u>	<u>67</u>

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

19. Property plant and equipment (continued)

	Furniture and fittings \$000	Leasehold improvements \$000	Office equipment \$000	Motor vehicles \$000	Total \$000
2011					
Carrying amount at start of year	19	16	3	29	67
Additions	8	-	41	-	49
Disposals	-	-	-	(6)	(6)
Depreciation	(3)	(14)	(8)	(6)	(31)
Carrying amount at end of year	24	2	36	17	79
2010					
Carrying amount at start of year	22	30	14	13	79
Additions	-	-	-	24	24
Depreciation	(3)	(14)	(11)	(8)	(36)
Carrying amount at end of year	19	16	3	29	67

2011
\$000

2010
\$000

20. Intangible assets

Licences		
At cost	15	28
Accumulated amortisation	(10)	(28)
	5	-
Reconciliation		
Licences		
Carrying amount at start of year	2	8
Additions	6	-
Amortisation expense	(3)	(6)
Carrying amount at end of year	5	2

21. Impairment of assets

There were no indications of impairment to Property, plant and equipment and intangible assets at 30 June 2011.

The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

There were no surplus assets held at 30 June 2011.

22. Payables

Trade payables	380	336
Accrued salaries	25	23
Accrued expenses	314	220
	719	579



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

	2010 \$000	2009 \$000
23. Provisions		
Current		
Employee benefits provision		
Annual leave ^(a)	114	138
Long service leave ^(b)	96	87
	<u>210</u>	<u>225</u>
Other provisions		
Employment on-costs ^(c)	60	13
	<u>270</u>	<u>238</u>
Non-current		
Employee benefits provision		
Long service leave ^(a)	41	36
	<u>41</u>	<u>36</u>
Other provisions		
Employment on-costs ^(c)	8	5
	<u>49</u>	<u>41</u>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	80	84
More than 12 months after reporting date	34	54
	<u>114</u>	<u>138</u>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	38	50
More than 12 months after reporting date	99	73
	<u>137</u>	<u>123</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 15 'Other expenses'.

Movement in Other Provisions

Movement in the Employment on-costs provision during the financial year is set out below.

Carrying amount at start of the year	18	13
Additional provision recognised	50	5
Carrying amount at end of year	<u>68</u>	<u>18</u>

24. Equity

Fair value reserve

Balance at start of year	(7,276)	-
Movement for the year	7,276	(7,276)
Balance at end of year	<u>-</u>	<u>(7,276)</u>

Accumulated surplus/(losses)

Balance at start of year	(14,533)	(41,228)
Result for the period	30,682	26,695
Balance at end of year	<u>16,149</u>	<u>(14,533)</u>



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

2011 2010
\$000 \$000

25. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	10,049	11,600
	<u>10,049</u>	<u>11,600</u>

Reconciliation of profit to net cash flows provided by operating activities

Profit	30,682	26,695
Non-cash items:		
Depreciation and amortisation expense	34	43
Investment income reinvested	(7,978)	(5,403)
Doubtful debts expense	159	161
Net gain on sale of property, plant and equipment	-	(5)
Net gain on sale of investments	(735)	(8,714)
Impairment loss on investments	3,204	-
(Increase)/decrease in assets:		
Current receivables	(573)	(212)
Other current assets	(2,438)	(1,163)
Increase/(decrease) in liabilities:		
Current payables	44	66
Current provisions	32	85
Other current liabilities	96	118
Non-current provisions	8	1
Accrued LSL benefits liability	17,688	21,700
Net cash provided by operating activities	<u>40,223</u>	<u>33,372</u>

26. Commitments

Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:

Within 1 year	300	310
Later than 1 year and not later than 5 years	1,146	-
	<u>1,446</u>	<u>310</u>

Representing:

Non-cancellable operating leases	1,446	310
	<u>1,446</u>	<u>310</u>

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Motor vehicles		
Within 1 year	22	5
Later than 1 year and not later than 5 years	33	-
	<u>55</u>	<u>5</u>

Property lease

Within 1 year	279	305
Later than 1 year and not later than 5 years	1,112	-
	<u>1,391</u>	<u>305</u>



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

26. Commitments (continued)

The property lease is a non-cancellable lease with a five-year term and a further five-year option to extend, with rent payable monthly in advance. Contingent rent provisions within the lease agreement requires that the rent is reviewed on the first, second and fourth anniversaries to CPI. The lease agreement provides for the rent to be reviewed to market rent on the third and fifth anniversaries. There is an option to extend the lease for a further five years from the 25 June 2016.

	2011 \$000	2010 \$000
Other expenditure commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
<i>Advertising</i>		
Within 1 year	3	4
<i>Printing & stationery</i>		
Within 1 year	2	7
<i>Consultancy reviews</i>		
Within 1 year	1	-
	6	11

27. Contingent liabilities and contingent assets

There were no significant contingent liabilities or contingent assets existing at reporting date.

28. Events occurring after the end of the reporting date

There were no significant events occurring after the balance sheet date that require disclosure.

29. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011. Significant variations are considered to be those greater than 10% or \$100,000.

Significant variances between estimate and actual results for the financial year

		2011 Estimate \$000	2011 Actual \$000	Variance \$000
INCOME				
Contribution from employers	(1)	53,176	62,657	9,481
Investment income	(2)	8,565	13,587	5,022
EXPENSES				
Long service leave payments	(3)	17,000	16,890	(110)
Increase in long service leave liability	(4)	10,800	17,688	6,888

- (1) Number of employees contributed for and employees' days of service in the construction industry were higher than estimated.
- (2) The investment return was 8.0% compared to estimate of 6.0% and the portfolio value was larger than estimate. Please refer to page 8 for details of the individual components of Investment income.
- (3) Long service leave payments were very close to estimate.
- (4) The increase in long service leave liability is in line with the actuarial review undertaken in June 2011.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

29. Explanatory statement (continued)

Significant variances between actual and prior year actual – income and expenses

		2011 \$000	2010 \$000	Variance \$000
INCOME				
Contribution from employers	(1)	62,657	52,669	9,988
Investment income	(2)	13,587	8,144	5,443
EXPENSES				
Long service leave payments	(3)	16,890	16,323	567
Increase in long service leave liability	(4)	17,688	21,700	(4,012)
Supplies and services	(5)	1,645	1,203	442

- (1) Variance reflects significant growth in the number of employees being contributed for (from 56,374 to 62,047) and employee's days of service in the construction industry.
- (2) Sound investment performance was achieved as compared to 2010 which was impacted by the GFC. In addition, the investment portfolio increased from \$155.0M in 2010 to \$207.9M in 2011. Please refer to page 8 for details of the individual components of Investment income.
- (3) Long service leave payments were higher than 2010 as a result of an increase in the value of employee's benefit i.e. 2011 average was \$7,430 compared to \$7,162 in 2010.
- (4) The long service leave liability is in line with the actuarial review undertaken in June 2011.
- (5) Increased expense was as a result of the Board's implementation of the revised investment strategy during financial year ending 30 June 2010. As a result, Fund Managers' fees increased from \$0.279M to \$0.597M (+\$0.318M). Other increases related to actuarial review, investment review and computer consultancy.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

30. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, term deposits, available-for-sale financial assets, receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 30(c).

The Board trades only with recognised, creditworthy third parties and invests with counterparties that have a high credit rating. Receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Board procedure is to contact debtors with debts outstanding at 30 days. If payment is not received within the following 7 days the debt is passed to a commercial collection agency for collection.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 16 'Receivables'.

Liquidity risk

The Board is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due.

The Board's objective is to maintain a positive cash flow. The Board has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

The Board does not trade in foreign currency. Other than as detailed in the interest rate sensitivity analysis table at Note 30(c), the Board has limited exposure to interest rate risk because it is not permitted to have borrowings.

Equity price risk arises from available-for-sale equity securities held for meeting the Board's long service leave obligations. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the fund manager.

The primary goal of the Board's investment strategy is to maximize investment returns in order to meet the Board's long service leave obligations.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2011	2010
	\$000	\$000
Financial Assets		
Cash and cash equivalents	10,049	11,600
Receivables	605	191
Other assets (Prepayments)	60	34
Available-for-sale financial assets	197,891	143,381
Financial Liabilities		
Payables	719	579



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Credit risk and interest rate exposures

The following table disclose the Board's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Board.

The Board does not hold any collateral as security or other credit enhancement relation to the financial assets it holds.

The Board does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets

	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Interest rate exposure			Past due but not impaired					Impaired financial assets \$000
			Fixed Interest rates \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000	Up to 3 Months \$000	3-12 Months \$000	1- 2 Years \$000	2-5 Years \$000	More than 5 Years \$000	
2011											
<u>Financial assets</u>											
Cash and cash equivalents	5.23	10,049	-	10,049	-	-	-	-	-	-	-
Receivables		605	-	-	605	328	277	-	-	-	-
Other assets		60	-	-	60	-	-	-	-	-	-
Available-for-sale financial assets		197,891	-	-	197,891	-	-	-	-	-	-
		208,605	-	10,049	198,556	328	277	-	-	-	-
2010											
<u>Financial assets</u>											
Cash and cash equivalents	4.79	11,600	-	11,600	-	-	-	-	-	-	-
Receivables		191	-	-	191	-	-	-	-	-	-
Other assets		34	-	-	34	-	-	-	-	-	-
Available-for-sale financial assets		143,381	-	-	143,381	-	-	-	-	-	-
		155,206	-	11,600	143,606	-	-	-	-	-	-



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and maturity analysis of financial liabilities

	Weighted Average Effective Interest Rate %	Carrying amount \$000	Interest rate exposure				Total Nominal Amount \$000	Maturity dates				
			Fixed Interest rates \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000	Adjustme nt for discount ing \$000		Up to 3 Months \$000	3-12 Months \$000	1- 2 Years \$000	2-5 Years \$000	More than 5 Years \$000
2011												
<i>Financial liabilities</i>												
Payables	-	719	-	-	719	-	-	-	-	-	-	-
		719	-	-	719	-	-	-	-	-	-	-
2010												
<i>Financial liabilities</i>												
Payables	-	579	-	-	579	-	-	-	-	-	-	-
		579	-	-	579	-	-	-	-	-	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis points in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2011					
Financial Assets					
Cash and cash equivalents	10,049	(100)	(100)	100	100
Total Increase/(Decrease)		(100)	(100)	100	100
	Carrying amount \$000	-100 basis points		+100 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2010					
Financial Assets					
Cash and cash equivalents	11,600	(116)	(116)	116	116
Total Increase/(Decrease)		(116)	(116)	116	116

Fair Values

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

Investments in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2011				
Investments securities	197,891	-	-	197,891
	197,891	-	-	197,891
2010				
Investments securities	143,381	-	-	143,381
	143,381	-	-	143,381



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

31. Remuneration of members of the Accountable Board and Senior Officers

Remuneration on Members of the Accountable Board

The number of members of the Accountable Board, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are

	2011	2010
\$ 0 – 20,000	7	9

The total remuneration of members of the Accountable Board is:

84	84
----	----

The total remuneration includes the superannuation included here represents the superannuation expense incurred by the Board in respect of the members of the Accountable Board.

No members of the Accountable Board are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Accountable Board, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2011	2010
\$ 10,000 – 20,000	-	1
50,000 – 60,000	1	-
110,000 – 120,000	1	-
130,000 – 140,000	-	1
190,000 – 200,000	-	1
200,001 – 210,000	1	-

The total remuneration of senior officers is:

378	356
-----	-----

The total remuneration includes the superannuation included here represents the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Accountable Board.

No senior officers are members of the Pension Scheme.

32. Remuneration of auditor

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators

2011	2010
\$000	\$000

25	24
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33. Supplementary financial information

Write-offs

Bad debts written off by the Board members during the financial year

204	30
-----	----



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



CERTIFICATION OF KEY PERFORMANCE INDICATORS FOR THE YEAR ENDING 30 JUNE 2011

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Construction Industry Long Service Leave Payments Board's performance and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ended 30 June 2011.

Signed this^{24th}..... day of August 2011

L Gibbs
Chair of the Board

M McLean
Member of the Board



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



KEY PERFORMANCE INDICATORS FOR THE YEAR ENDING 30 JUNE 2011

DESIRED OUTCOME

A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.

The Board has developed six Key Effectiveness Indicators which when interpreted together provide evidence of the level of achievement of the Desired Outcome. Key Effectiveness Indicator (ii) shows a significant increase in the average number of employees contributed for. The number of employers (on a net basis for the year) reduced slightly to 4,991. The significant increase in employees contributed for demonstrates strong industry coverage by the Board.

As the Board is a self-funded Statutory Authority it is vital that all potential sources of its funding are identified and existing funding sources are secured and maximized. In accordance with our enabling legislation it is compulsory for all employers in the construction industry to register and to pay contributions for all of their eligible employees. Increasing the number of registered employers and eligible employees for whom contributions have been paid will ensure this element of the Board's funding is maximized. As a result of the above budget number of employees the Board's revenue from the contribution levy in turn was significantly above budget.

The contribution levy which must be used by employers when assessing their quarterly payments to the Board has a direct influence on the Board's finances. In accordance with its legislation, the Board is required to have an annual actuarial valuation which reviews the adequacy of the current levy and will make recommendations for changes from time to time. As detailed under heading Executive Summary the Board, undertook an Experience Review with its Actuary during the year which in turn enables the actuarial liability to be recorded as accurately as possible. With the strong contribution levy and above budget investment income the Board has now eliminated the deficiency in Total Equity. The outcome of this is an improvement in the financial sustainability of the Board.

A significant influence on the Board's financial sustainability is the annual return received from its investments. Increased investment returns will usually generate surpluses which relieves the pressure on the contribution levy and vice versa. Key Effectiveness Indicator (iv) shows a sound above budget investment return of 8.0% for the year.

Key Effectiveness Indicator (v) shows that the number of employees claiming their long service leave entitlement was greater than target and this may be as a result of strong industry activity and above budget numbers of employees contributed for. Key Effectiveness Indicator (vi) shows an increasing number of employees registered in the Scheme which will in turn increase the number of employees with less than the required minimum service to obtain a benefit.

KEY EFFECTIVENESS INDICATORS

(i) CONSTRUCTION INDUSTRY EMPLOYERS WHO HAVE REGISTERED WITH THE BOARD.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011 Target	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Registered Employers – Average for the year (Number)	5,082	4,991	5,124	5,124	4,891
Change in Number of Registered Employers. (%)		(2.6%)	0.0%	4.7%	4.7%
Growth in Firms in the Industry. (%) (IBISWORLD Pty Ltd)		*	(0.8%)	3.1%	3.5%

* 2010/2011 statistics were not available at the time of preparation of this Report.

(ii) ELIGIBLE AND REGISTERED CONSTRUCTION INDUSTRY EMPLOYEES FOR WHOM CONTRIBUTIONS HAVE BEEN MADE.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011 Target	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Employees contributed for - Average for the year. (number)	53,561	62,047	56,374	56,562	52,169
Change in number of Employees contributed for. (%)		10.0%	(0.3%)	8.4%	15.9%
Change in number of Employees in the industry.* (%)		0.19%	(1.3%)	17.1%	12.2%

* Based on construction industry employment statistics published by the Australian Bureau of Statistics.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



KEY PERFORMANCE INDICATORS FOR THE YEAR ENDING 30 JUNE 2011

(iii) CONSTRUCTION INDUSTRY EMPLOYERS LONG SERVICE LEAVE CONTRIBUTION RATE.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011 Target	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Contribution Rate. (%)	2.25%	2.25%	2.25%	1.75%*	1.25%

* The contribution rate was increased from 1.25% to 2.25% with effect from 1 January 2009.

(iv) ANNUAL RETURN DERIVED FROM THE BOARD'S INVESTMENTS.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011 Target	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Board's Investment Return (%)	6.0%	8.0%	7.5%	(5.8%)	(12.8%)
Investment Return - (Average) Pooled Growth Funds (%)	n/a	8.4%	9.1%	(13.1%)	(13.2%)

(v) CONSTRUCTION INDUSTRY EMPLOYEES WHO HAVE RECEIVED A LONG SERVICE LEAVE PAYMENT.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011 Target	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Employees Registered in the Scheme. (number)	69,044	74,845	67,033	62,260	59,547
Number of Employees paid a benefit. (number)	2,063	2,273	2,279	2,080	2,171

(vi) QUALIFYING SERVICE PROFILE OF CONSTRUCTION INDUSTRY EMPLOYEES FOR WHOM CONTRIBUTIONS HAVE BEEN MADE.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011 Target	2011 Actual	2010 Actual	2009 Actual	2008 Actual
Employees Registered in the Scheme. (number)	69,044	74,845	67,033	62,260	59,547
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit. (number)	57,128	64,748	57,416	52,919	50,371
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service. (number)	8,578	5,844	3,945	3,876	3,831
Employees qualified for a long service leave benefit - more than 10 years of service. (number)	3,338	4,253	5,672	5,465	5,345



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



KEY PERFORMANCE INDICATORS FOR THE YEAR ENDING 30 JUNE 2011

SERVICE

Management of the construction industry long service leave scheme.

KEY EFFICIENCY INDICATORS

- (i) **AVERAGE ADMINISTRATIVE COST PER REGISTERED CONSTRUCTION INDUSTRY EMPLOYEE.**

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011	2010	2009	2008
W.A. Scheme Cost per Employee (\$)	\$42.49	\$46.89	\$44.73	\$43.68
Other State Schemes (average) (\$)	*	\$54.70	\$57.96	\$54.45

* 2010/2011 figures not available at the time of preparation of the Report.

- (ii) **FULL TIME EQUIVALENT STAFF EMPLOYED PER THOUSAND OF REGISTERED WESTERN AUSTRALIAN CONSTRUCTION INDUSTRY EMPLOYEES.**

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2011	2010	2009	2008
Staff per thousand employees. (number)	0.20	0.22	0.24	0.25
Other State Schemes (average) (number)	*	0.38	0.39	0.38

* 2010/2011 figures not available at the time of preparation of the Report.



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



MINISTERIAL DIRECTIVES OTHER FINANCIAL DISCLOSURES GOVERNANCE DISCLOSURES

Ministerial Directives

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Capital Works

No capital works were undertaken during 2010/2011.

Employment and Industrial Relations

Staff Profile

	2010/2011	2009/2010
Full time Permanent	14.0	14.0
Part Time Measured on a FTE Basis	1.2	0.6
Total	15.2	14.6

Staff Development

The Board encourages its employees to maintain and improve their skills and to that end funds appropriate training courses and the membership of professional bodies.

Workers Compensation

No compensation claims have been made in this or the previous financial year.

Governance Disclosures

Contracts with Senior Officers

Other than normal contracts of employment, no Senior Officers or firms of which Senior Officers are members or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Board.

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance paid for 2010/2011 was \$20,383.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



OTHER LEGAL DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2011

Other Legal Requirements

Compliance with Public Sector Management Act Section 31 (1)

The Board complies with the provisions of the Public Sector Management Act and has no compliance issues or breaches to report.

Electoral Act Section 175ZE Statement

The Board has not incurred any expenditure required to be reported under this section.

Recordkeeping Plan

The Board's current Recordkeeping Plan review was completed in July 2011. This is undertaken by an external consultant. New employees receive ongoing training and education on recordkeeping.

Corruption Prevention

The Board's policies and procedures relating to the financial management processes it follows, the management of its computer information systems data, its risk management plan, the extensive use of independent external advisors and auditors together with regular Board oversight of operations fosters a strong corporate culture of accountability across the organisation which minimises the risk of misconduct and corrupt behaviour.

Occupational Safety and Health

The Board has developed an Occupational Safety and Health Manual which contains policies and procedures for all workplace related health and safety matters. The Board places the highest priority on the well-being and safety of its staff at all times and confirms compliance with injury management requirements of the Workers' Compensation and Injury Management Act 1981.

The reportable statistics for the year are:

Indicator	Target for 2010/2011	Actual for 2010/2011
Number of fatalities	Zero	Zero
Lost time injury	Zero	Zero
Lost time injury severity rate	Zero	Zero

Disability Access and Inclusion

The Board's information, services available to the public, access to the office and opportunity to make complaints and participate in public consultation are all fully available to people with disabilities.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD



ANNUAL ESTIMATES FOR THE YEAR ENDED 30 JUNE 2011

The Minister has approved the following estimates for the 2011/2012 financial year:

Income	\$000
Contribution from employers	53,241
Net investment revenue	15,830
Total income	<u>69,071</u>
Expenses	\$000
Long service leave payments	18,228
Employee benefits expense	1,519
Supplies and services	843
Depreciation and amortisation	19
Finance costs	70
Accommodation expenses	309
Increase in long service leave liability	16,500
Other expenses	726
Total expenses	<u>38,214</u>



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

Report on the Financial Statements

I have audited the accounts and financial statements of the Construction Industry Long Service Leave Payments Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Construction Industry Long Service Leave Payments Board at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Construction Industry Long Service Leave Payments Board

Report on Controls

I have audited the controls exercised by the Construction Industry Long Service Leave Payments Board. The Board is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by the Construction Industry Long Service Leave Payments Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Construction Industry Long Service Leave Payments Board. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.


As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

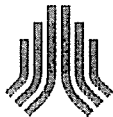
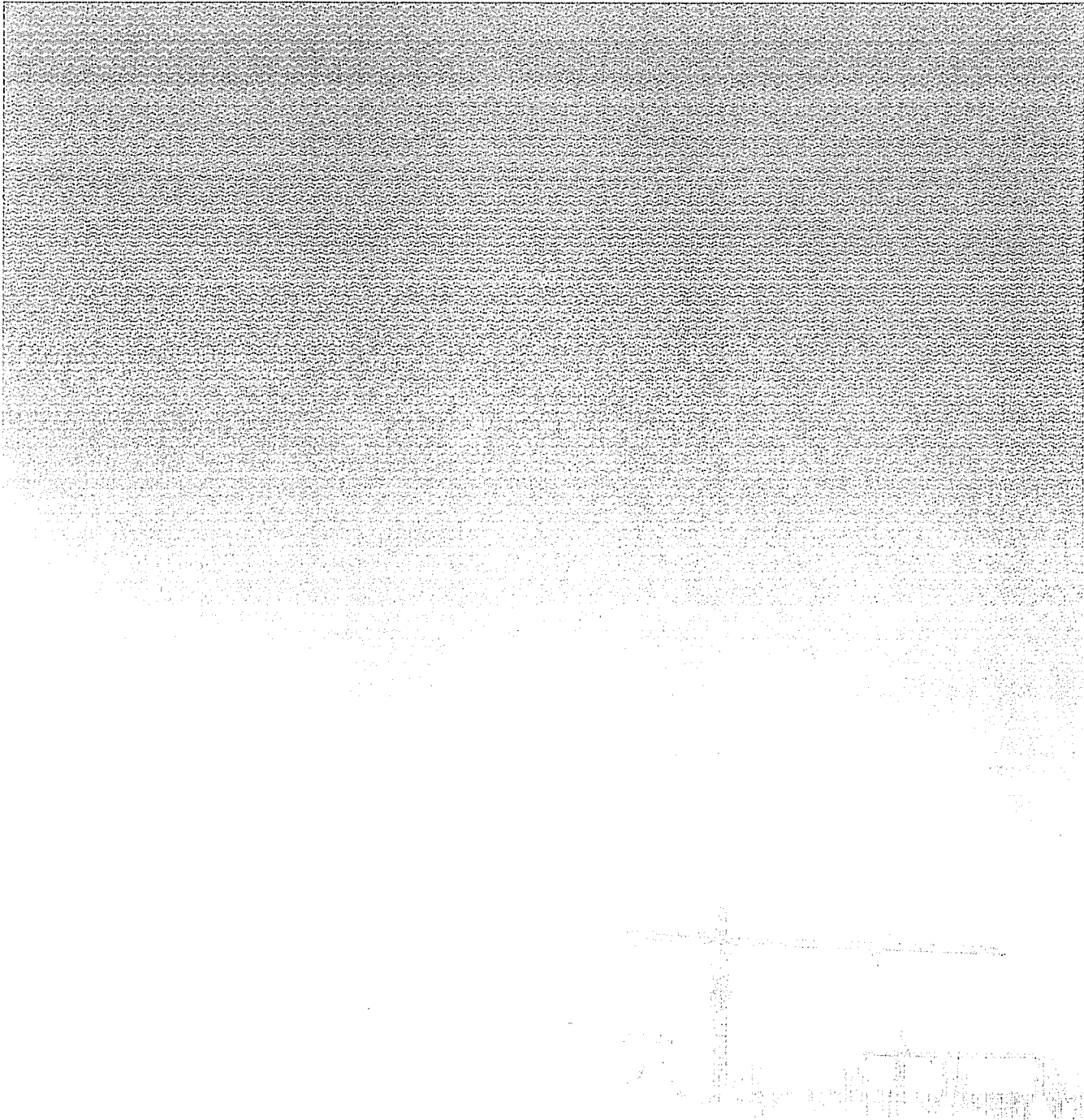
Opinion

In my opinion, the key performance indicators of the Construction Industry Long Service Leave Payments Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.


COLIN MURPHY
AUDITOR GENERAL
29 August 2011



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SERVICE LEAVE PAYMENTS BOARD

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