



ANNUAL REPORT

2013



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

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Hon. Michael Mischin MLC
Attorney General; Minister for Commerce
10th 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 2013.

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



R SPATORE

Member of the Board

Date: 30.08.2013



Member of the Board

Date: 30.08.2013

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Directory

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

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POSTAL ADDRESS:	PO Box 1333, WEST PERTH, 6872
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TELEPHONE:	08 9476 5400
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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.

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Contents	Page
Overview	1
Operational Structure	4
Statement of Compliance	7
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Key Performance Indicators	45
Ministerial Directives/Other Financial Disclosures/Governance Disclosures	49
Other Legal Disclosures	50
Annual Estimate	52
Auditor's Report	53

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OVERVIEW

Executive Summary

It is pleasing to detail that in the 2012 – 2013 financial year MyLeave delivered record breaking results against various Key Performance Indicators. MyLeave has continued to deliver an increasingly valuable service for its stakeholders especially as the construction industry in WA has undergone a period of strong growth. The number of workers covered by the Scheme continued to grow in 2013 and that growth is ultimately reflected in the number and value of payments made to workers. Monitoring of payments indicates that a large number of workers stay in the construction industry to achieve the benefit of an entitlement under the Scheme.

In regards to workers, key performance highlights for the year include:

Workers	2012	2013	Growth
Total registered:	95,585	120,259	+24,674 (+26%)
Total (average per quarter) contributed for:	69,619	76,748	+7,129 (+10%)
Number of benefits paid:	2,556	3,112	+556 (+22%)
Value of benefits paid:	\$20.5M	\$24.8M	+\$4.3M (+21%)

It is relevant to highlight the growth in the past decade; the 76,748 workers contributed for (shown above) is well in excess of double the number of workers in 2003 (which was 28,406). Furthermore the number of registered workers of 120,259 at 2013 is more than three times the 2003 level of 34,902. Please note that the number of registered workers has been positively impacted by the legislation changes in 2012 which now allows the automatic registration of workers when they appear on an employer's return.

The number of registered employers has not shown any growth; in 2013 the number of employers was 4,892 which was slightly less than the 2012 level of 4,912.

A key driver of the Scheme is the number of workers and the "ordinary pay" paid to those workers. The growth in the number of workers previously detailed, coupled with the annual average growth in ordinary pay of +6.0% in 2013, has a direct impact on the Balance Sheet of MyLeave. This affects the accrued long service leave benefit liability (as calculated by MyLeave's Actuary) and also the underlying investment portfolio required to fund the liability.

The investment portfolio (including cash deposits held by MyLeave), has grown significantly over recent years as shown below:

Investment Portfolio					
2008	2009	2010	2011	2012	2013
\$107M	\$115M	\$155M	\$208M	\$253M	\$342M

In 2013 investment markets were volatile, especially during May and June, however at year end markets had performed well above the long term average return. This had a positive impact on MyLeave's Balance Sheet which is now being restored following the increased worker benefits legislated in 2006 and the Global Financial Crisis impact in 2008 and 2009.

MyLeave's Balance Sheet is summarised below:

Balance Sheet			
	2012	2013	Movement
Assets	\$268.9M	\$362.8M	+\$93.9M (+35%)
Liabilities	\$271.6M	\$300.5M	+\$28.9M (+11%)
Equity Surplus/(Deficit)	(\$2.7M)	+\$62.3M	+\$65.0M

Executive Summary (continued)

As previously commented, investment markets were strong in 2013 and MyLeave is pleased to report an investment return of 17.1%pa for the year. This return, as advised by MyLeave's Investment Advisor, was very close to the investment return index of 17.6%pa.

The strengthened Balance Sheet has resulted in MyLeave improving its Funding Ratio ie the ratio of the value of the investment portfolio to the actuarial funding liability. This will be a factor when Board Members make their recommendation to the Minister for the Contribution Levy rate for 2014.

A key factor in this Contribution Levy rate assessment will be the forecast of the investment return for 2014 and whilst a return in line with the 2013 result would be extremely beneficial to the Scheme, your Board Members' assessment is that the return will be much closer to, or potentially less than, the long term average return of 7.4%pa. Your Board Members will also consider the probability, and impact, of negative investment returns in the short to medium term.

With the continuance of significant volatility in investment returns, Board Members have a very challenging task with the annual assessment of the Contribution Levy rate.

During the year Board Members critically reviewed MyLeave's Investment Policy to ensure that the investment portfolio is appropriately structured to achieve MyLeave's investment goals. The previous review was undertaken in conjunction with the Global Financial Crisis so it was necessary and timely to undertake this fresh review.

The review was undertaken by MyLeave in conjunction with the newly appointed Investment Advisor, the Commonwealth Bank.

The resultant structure of the investment portfolio is as follows:

Asset Class	Strategic Asset Allocation			
	Minimum	Maximum	Benchmark	Actual 30/06/2013
Cash	0%	100%	15%	15.2%
Fixed Interest	0%	80%	25%	24.6%
Sub Total			40%	39.8%
Australian Equities	0%	50%	32%	30.7%
International Equities	0%	30%	18%	19.9%
Property & Infrastructure	0%	20%	10%	9.6%
Sub Total			60%	60.2%
Total			100%	100%

Note 17 to the Financial Statements provides specific details of the individual Fund Managers as at balance date of 30 June 2013.

In conjunction with the Strategic Asset Allocations, MyLeave has also approved a Currency Management Policy aligned to the specific Asset Classes listed above. The Currency Management Policy was an essential undertaking given MyLeave's inclusion of international equities and international fixed income assets in the restructured investment portfolio.

MyLeave continues to strive for efficiencies in its operations and a key aspect of this is the volume of worker data submitted online. MyLeave is pleased to advise that this ratio has increased over the past year from 68% to 78%. The new website introduced during the year has been well received by stakeholders and has assisted in the uplift in online data. In 2014 MyLeave will continue to focus on demonstrating to employers the benefits of online submission of quarterly returns.

Executive Summary (continued)

Legislative changes proclaimed on 1 April 2012 included a key initiative which now allows MyLeave to automatically register workers when they appear on an employer's quarterly return. This initiative has resulted in a significant increase in the number of registered workers and, in effect, the elimination of unregistered workers being contributed for by employers.

As a result of the above, employers no longer need to follow up with new workers for the completion and submission of registration forms to MyLeave. From the worker's perspective, upon automatic registration they have immediate access to their service records online and therefore can regularly check that employers are accurately submitting service records on quarterly returns. Notwithstanding the automatic registration of workers, it is important that both employers and workers ensure that the workers are working in a prescribed job classification covered by the Scheme otherwise a benefit will not be payable to the worker.

Employers will be pleased to note that the cost efficiency of MyLeave is confirmed in the level of average administrative cost per registered worker of \$27.44pa. The 2012 cost was \$35.55pa. The reduction in administrative cost has been favourably impacted by two factors; firstly the significant increase in the number of registered workers during the year ie workers increased from 95,585 to 120,259 and secondly, the containment of expenses over the same period. The administrative cost of \$27.44pa is well below the average of \$56.78pa (2012) for other Australia wide Schemes.

From a national perspective MyLeave continues to work closely with other Australia wide Schemes to both facilitate the processing of worker payments and also to leverage off the best practice activities / efficiencies of those Schemes. With the increasing number of interstate workers in WA and the increasing number of employers with payroll offices managed interstate it is important that MyLeave maintains a national perspective in the undertaking of its day to day operations.

Under heading "Significant Issues and Trends" comment is made on the industry outlook in WA and the impact this will have on MyLeave. Whilst the short / medium term operational activities of MyLeave will be adjusted to meet the changing needs driven by the construction industry, the overall key focus will continue to reflect the core objectives to fully implement the Scheme in the WA construction industry and to minimise the Contribution Levy rate payable by employers.

Whilst it is pleasing to present an improved financial position to stakeholders, MyLeave Board Members continue to maintain a cautious outlook regarding investment markets to ensure MyLeave remains in a sound financial position into the future.

Finally, MyLeave Board Members and management acknowledge and thank the Honourable Simon O'Brien MLC for his support for MyLeave whilst under his ministerial responsibility and we look forward to continuing to build upon the sound relationship being established with the Honourable Michael Mischin MLC, Attorney General; Minister for Commerce.

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 Michael Mischin MLC, Attorney General; Minister for Commerce.

Mission

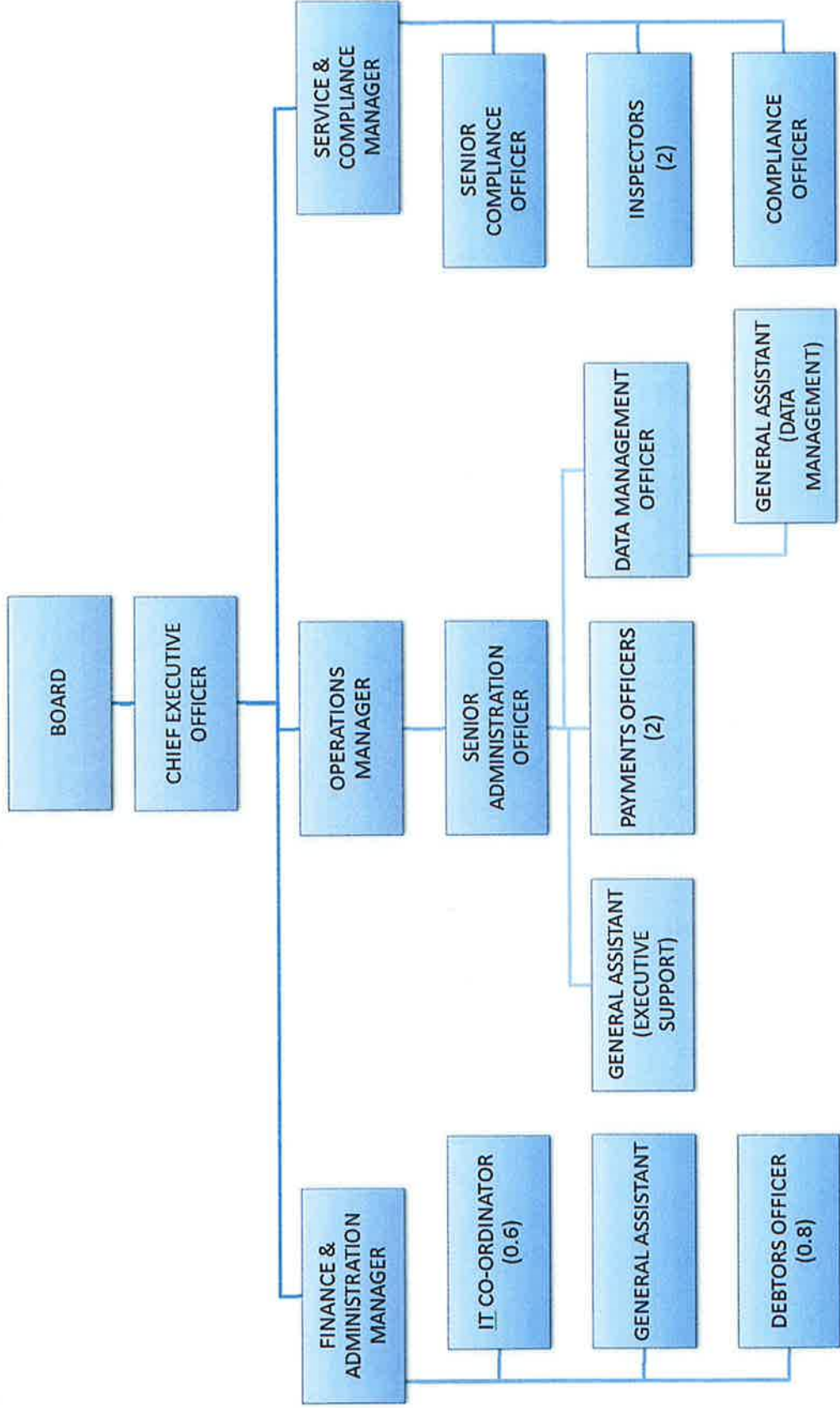
To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.

Objectives

1. To fully implement the Scheme within the Western Australian construction industry:-
 - By ensuring all eligible employers are registered and that contributions are being paid for eligible employees; and
 - By registering all eligible construction industry employees.

2. To minimize the contribution rate payable:-
 - By maximizing the rate of return on investment funds; and
 - By minimizing the administrative cost of the Scheme.

ORGANISATIONAL CHART



OPERATIONAL STRUCTURE (continued)

The Board

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

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 2013.

In accordance with the provisions of the Act, two 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 two members are selected from nominations by Unions W.A. and the Building Trades Associations of Unions of W.A.

Also in accordance with the Act the Minister appoints:

- one person who in the Minister's opinion represents the interests of employers in the construction industry
- one person who in the Minister's opinion represents the interests of employees in the construction industry

The Chair is a separate appointment by the Minister.

Board Members

CHAIR

Ms L. Gibbs LLB

MEMBERS

Representing employers:	Representing employees:
Mr D. Lee	Mr M. Buchan (Appointed 17/12/12)
Mr M. McLean	Mr S. McCartney
Mr R. Sputore	Mr L. McLaughlan
	Mr K. Reynolds (Resigned 03/10/12)

Board Meetings Attendance

	NUMBER OF MEETINGS ELIGIBLE TO ATTEND	NUMBER ATTENDED
Ms L. Gibbs (Chair)	7	7
Mr M. Buchan	3	1
Mr D. Lee	7	7
Mr S. McCartney	7	3
Mr L. McLaughlan	7	5
Mr M. McLean	7	6
Mr K. Reynolds	4	0
Mr R. Sputore	7	6

Senior Officers

Mr F. J. Youens CPA, F Fin, MAICD Chief Executive Officer	Mr J. Flint FCPA, FCIS, FCSA, P.Grad Bus, B.Bus Finance & Administration Manager
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CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2013**

Key Legislation Impacting on Activities

A New Tax System (Goods and Services Tax Act) 1999
Auditor General Act 2006
Crime Corruption Commission Act 2003
Disability Services Act 1993
Electoral Act 1907
Equal Opportunity Act 1984
Financial Management Act 2006
Financial Management (Transitional Provisions) Act 2006
Freedom of Information Act 1992
Fringe Benefits Tax Assessment Act 1986
Government Financial Responsibility Act 2000
Income Tax Assessment Act 1936 (Cth)
Income Tax Act 1986
Industrial Relations Act 1979
Library Board of Western Australia Act 1951
Minimum Conditions of Employment Act 1993
Occupational Safety and Health Act 1984
Payroll Tax Assessment Act 2002
Public Interest Disclosure Act 2003
Public Sector Management Act 1994
State Records Act 2000
Superannuation Guarantee (Administration) Act 1992
Taxation Administration Act 2003
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.



**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2013**

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 2012/2013.

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

	2012-13 Estimate (1) \$000	2012-13 Actual \$000	2012-13 Variation \$000
Contribution From Employers	\$66,518	\$72,611	\$6,093 (a)
Investment Income	\$15,775	\$50,179	\$34,404 (b)
Total Equity	\$68,137	\$62,270	(\$5,867) (c)

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

(a) Number of employees contributed for and employees' ordinary pay were higher than estimated.

(b) The investment return was 17.1%pa compared to the estimate of 6.18%pa.

Investment Income comprises:

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

(c) Equity variance due to the net impact of (a) and (b) and also

- 30 June 2012 Total Equity less than forecast, and
- 30 June 2013 Accrued LSL Benefits Liability greater than forecast.



STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2013

Key Performance Indicators:

Actual performance compared to the Board's Budget Forecast

	2012-13 Estimate (1)	2012-13 Actual	2012-13 Variation
Outcome: A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.			
Key Effectiveness Indicators:			
(i) eligible employers who have registered with the Board.	4,912	4,892	(20)
(ii) eligible and registered construction industry employees for whom contributions have been made.	69,619	76,748	7,129
(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	12,371	11,706	(665)
(iv) construction industry employees who have received a long service leave payment.	2,843	3,112	269
(v) eligible employers long service leave contribution rate.	2.00%	2.00%	-
(vi) annual return derived from the Board's investments.	6.18%	17.09%	+10.91%
Service: Management of the Construction Industry Long Service Leave Scheme.			
Key Efficiency Indicators:			
(i) average administrative cost per registered construction industry employee.	\$42.89 p.a	\$27.44 p.a	(\$15.45) p.a
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.17	0.14	(0.03)

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

**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2013**

Significant Issues and Trends

Current and emerging issues and trends

MyLeave monitors construction industry trends and market commentary to ensure the MyLeave operations are well structured to address changes in the industry.

Over recent months numerous credible sources have commented to the effect that, in WA, the construction industry may have peaked. These sources include Bank of America, AMP Capital Investors, Bureau of Resources & Energy Economics and Chamber of Commerce & Industry WA. Furthermore, in May, the Australian Construction Industry Forum "ACIF" released its long term industry forecasts. For WA, ACIF specifically commented "The short term outlook is for activity levels to grow and peak. This is followed by a sustained decline over the medium term."

In addition to the above, in June Goldman Sachs predicted there is a one-in-five chance of Australia dipping into a recession. The National Australia Bank chairman Michael Chaney also made negative comments in June that the national economy is facing a "perfect storm" and that growing pessimism in the resources sector was hurting confidence in the WA economy.

Whilst in WA residential building is forecast to have a strong recovery from last years very weak levels, this growth is anticipated to be more than offset by a reduction in the engineering construction sector.

The quarterly worker data submitted by employers to MyLeave indicates that the growth rate has plateaued.

As MyLeave has grown in line with industry activity there has been an increasing annual volume of payments made to workers. Between 2011 and 2012 the increase was 12% and from 2012 to 2013 the increase was 22%. If, as forecast, the industry weakens then this will have a direct impact on payment volumes; workers will take termination payments as they complete projects and / or will take leave from employers in conjunction with industry contraction.

Increasing payment volumes means that MyLeave will need to maintain an appropriate level of staffing and sufficient cash liquidity to meet worker payments - this will be in conjunction with a reduction in Contribution Levy revenue from employers as their workforce contracts.

Changes in Written Law

There were no changes in any written law that affect the Board during the financial year.

Likely Developments

Nil



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2013**

Disclosure and Legal Compliance

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL 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 2013 and the financial position as at 30 June 2013.

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 30TH day of August, 2013

R SPJORE
Member of the Board

S MCCARTNEY
Member of the Board

Mr J. Flint
Chief Finance Officer





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$000	2012 \$000
INCOME			
Revenue			
Contribution from employers		72,611	68,721
Employer surcharges		1	1
Net investment revenue	6	13,263	14,724
Interest revenue	7	1,108	1,210
Property revenue		-	2
Gains			
Net gain on disposal of investments	9	38,548	-
TOTAL INCOME		<u>125,531</u>	<u>84,658</u>
EXPENSES			
Long service leave payments		24,786	20,500
Impairment losses of investments		2,740	13,560
Employee benefits expense	10	1,578	1,478
Supplies and services	11	1,805	1,753
Depreciation and amortisation expense	12	31	24
Finance costs	13	60	61
Accommodation expenses	14	270	296
Accrued long service leave liability	8	28,907	64,253
Net loss on disposal of investments	9	-	1,164
Other expenses	15	320	482
TOTAL EXPENSES		<u>60,497</u>	<u>103,571</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>65,034</u>	<u>(18,913)</u>
OTHER COMPREHENSIVE INCOME			
Change in the fair value of available-for-sale Financial assets		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>65,034</u>	<u>(18,913)</u>

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





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

STATEMENT OF FINANCIAL POSITION
AS AT YEAR END 30 JUNE 2013

	Note	2013 \$000	2012 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	25	10,529	24,851
Receivables	16	541	438
Other current assets	18	19,770	15,927
Available-for-sale financial assets	17	331,831	227,590
Total Current Assets		<u>362,671</u>	<u>268,806</u>
Non-Current Assets			
Property, plant and equipment	19	91	67
Intangible assets	20	1	4
Total Non-Current Assets		<u>92</u>	<u>71</u>
TOTAL ASSETS		<u>362,763</u>	<u>268,877</u>
LIABILITIES			
Current Liabilities			
Accrued long service leave benefits liability	8	173,217	154,086
Payables	22	757	816
Provisions	23	240	261
Total Current Liabilities		<u>174,214</u>	<u>155,163</u>
Non-Current Liabilities			
Accrued long service leave benefits liability	8	126,145	116,369
Provisions	23	134	109
Total Non-Current Liabilities		<u>126,279</u>	<u>116,478</u>
TOTAL LIABILITIES		<u>300,493</u>	<u>271,641</u>
NET ASSETS/(LIABILITIES)		<u>62,270</u>	<u>(2,764)</u>
EQUITY			
Accumulated surplus/(losses)	24	62,270	(2,764)
EQUITY/(DEFICIT)		<u>62,270</u>	<u>(2,764)</u>

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





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Accumulated surplus/ (losses) \$000	Equity Deficit \$000
Balance at 1 July 2011		16,149	16,149
Surplus/(deficit)		(18,913)	(18,913)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(2,764)	(2,764)
Balance at 30 June 2012	24	(2,764)	(2,764)
Balance at 1 July 2012		(2,764)	(2,764)
Surplus/(deficit)		65,034	65,034
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		65,034	65,034
Balance at 30 June 2013	24	62,270	62,270

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





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$000	2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from employers		72,280	67,500
Interest received		1,108	1,210
GST receipts from taxation authority		-	58
Other receipts		-	2
Payments			
Employee benefits		(1,573)	(1,301)
Supplies and services		(1,914)	(1,828)
Finance costs		(60)	(61)
Accommodation		(270)	(296)
Payments for long service leave		(24,786)	(20,500)
Other payments		(195)	(272)
Net cash provided by operating activities	25	44,590	44,512
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of investments		344,970	31,045
Distributions received		9,574	14,724
Payments			
Purchase of non-current physical assets		(51)	(11)
Purchase of investments		(413,405)	(75,468)
Net cash (used in) investing activities		(58,912)	(29,710)
Net increase/(decrease) in cash and cash equivalents		(14,322)	14,802
Cash and cash equivalents at the beginning of period		24,851	10,049
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	25	10,529	24,851

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



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

1. Australian Accounting Standards

General

The Construction Industry Long Service Leave Payments Board's ("the Board") financial statements for the year ended 30 June 2013 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'. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but are not operative) by the Board for the annual reporting period ended 30 June 2013.

2. Summary of significant accounting policies

(a) General Statement

The Board is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for 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).

Judgements made by management in applying accounting policies discloses judgements that have been made in the process of applying the Board's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

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'.

At 30 June 2013 the Board has an excess of assets over liabilities of \$62.3 million (2012: excess of liabilities over assets of \$2.7 million).

(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 2013 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.



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2013

(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).

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.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

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

Licences

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

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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

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 SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2013

(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 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 SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

(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.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

(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) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

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). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

(n) Provisions (continued)

Superannuation (continued)

The Board makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Board's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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.

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.



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2013

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.

The Board has entered into a lease for building accommodation. The lease relates to the building of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

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 2012 that impacted on the Board.

AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]
	This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

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.





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

		Operative for reporting periods beginning on/after
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.</p> <p>AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures amended the mandatory application date of this Standard to 1 January 2015.</p> <p>The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
AASB 10	<p>Consolidated Financial Statements</p> <p>This Standard supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 11	<p>Joint Arrangements</p> <p>This Standard supersedes AASB 131 Interests in Joint Ventures, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 12	<p>Disclosure of Interests in Other Entities</p> <p>This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 13	<p>Fair Value Measurement</p> <p>This Standard defines fair value, sets out a framework for measuring fair value & requires additional disclosures about fair value measurements. There is no financial impact.</p>	1 Jan 2013





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

		Operative for reporting periods beginning on/after
AASB 119	Employee Benefits This Standard supersedes AASB 119 (October 2010) making changes to the recognition, presentation and disclosure requirements. Actuarial gains and losses of the defined benefit plans will be recognised in other comprehensive income (currently in profit or loss). This will impact profit or loss but not total comprehensive income for the period. The effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts is not material.	1 Jan 2013
AASB 127	Separate Financial Statements This Standard supersedes AASB 127 Consolidated and Separate Financial Statements, introducing a number of changes to accounting treatments. Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Board has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 128	Investments in Associates and Joint Ventures This Standard supersedes AASB 128 Investments in Associates, introducing a number of changes to accounting treatments. Mandatory application of this Standard was deferred by one year for not-for-profit entities. The Board has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 1053	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. There is no financial impact.	1 Jul 2013
AASB 1055	Budgetary Reporting This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Board will be required to disclose additional budgetary information and explanations of major variance between actual & budget amounts though there is no financial impact.	1 Jul 2014





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

Operative for reporting
periods beginning
on/after

AASB 2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052] This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.	1 Jul 2013
AASB 2010-7	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 Int 2, 5, 10, 12, 19 & 127] This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Board has not yet determined the application or the potential impact of the Standard.	1 Jan 2015
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054] This 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. There is no financial impact.	1 Jul 2013
AASB 2011-6	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131] This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.	1 Jul 2013





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

**Operative for reporting
periods beginning on/after**

AASB 2011-7	<p>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. For not-for-profit entities it applies to annual reporting period beginning on or after 1 January 2014. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-8	<p>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132] This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013
AASB 2011-10	<p>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14] This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p>	1 Jan 2013
AASB 2011-11	<p>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 Jan 2013
AASB 2012-1	<p>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]. This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>	1 Jul 2013





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

**Operative for reporting
periods beginning on/after**

AASB 2012-2	<p>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]. This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. There is no financial impact.</p>	1 Jan 2013
AASB 2012-3	<p>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>	1 Jan 2014
AASB 2012-5	<p>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2].</p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p>	1 Jan 2013
AASB 2012-6	<p>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]. This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.</p>	1 Jan 2013
AASB 2012-7	<p>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127].</p> <p>This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.</p>	1 Jul 2013





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

**Operative for reporting
periods beginning
on/after**

AASB 2012-10	<p>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12].</p> <p>This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity’s previous accounting for its involvement with other entities are required and the timing of such adjustments.</p> <p>The Standard was issued in December 2012. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2012-11	<p>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]</p> <p>This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.</p> <p>This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

	2013 \$000	2012 \$000
6. Net investment revenue		
Distributions from managed funds	13,263	14,724
	<u>13,263</u>	<u>14,724</u>

7. Interest revenue

Bank account and term deposit interest	1,108	1,210
	<u>1,108</u>	<u>1,210</u>

8. Accrued long service leave benefits liability

The Scheme's long service leave liability at 30 June 2013 has been calculated by the Actuary as \$299.4 million (as per AASB 119)

Opening balance	270,455	206,202
Increase in provision	28,907	64,253
Closing balance	<u>299,362</u>	<u>270,455</u>

The liability is allocated as follows:

Current		
Accrued long service leave benefits liability	173,217	154,086
Non-current		
Accrued long service leave benefits liability	126,145	116,369
Total	<u>299,362</u>	<u>270,455</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% (2012: 5.0%) per annum.
- The discount rate is 3.8% (2012: 3.1%) as quoted by the government bond rate for a 7.8 (2012: 8.5) year term.

9. (Losses)/gains on disposal of investments

Costs of disposal of investments	306,422	32,209
	<u>306,422</u>	<u>32,209</u>
Proceeds from disposal of investments	344,970	31,045
Realised (losses)/gains from current period sales	38,548	(1,164)
Prior period gains on sale recognised in current period	-	-
Total realised (losses)/gains	<u>38,548</u>	<u>(1,164)</u>

10. Employee benefits expense

Wages and salaries ^(a)	1,230	1,136
Superannuation – defined contribution plans	188	214
Long service leave ^(b)	12	6
Annual Leave ^(b)	148	122
	<u>1,578</u>	<u>1,478</u>

- Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
- 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'.





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

	2013 \$000	2012 \$000
11. Supplies and services		
Communications	212	220
Consultants and contractors	1,326	1,245
Consumables	120	145
Travel	30	30
Other	117	113
	<u>1,805</u>	<u>1,753</u>
12. Depreciation and amortisation expense		
Depreciation		
Plant, equipment and vehicles	28	21
Leased plant, equipment and vehicles	-	2
Total depreciation	<u>28</u>	<u>23</u>
Amortisation		
Intangible assets	3	1
Total amortization	<u>3</u>	<u>1</u>
Total depreciation and amortization	<u>31</u>	<u>24</u>
13. Finance costs		
Bank fees	60	61
	<u>60</u>	<u>61</u>
14. Accommodation expenses		
Lease rentals	242	262
Repairs and maintenance	3	9
Light and power	25	25
	<u>270</u>	<u>296</u>
15. Other expenses		
Board members' fees	82	103
Employment on-costs ^(a)	47	44
Annual leave provision	(4)	(9)
Long service leave provision	(13)	54
Doubtful debts expense	125	210
Insurances	47	44
Motor vehicle expenses	36	36
	<u>320</u>	<u>482</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.





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

	2013 \$000	2012 \$000
16. Receivables		
Employer debtors	557	572
Allowance for impairment of employer debtors	(147)	(211)
	<u>410</u>	<u>361</u>
Other debtors	131	77
	<u>541</u>	<u>438</u>
Reconciliation of changes in the allowance for impairment of employer debtors:		
Balance at start of year	211	163
Doubtful debts expense recognised in the statement of comprehensive income	125	210
Amounts written off	(210)	(162)
Amount recovered during the year	21	-
	<u>147</u>	<u>211</u>

\$209,572 of bad debts, where an allowance for impairment was not previously raised, were written off during the year directly against employer debtors (2012: \$161,949).

17. Available-for-sale financial assets

At valuation:

- Maple-Brown Abbott Limited	-	60,950
- Mercer (Australia) Pty Ltd	-	60,092
- Schroder Investment Management Aust Limited	-	106,548
- Colonial First State Cash	25,732	-
- Colonial First Rate Saver	24,672	-
- Aberdeen Australian Fixed Income	27,296	-
- PIMCO EQT Global Bond	26,337	-
- UBS Diversified Fixed Income Fund	27,913	-
- AMP Capital Global Property Securities (Hedged)	15,619	-
- Schroder Wholesale Australian Equity	30,498	-
- Colonial FS Equity Income Fund	31,109	-
- Vanguard Australian Shares Index fund	30,681	-
- Magellan Global Fund (Unhedged)	10,742	-
- MFS Global Equity (Unhedged)	18,498	-
- Schroder Global Active Value (Unhedged)	18,510	-
- Vanguard International Share Index Fund (Unhedged)	18,605	-
- Celeste Australian Small Companies	9,376	-
- RARE Infrastructure Value Fund (Hedged)	16,243	-
	<u>331,831</u>	<u>227,590</u>

18. Other assets

Current		
Accrued contributions	16,000	15,810
Prepayments	58	62
Accrued distributions and Interest	3,712	55
	<u>19,770</u>	<u>15,927</u>





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

	2013 \$000	2012 \$000
19. Property, plant and equipment		
Furniture and fittings		
At cost	42	42
Accumulated depreciation	(19)	(17)
	23	25
Leasehold improvements		
At cost	71	71
Accumulated depreciation	(71)	(71)
	-	-
Office equipment		
At cost	128	64
Accumulated depreciation	60	(36)
	68	28
Motor vehicles		
At cost	24	24
Accumulated depreciation	(24)	(10)
	-	14
	91	67

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

	Furniture and fittings \$000	Leasehold improvements \$000	Office equipment \$000	Motor vehicles \$000	Total \$000
2013					
Carrying amount at start of year	25	-	28	14	67
Additions	-	-	64	-	64
Disposals	-	-	-	(12)	(12)
Depreciation	(2)	-	(24)	(2)	(28)
Carrying amount at end of year	23	-	68	-	91

	Furniture and fittings \$000	Leasehold improvements \$000	Office equipment \$000	Motor vehicles \$000	Total \$000
2012					
Carrying amount at start of year	24	2	36	17	79
Additions	4	-	7	-	11
Disposals	-	-	-	-	-
Depreciation	(3)	(2)	(15)	(3)	(23)
Carrying amount at end of year	25	-	28	14	67





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

	2013 \$000	2012 \$000
20. Intangibles assets		
Licences		
At cost	15	15
Accumulated amortisation	(14)	(11)
	<u>1</u>	<u>4</u>
Reconciliation		
Licences		
Carrying amount at start of year	4	5
Additions	-	-
Amortisation expense	(3)	(1)
Carrying amount at end of year	<u>1</u>	<u>4</u>

21. Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2013.

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 2013.

22. Payables

Trade payables	613	473
Accrued salaries	37	37
Accrued expenses	107	306
	<u>757</u>	<u>816</u>

23. Provisions

Current		
Employee benefits provision		
Annual leave ^(a)	74	77
Long service leave ^(b)	126	140
	<u>200</u>	<u>217</u>
Other provisions		
Employment on-costs ^(c)	40	44
	<u>240</u>	<u>261</u>
Non-current		
Employee benefits provision		
Annual leave ^(a)	47	40
Long service leave ^(b)	66	49
	<u>113</u>	<u>89</u>
Other provisions		
Employment on-costs ^(c)	21	20
	<u>134</u>	<u>109</u>





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

	2013 \$000	2012 \$000
23. Provisions (Continued)		
(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	74	77
More than 12 months after reporting date	47	40
	121	117
(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	54	46
More than 12 months after reporting date	138	143
	192	189
(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	64	68
Additional provision recognised/(utilized)	(3)	(4)
Carrying amount at end of year	61	64
24. Equity		
Accumulated surplus/(losses)		
Balance at start of year	(2,764)	16,149
Result for the period	65,034	(18,913)
Balance at end of year	62,270	(2,764)





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

2013
\$000

2012
\$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	10,529	24,851
	<u>10,529</u>	<u>24,851</u>

Reconciliation of profit to net cash flows provided by operating activities

(Loss)/profit	65,034	(18,913)
---------------	--------	----------

Non-cash items:

Depreciation and amortisation expense	31	24
Investment income reinvested	(27,684)	(14,724)
Doubtful debts expense	125	210
Net losses/(gain) on sale of investments	(24,359)	1,164
Impairment loss on investments	2,972	13,560

(Increase)/decrease in assets:

Current receivables	(229)	(43)
Other current assets	(152)	(1,167)

Increase/(decrease) in liabilities:

Current payables	140	93
Current provisions	(73)	43
Other current liabilities	(199)	4
Non-current provisions	77	8
Accrued LSL benefits liability	28,907	64,253

Net cash provided by operating activities

44,590 **44,512**

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	302	305
Later than 1 year and not later than 5 years	580	864
	<u>882</u>	<u>1,169</u>

Representing:

Non-cancellable operating leases	882	1,169
	<u>882</u>	<u>1,169</u>

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Motor vehicles		
Within 1 year	12	21
Later than 1 year and not later than 5 years	-	12
	<u>12</u>	<u>33</u>

Property lease

Within 1 year	290	284
Later than 1 year and not later than 5 years	580	852
	<u>870</u>	<u>1,136</u>





**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

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.

	2013 \$000	2012 \$000
Capital expenditure commitments		
Capital expenditure commitments, being capital expenditure additional to the amounts reported in the financial statements are payable as follows:		
Within 1 year	45	-
	45	-

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	-
<i>Printing & stationery</i>		
Within 1 year	-	5
<i>Consultancy reviews</i>		
Within 1 year	-	1
	3	6

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.





**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

29. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2012 and 2013. Significant variations are considered to be those greater than 10% or \$100,000.

Significant variances between estimate and actual results for the financial year

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
INCOME			
(1) Contribution from employers	66,518	72,611	6,093
(2) Investment income	15,775	50,179	34,404
EXPENSES			
(3) Increase in long service leave liability	20,251	28,907	8,656
(4) Decrease in employee benefit expense	1,784	1,578	(206)
(5) Decrease in supplies and services	2,147	1,805	(342)
(6) Decrease in other expenses	595	320	(275)

- (1) Number of employees contributed for and employees' ordinary pay were higher than estimated.
- (2) The investment return was 17.1%pa compared to estimate of 6.18%pa and restructure of investment portfolio. Please refer to page 8 for details of the individual components of investment income.
- (3) The increase in long service leave liability is in line with the actuarial review undertaken in June 2013.
- (4) Estimate was calculated on 16.4 FTE's for the whole year. There were a number of positions not filled for the full financial year.
- (5) Legal costs, fund manager fees, staff recruitment and printing costs lower than estimated.
- (6) Doubtful debts and staff on costs lower than estimated.

Significant variances between actual and prior year actual – Income and Expenses

	2013 \$000	2012 \$000	Variance \$000
INCOME			
(1) Contribution from employers	72,611	68,721	3,890
(2) Investment income	50,179	1,210	48,969
EXPENSES			
(3) Long service leave payments	24,786	20,500	4,286
(4) Employee benefit expense	1,578	1,478	100
(5) Long service leave liability	28,907	64,253	(35,346)
(6) Other expenses	320	482	(162)

- (1) Variance reflects significant growth in the number of employees being contributed for (from 69,619 to 76,748) and increase in employees' ordinary pay.
- (2) Investment return of 17.1%pa and restructure of investment portfolio.
- (3) Long service leave payments were higher than 2012 as a result of an increase in the number of payments to employees. The average value of employee's benefit decreased slightly i.e. 2013 average was \$7,964 compared to \$8,020 in 2012.
- (4) Increased employee wages and contractor costs.
- (5) The long service leave liability is in line with the actuarial review undertaken in June 2013.
- (6) Main component of variance is doubtful debts expense for the financial year.





**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013**

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) Financial instruments disclosures' and note 16 'Receivables'.

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. At the end of the reporting period 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:

	2013	2012
	\$000	\$000
Financial Assets		
Cash and cash equivalents	10,529	24,851
Receivables	541	438
Other assets (Prepayments)	58	62
Available-for-sale financial assets	331,831	227,590
Financial Liabilities		
Payables	757	816





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Credit risk

The following table disclose the Board's maximum exposure to credit risk 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.

Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 Months	1-3 Months	3 months-1 Year	1-5 Years	More than 5 Years	
2013	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets								
Cash and cash equivalents	10,529	10,529	-	-	-	-	-	-
Receivables	541	-	262	180	99	-	-	-
Other assets	58	58	-	-	-	-	-	-
Available-for-sale financial assets	331,831	331,831	-	-	-	-	-	-
	342,959	342,418	262	180	99	-	-	-
2012								
Financial assets								
Cash and cash equivalents	24,851	24,851	-	-	-	-	-	-
Receivables	438	-	438	-	-	-	-	-
Other assets	62	62	-	-	-	-	-	-
Available-for-sale financial assets	227,590	227,590	-	-	-	-	-	-
	252,941	252,503	438	-	-	-	-	-





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Liquidity risk and interest rate exposure

The following table details the Board's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. Maturity analysis section includes interest and principal cash flows. The interest rate exposure section only the carrying amount of each item.

Interest rate exposures and maturity analysis of financial assets and 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		Up to 1 Months \$000	1-3 Months \$000	3 Months to 1 Year \$000	1-5 Years \$000	More than 5 Years \$000
2013											
Financial Assets											
Cash and cash equivalents	2.75	10,529	-	10,529	-	10,529	-	-	-	-	-
Receivables		541	-	-	541	541	262	180	99	-	-
Other assets		58	-	-	58	58	-	-	-	-	-
Available-for-sale financial assets		331,831	-	-	331,831	331,831	-	-	-	-	-
		342,959	-	10,529	332,430	342,959	262	180	99	-	-
Financial liabilities											
Payables		757	-	-	757	757	-	-	-	-	-
		757	-	-	757	757	-	-	-	-	-
2012											
Financial Assets											
Cash and cash equivalents	3.83	24,851	-	24,851	-	24,851	-	-	-	-	-
Receivables		438	-	-	438	438	438	-	-	-	-
Other assets		62	-	-	62	62	-	-	-	-	-
Available-for-sale financial assets		227,590	-	-	227,590	227,590	-	-	-	-	-
		252,941	-	24,851	228,090	252,941	438	-	-	-	-
Financial liabilities											
Payables		816	-	-	816	816	-	-	-	-	-
		816	-	-	816	816	-	-	-	-	-





NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

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
2013					
<u>Financial Assets</u>					
Cash and cash equivalents	10,529	(105)	(105)	105	105
Total Increase/(Decrease)		(105)	(105)	105	105
		-100 basis points		+100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2012					
<u>Financial Assets</u>					
Cash and cash equivalents	24,851	(249)	(249)	249	249
Total Increase/(Decrease)		(249)	(249)	249	249

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
2013				
Investments securities	331,831	-	-	331,831
	331,831	-	-	331,831
2012				
Investments securities	227,590	-	-	227,590
	227,590	-	-	227,590





NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2013

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

Remuneration of 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:

\$	2013	2012
0 - 16,000	7	6
16,001 - 24,000	1	1
	\$000	\$000
Base remuneration and superannuation received in relation to 2013	82	112
The total remuneration of members of the Accountable Board is:	<u>82</u>	<u>112</u>

The total remuneration includes 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:

\$	2013	2012
130,001 – 140,000	1	-
140,001 – 150,000	-	1
220,001 – 230,000	1	1
	\$000	\$000
Base remuneration and superannuation received in relation to 2013	337	331
Wages and super accruals	1	1
Other benefits	28	30
The total remuneration of senior officers is:	<u>366</u>	<u>362</u>

The total remuneration includes 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

2013	2012
\$000	\$000
<u>27</u>	<u>26</u>

33. Supplementary financial information

Write-offs

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

<u>210</u>	<u>162</u>
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CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**CERTIFICATION OF KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2013**

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 2013.

Signed this 30TH day of August 2013

A handwritten signature in blue ink, appearing to read 'R Spatore', written over a horizontal line.

R SPATORE

Member of the Board

A handwritten signature in blue ink, appearing to read 'S McCartney', written over a horizontal line.

S MCCARTNEY

Member of the Board



**KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2013**

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 (KEI) which when interpreted together provide evidence of the level of achievement of the Desired Outcome.

Legislative amendments proclaimed in April 2012 included the automatic registration of workers when they appear on an employer's quarterly return. This change has had a significant impact on the Board as indicated by the growth in the number of registered workers from 95,585 in 2012 to 120,259 in 2013. In turn this means that the number of unregistered workers is progressively being eliminated and workers, upon automatic registration, have the ability to view their records online.

The automatic registration of workers also means that the Board, from an actuarial perspective, records the workers' service as soon as possible and the service is then taken into account in the annual actuarial calculations. The annual actuarial assessment process also includes calculation of the Board's Funding Ratio which is the investment portfolio divided by the actuarial liability. The Board's target Funding Ratio also includes a buffer to allow for downturn in investment markets and therefore the early recognition of workers' service, and establishment of a funding buffer, are key elements in the financial sustainability of the Scheme.

Whilst registration of workers is important it is also relevant to monitor the average number of workers contributed for each quarter (KEI (ii)) and the Board's records show that over recent years the growth in the number of workers contributed for has exceeded ABS published construction industry employment statistics. This confirms a high coverage level by the Scheme in the WA construction industry.

For 2013 the most significant confirmation of the financial sustainability of the Board is evidenced in the underlying strength of the Balance Sheet. In 2012 the Board had an Equity Deficit of \$2.7M however as at 2013 an Equity Surplus of \$62.3M was recorded. This material improvement in financial strength was as a result of strong revenue from the contribution levy by employers and also the strong return on the investment portfolio. As shown in KEI (iv) the Board's investment return was 17.1% which was very close to comparative Pooled Growth Funds index return of 17.6% and also was well in excess of the long term average return of ~7%pa.

During the year Board Members critically reviewed the Board's Investment Policy (including Currency Management) to ensure the investment portfolio is appropriately structured to meet the Board's investment goals. Achievement of investment goals is an important element of the financial sustainability of the Board.

The Contribution Rate of 2.0% met by employers has been reduced over recent years and the Board's bad debt position has been well contained. Board Members will assess the Contribution Rate required for 2014 and this key decision will be made taking into account key factors such as the improved financial position of the Board, the significant volatility in investment markets and the reduction in construction industry growth in WA.

KEY EFFECTIVENESS INDICATORS

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2013 Target	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Registered Employers – Average for the year (Number)	4,912	4,892	4,912	4,991	5,124
Change in Number of Registered Employers. (%)		(0.4%)	(1.6%)	(2.6%)	0.0%
Growth in Firms in the Industry. (%) (IBISWORLD Pty Ltd)		*	(0.7%)	0.7%	(0.8%)

* 2012/2013 statistics were not available at the time of preparation of this Report.



**KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2013**

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2013 Target	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Employees contributed for - Average for the year. (number)	69,619	76,748	69,619	62,047	56,374
Change in number of Employees contributed for. (%)		10.2%	12.2%	10.0%	(0.3%)
Change in number of Employees in the industry. (%) *		5.1%	(2.7%)	0.2%	(1.3%)

* Based on construction industry employment statistics published by the Australian Bureau of Statistics. (ABS 6291.0.55.003 WA Quarter Feb 2013 Technical and Trades Workers plus Machinery Operators and Drivers).

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2013 Target	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Contribution Rate. (%)	2.00%	2.00%	2.13%#	2.25%	2.25%

The contribution rate was decreased from 2.25% to 2.00% with effect from 1 January 2012.

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2013 Target	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Board's Investment Return (%)	6.18%	17.1%	0.2%	8.0%	7.5%
Investment Return - (Average) Pooled Growth Funds (%)	n/a	17.6%	(0.1%)	8.4%	9.1%

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2013 Target	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Employees Registered in the Scheme. (number)	95,585	120,259	95,585	74,845	67,033
Number of Employees paid a benefit. (number)	2,843	3,112	2,556	2,273	2,279



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2013**

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2013 Target	2013 Actual	2012 Actual	2011 Actual	2010 Actual
Employees Registered in the Scheme. (number)	95,585	120,259	95,585	74,845	67,033
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit. (number)	83,214	108,553	84,832	64,748	57,416
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service. (number)	6,197	5,626	5,906	5,844	3,945
Employees qualified for a long service leave benefit - more than 10 years of service. (number)	6,174	6,080	4,847	4,253	5,672

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	2013	2012	2011	2010
W.A. Scheme Cost per Employee (\$)	\$27.44	\$35.55	\$42.49	\$46.89
Other State Schemes (average) (\$)	*	\$56.78	\$47.44	\$54.70

* 2012/2013 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	2013	2012	2011	2010
Staff per thousand employees. (number)	0.14	0.17	0.20	0.22
Other State Schemes (average) (number)	*	0.36	0.38	0.38

* 2012/2013 figures not available at the time of preparation of the Report.





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**MINISTERIAL DIRECTIVES
OTHER FINANCIAL DISCLOSURES
GOVERNANCE DISCLOSURES
FOR THE YEAR ENDING 30 JUNE 2013**

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

Capital Works

No capital works were completed during 2012-2013.

Employment and Industrial Relations

Staff Profile	2013	2012
Full time permanent	15.0	15.0
Part time measured on a FTE basis	1.4	1.4
Total	16.4	16.4

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 2012/2013 was \$20,583.



**OTHER LEGAL DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2013**

OTHER LEGAL DISCLOSURES

Compliance with Public Sector Standards & Ethical Codes

(Public Sector Management Act 1994, Section 31 (1))

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

Advertising

(Electoral Act 1907, Section 175ZE)

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

Recordkeeping Plan

(State Records Act 2000, Section 61)

The Board is committed to ongoing compliance with the State Records Act 2000 and to sound recordkeeping practices. The Board's Recordkeeping Plan was reviewed in April 2013 and the next review is due in 2018. This is undertaken by an external consultant. New employees receive ongoing training and education on recordkeeping.

Occupational Safety and Health

(Occupational Safety & Health Act 1984)

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 2012/2013	Actual for 2012/2013
Number of fatalities	Zero	Zero
Lost time injury	Zero	Zero
Lost time injury severity rate	Zero	Zero

Disability Access and Inclusion

(Disability Services Act 1993, Section 2)

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.

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.



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

**OTHER LEGAL DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2013**

OTHER LEGAL DISCLOSURES (continued)

Substantive Equality

The Board is an Equal Opportunity Employer and encourages Indigenous Australians, young people, people from culturally diverse backgrounds and women to apply for advertised positions. The Board has an Equal Employment Opportunity Management Plan. The Board is committed to providing its services free from any form of discrimination.

Public Interest Disclosure

(Public Interest Disclosure Act 2003)

Information on the requirements of the Public Interest Disclosure Act 2003 are included in the Induction Checklist for staff. All staff have intranet access to detailed internal procedures and guidelines on lodging disclosures, investigation, reporting and protecting informants.

Freedom of Information

(Freedom of Information Act 1992)

Nil applications were received for 2012/13

Information Enquiries

Requests for access to documents should be made, in the first instance, to the Board's public counter at Level 1, 26 Colin Street West Perth. Often material may be made available without the need to formalize a request under Freedom of Information. A formal FOI application is required to access documents that are not available as part of the normal course of business.

Receipt of FOI Applications

FOI applications, payments, correspondence and general enquiries should be directed to:

Chief Executive Officer

MyLeave

PO Box 1333

West Perth WA 6872

Telephone: (08) 9476 5400

Facsimile: (08) 9321 5404



ANNUAL ESTIMATES

The Minister has approved the following estimates for the 2013/2014 financial year:

Income	\$000
Contribution from employers	62,141
Net investment revenue	17,240
Total income	79,381
Expenses	
Long service leave payments	28,172
Employee benefits expense	1,920
Supplies and services	3,386
Depreciation and amortisation	55
Finance costs	70
Accommodation expenses	341
Increase in long service leave liability	21,094
Other expenses	681
Total expenses	55,719



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 2013, 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 2013 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.

Report on Controls

I have audited the controls exercised by the Construction Industry Long Service Leave Payments Board during the year ended 30 June 2013.

Controls exercised by the Construction Industry Long Service Leave Payments Board are those policies and procedures established by the Board to ensure 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.

Board's Responsibility for Controls

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Construction Industry Long Service Leave Payments Board based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Board complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

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 during the year ended 30 June 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Board's Responsibility for the Key Performance Indicators

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 and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

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 2013.

Independence

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2013 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL, ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 August 2013



GOVERNMENT OF
WESTERN AUSTRALIA

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