



# ANNUAL REPORT

2015



CONSTRUCTION  
INDUSTRY  
LONG SERVICE  
LEAVE SCHEME

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CONSTRUCTION  
INDUSTRY  
LONG SERVICE  
LEAVE SCHEME

Hon. Michael Mischin MLC  
Attorney General; Minister for Commerce  
10<sup>th</sup> Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

Dear 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 2015.

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

Ms L. Gibbs  
Chair

Date: 17/8/2015

Member of the Board

Date: 17.8.2015



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## Directory

### CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

OFFICE:	1st Floor, 26 Colin Street, WEST PERTH, 6005
POSTAL ADDRESS:	PO Box 1333, WEST PERTH, 6872
WEB ADDRESS:	<a href="http://www.myleave.wa.gov.au">www.myleave.wa.gov.au</a>
EMAIL:	<a href="mailto:hi@myleave.wa.gov.au">hi@myleave.wa.gov.au</a>
TELEPHONE:	08 9476 5400
FACSIMILE:	08 9321 5404
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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## OVERVIEW

### Executive Summary

In the financial year ending 30 June 2015 MyLeave continued to record pleasing operating performance and growth in various key areas. In particular, the volume and total value of payments to workers increased and the investment return rate was in excess of the long term average. Furthermore, a sound level of contribution levy from employers was received. MyLeave's Balance Sheet has strengthened and this assisted in the reduction in the contribution levy rate to 1.50% (-0.40%) effective from 1 January 2015. This measure was well received by employers.

Notwithstanding the above positive factors, it is apparent that the impact of a softening of the rate of growth in the construction industry has commenced to flow through to MyLeave and this is further commented on under the heading titled Significant Issues and Trends on page 12.

Key performance statistics, over recent years, relating to workers show:

Workers	2010	2011	2012	2013	2014	2015
Total Registered	67 033 (+8%)	74 845 (+12%)	95 585 (+28%)	120 259 (+26%)	131 517 (+9%)	130 151 (-1%)
Total contributed for (average per quarter)	56 374 (nom)	62 047 (+10%)	69 619 (+12%)	76 748 (+10%)	74 384 (-3%)	76 271 (+2%)
Total days of service (average per quarter)	2 635 818	2 906 844	3 181 912	3 421 618	3 293 582	3 299 286
Number of benefits paid	2 279	2 273	2 556	3 112	3 540	3 910
Value of benefits paid	\$16.3M	\$16.9M	\$20.5M	\$24.8M	\$29.1M	\$30.9M

The above data highlights significant growth in registered workers since 2010 however it is important to note that part of the effect of this has been the business efficiency improvement in 2012 whereby MyLeave now automatically registers eligible workers when they appear on an employer's quarterly return. It is also relevant to note that the total number of registered workers, on a net basis, is virtually unchanged from 2014 to 2015.

In the short / medium term the total number of registered workers will be impacted by the deregistration of workers, who in the peak period entered the construction industry for a brief period, and subsequently left before reaching an entitlement.

**Number of  
days of service  
recorded has  
plateaued**

Whilst the total number of registered workers is relevant, it is very important to consider the average number of workers in the construction industry contributed for each quarter, plus, the number of days of service recorded for those active workers. As shown in the above table, the average number of workers reduced in 2014 but increased in 2015.

Importantly, despite the increase in number of active workers in 2015, the number of days of service was virtually unchanged from the 2014 level. The table above shows the significant increase in the average number of days of service per quarter from 2,635,818 in 2010, to a peak of 3,421,618 in 2013, and reducing to 3,299,286 in 2015.

The key purpose of MyLeave is to facilitate worker payments and the industry growth in recent years has had the desirable outcome of an increase in worker payments. The number of payments paid during the year totaled 3,910 which was a 10% increase on 2014 level. The number of payments also impacted the value which was \$30.9M for the year. MyLeave is very pleased with this significant benefit for construction workers which, in turn, allows workers to take a well-earned long service leave break. Furthermore, with the softening in construction industry activity the long service leave entitlement provides a financial buffer for workers who have an unintended or unanticipated break in employment activity.

In contrast to the growth in total registered workers, the number of registered employers has not shown any growth since 2010:

Employers	2010	2011	2012	2013	2014	2015
Total registered	5 124	4 991	4 912	4 892	4 917	5 005

In regards to the financial aspects of MyLeave, there is some pleasing data to highlight to employers. These aspects include contribution income, investment return, investment portfolio structure and MyLeave's strong Balance Sheet. These areas are further commented on below.

The Statement of Comprehensive Income in this Annual Report details the contribution from employers at \$66.7M and this has reduced from the 2014 level of \$71.0M with the principal reason being the reduced contribution levy percentage from 1 January 2015. MyLeave's Mission is "To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australia construction industry employees" and MyLeave will strive to contain / reduce the contribution levy percentage with, at all times, adherence to the overall Mission.

The investment return for 2015 was 10.2% and this generated Investment Income of \$34.6M. Unfortunately the period immediately prior to 30 June 2015 was one of significant volatility and downturn in investment markets across the globe. The downturn was driven by the freezing and closure of Greece's banks as Greece drew closer to its 5 July referendum (on austerity measures) called by its Prime Minister. In the lead up to 30 June, market sentiment was that Greece was poised to miss its imminent deadline to repay a Euro\$1.5BN obligation to the International Monetary Fund, which in turn would lead to a technical default and the potential for Greece to exit the European Union.

Global markets were also adversely impacted by Chinese stocks entering a bear market with the Shanghai Composite falling 3.3% in one day and increasing the total loss to 22% from its peak level.

Notwithstanding the above comments, MyLeave's 2015 return of 10.2% was strong and in excess of the long term average return of 7.8% per annum. The graph below shows the material annual variances in the investment return percentage and this significantly impacts MyLeave's financial position.

The 2015 return of 10.2% represents the third consecutive year of strong returns and it is important that MyLeave continues to maintain a sound Balance Sheet to address the certain eventuality of a significant downturn in the global investment market.





The table below shows the investment portfolio (including cash deposits held by MyLeave) and also the significant revenue / income impact of sound investment returns for MyLeave;

**Strong  
portfolio  
growth**

Investment Portfolio & Income					
	2011	2012	2013	2014	2015
Total portfolio	\$208M	\$253M	\$342M	\$424M	\$490M
Investment income	\$13.6M	\$1.2M	\$50.2M	\$48.4M	\$34.6M

Whilst significant growth has been recorded in the investment portfolio, this has been necessary to align the portfolio to the Actuary's calculation of the total actuarial liability for worker payments. The investment portfolio is also required to have a financial buffer to cover investment market downturns. The actuarial calculations are updated annually and reflect the assessment of the worker liability taking into account updated statistics including days of service and ordinary income of workers as submitted in the quarterly returns by employers.

The growth in the actuarial liability demonstrates the same growth trend as the investment portfolio growth.

**Strong  
liability  
growth**

Actuarial Liability					
	2011	2012	2013	2014	2015
Total Liability	\$206.2M	\$270.5M	\$299.4M	\$329.9M	\$374.7M

It is relevant for employers to note that as at 30 June 2015 the actuarial calculations reflect the prevailing government bond rate and that the reduction in the government bond rate to 3.0% (from 2014 level of 3.5%) had an adverse impact of \$12.8M for the year on the actuarial calculations. It is also relevant to note that forecasts show the actuarial liability will increase to ~\$411.0M at 30 June 2016.

MyLeave continues to utilise the services of the Commonwealth Bank as Investment Advisor and the Advisor has assisted MyLeave in the establishment of a well-structured investment portfolio which is invested in various key asset classes. Furthermore, within those asset classes, MyLeave invests with various individual Fund Managers with investment styles which are designed to provide an optimum level of performance with a reduced level of deviation in the range of performance outcomes over the years.

The table below shows MyLeave's Strategic Asset Allocations (Benchmark and Actual) and Note 17 to the Financial Statements provides specific details of the individual Fund Managers as at 30 June 2015.

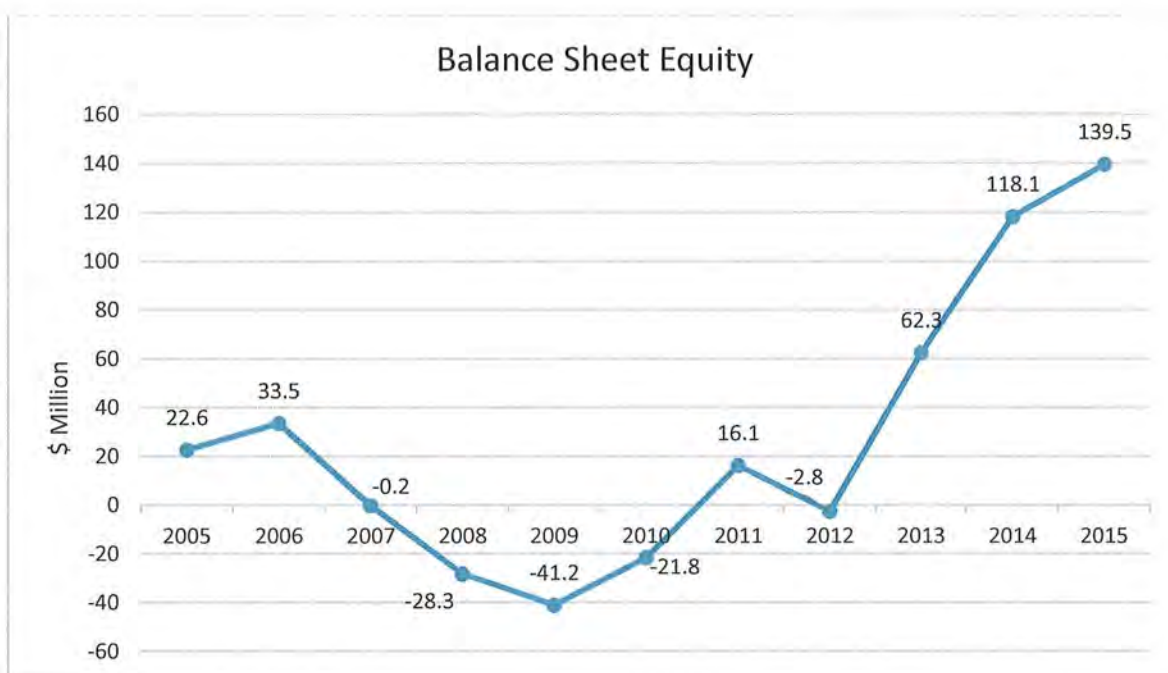
Asset Class	Strategic Asset Allocation	
	Benchmark	Actual 30/06/2015
Cash	15%	16.42%
Fixed Interest	25%	24.56%
<i>Sub Total</i>	<i>40%</i>	<i>40.98%</i>
Australian Equities	32%	30.58%
International Equities	18%	18.97%
Property & Infrastructure	10%	9.47%
<i>Sub Total</i>	<i>60%</i>	<i>59.02%</i>
<b>Total</b>	<b>100%</b>	<b>100.00%</b>

In March 2015 MyLeave considered a recommendation from the Investment Advisor in regards to MyLeave's hedging strategy of International Equities and this resulted in a measure to "lock in" some unrealised profit as a result of the weakening of the AUD. MyLeave moved \$27.8M from an unhedged position to a fully hedged position. As at 30 June 2015 the value of the International Equities asset allocation was \$27.2M hedged and \$62.1M unhedged. The retention of the unhedged allocation means that MyLeave will obtain the benefit of any further weakening of the AUD (on that unhedged component). This strategic move also removes a component of risk in the investment portfolio.

As a result of the performance factors previously commented on, MyLeave's Balance Sheet records a strong financial position as shown below.

Balance Sheet	2013	2014	2015
Assets	\$362.8M	\$449.2M	\$515.5M
Liabilities	\$300.5M	\$331.1M	\$376.0M
Equity Surplus	\$62.3M	\$118.1M	\$139.5M
Accounting Ratio (Assets/Liabilities)	121%	136%	137%

The value of the Balance Sheet Equity (Surplus / Deficiency) and movement over the past 10 years is shown in the graph below.





The 2015 Balance Sheet Equity (Surplus) of \$139.5M appears significant and is in excess of the higher level of MyLeave's Board approved Accounting Ratio range of 110% - 130%. Notwithstanding this, Board Members maintain a cautious outlook and are cognizant that back to back years of a downturn in global investment markets (as happened in 2008 and 2009) would significantly erode the accumulated Equity Surplus. Furthermore global markets remain in a position of considerable uncertainty with the impact of Greece's technical default in regards to its obligations to the International Monetary Fund.

Also, the position with China is unclear and its stock market may be subject to further downward correction in the short term.

Prior to the end of the calendar year Board Members will review the contribution levy percentage to apply from 1 January 2016 and make a carefully considered recommendation to the Minister. Subsequent to approval by the Minister, the contribution levy percentage will be detailed on the MyLeave website and formally advised to employers.

From an operational viewpoint MyLeave Board Members and management have been very active and achieved some tangible outcomes including:

- maintenance of the administrative cost of MyLeave at a level of \$31.88 (per registered worker) as compared to \$54.71 (being the average of the other interstate schemes);
- establishment of a formal Board Member training program;
- implementation of a "Corporate Dashboard" reporting system for Board Members;
- engagement of a Risk Management consultant to develop an enhanced "Risk Management Framework" and undertake a Risk Assessment Review of MyLeave's operational activities;
- disaster recovery testing of MyLeave's IT system was undertaken to ensure minimum operational impact in an adverse situation;
- completion, by Ernst & Young, of a FBT audit review with favorable findings;
- maintenance of a very sound staff retention ratio;
- completion of staff engagement survey with favorable results;
- completion of an interstate employer onsite inspection program;
- introduction of formal "in-house" presentations to new employers; and
- implementation of a structured Service & Compliance inspection checklist to ensure consistency in the inspection program and outcomes.

The MyLeave team continues to embrace its Vision *"To achieve excellence in the delivery of long service leave entitlements to construction industry employees."*

As detailed, the 2015 year was very active for MyLeave and Board Members are pleased with MyLeave's performance and the continued benefit provided by the Scheme to employers and construction industry workers.

## 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 construction industry employees.

### Objectives

1. To fully implement the Scheme within the 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.

### Vision

To achieve excellence in the delivery of long service leave entitlements to construction industry employees.

### Values

#### Working together



Establishing and maintaining long term relationships based upon mutual trust, respect and understanding

#### Honesty & integrity



Being open and honest and acting with integrity in all our dealings

#### Excellence in service delivery



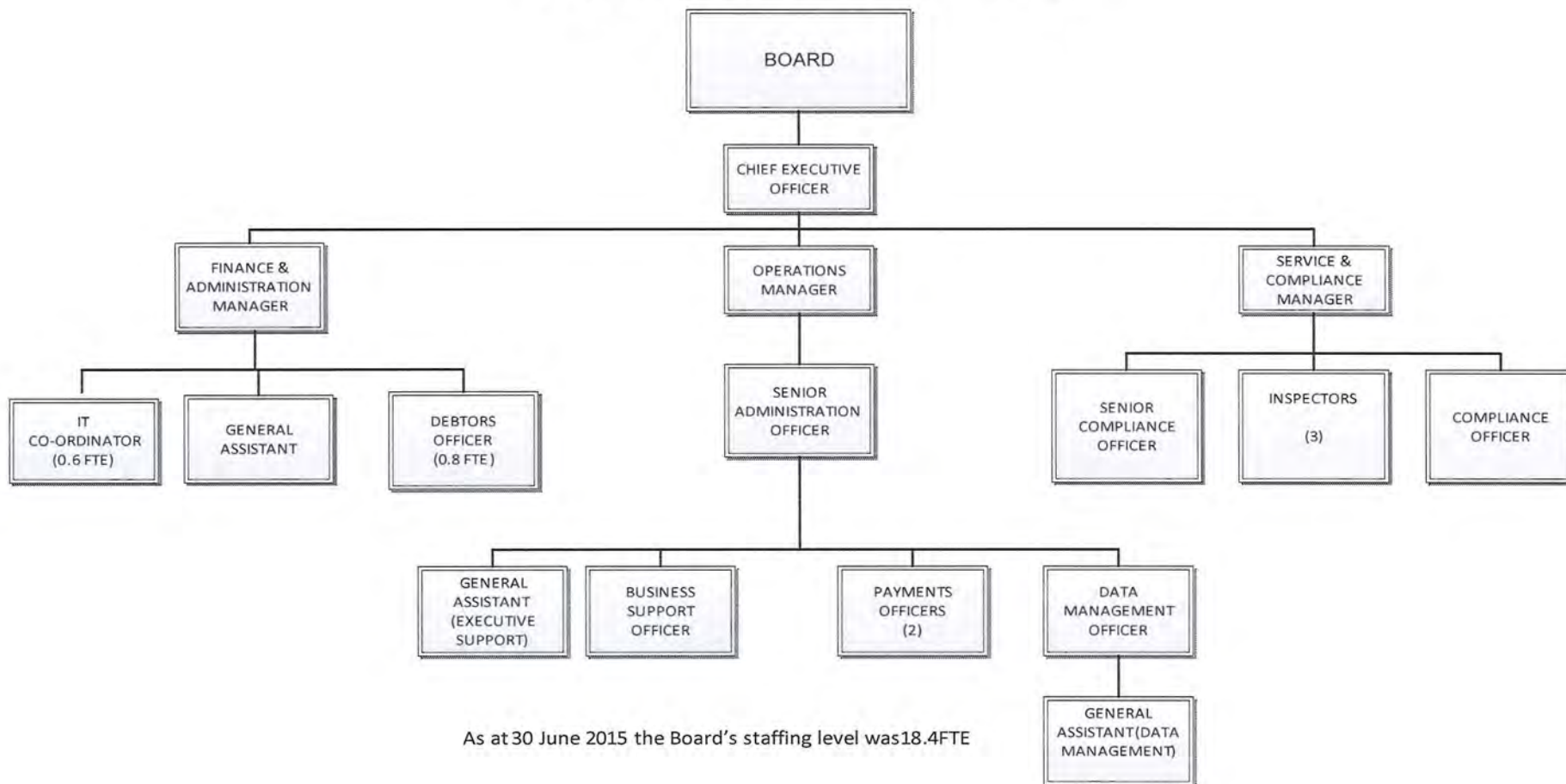
Exceeding our commitments to stakeholders and understanding and addressing both current and future needs

#### Consistency



Delivery of a consistent approach in terms of legislative requirements in our decision making processes

## 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 have been appointed by the responsible Minister for a period of two years. Current Board members' appointments end on 24 September 2016.

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 W. Edwardes	Mr M. Buchan
Mr M. McLean	Mr S. McCartney
Mr R. Sputore	Mr L. McLaughlan

### Board Meetings Attendance

	NUMBER OF MEETINGS ELIGIBLE TO ATTEND	NUMBER ATTENDED
Ms L. Gibbs (Chair)	5	5
Mr M. Buchan	5	4
Mr W. Edwardes	5	5
Mr S. McCartney	5	4
Mr L. McLaughlan	5	4
Mr M. McLean	5	4
Mr R. Sputore	5	5

### Senior Officers

Mr F. J. Youens CPA, F Fin, MAICD	Mr J. Flint FCPA, FGIA, FCIS, P.Grad Bus, B.Bus
Chief Executive Officer	Finance & Administration Manager



**STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2015**

**Key Legislation Impacting on Activities**

Construction Industry Portable Paid Long Service Leave Act 1985  
 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 2015**

## **Performance Management Framework**

### **Outcome Based Management Framework**

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

### **Changes to the Outcome Based Management Framework**

The Board's Outcome Based Management Framework did not change during 2014/2015.

### **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**

	<b>2014-15 Estimate (a) \$000</b>	<b>2014-15 Actual \$000</b>	<b>2014-15 Variation \$000</b>
Contribution From Employers	\$70,615	\$66,684	(\$3,931) (b)
Investment Income	\$20,984	\$34,567	\$13,583 (c)
Total Equity	\$145,413	\$139,500	(\$5,913) (d)

(a) As per the Board's Budget Estimates.

(b) Estimated employer contribution levy rate higher than actual.

(c) The investment return was 10.17% pa compared to the forecast 5.05% pa.

Investment Income comprises:

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

(d) Equity variance due to:

- Lower contribution from employers (-\$3.9M)
- Increased investment income (+\$13.6M)
- Lower opening 1 July 2014 Total Equity than forecast (-\$18.9M)

STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2015

**Key Performance Indicators:**

**Actual performance compared to the Board's Budget Forecast**

	2014-15 Estimate (1)	2014-15 Actual	2014-15 Variation
<b>Outcome:</b> A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.			
<b>Key Effectiveness Indicators:</b>			
(i) eligible employers who have registered with the Board.	4,917	5,005	88
(ii) eligible and registered construction industry employees for whom contributions have been made.	74,384	76,271	1,887
(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	15,073	13,825	(1,248)
(iv) construction industry employees who have received a long service leave payment.	3,305	3,910	605
(v) eligible employers long service leave contribution rate.	1.75%	1.70%	(0.05%)
(vi) annual return derived from the Board's investments.	5.05%	10.17%	5.12%
<b>Service:</b> Management of the Construction Industry Long Service Leave Scheme.			
<b>Key Efficiency Indicators:</b>			
(i) average administrative cost per registered construction industry employee.	\$35.43 p.a	\$31.88 p.a	(\$3.55) p.a
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.14	0.14	0.00

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



**STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2015**

## Significant Issues and Trends

### Current and emerging issues and trends

A key trend for MyLeave to monitor is the softening in the growth in the construction industry. As detailed under the heading Executive Summary, the quarterly worker data submitted by employers indicates that the strong growth experienced up to 2013 has ceased and subsequent to that the trend has been for a reduction / plateauing in the average number of workers being contributed for. In addition wage growth has slowed.

Whilst there has been a strong positive trend in housing starts over the period 2012 to 2015 the Housing Industry Association ("HIA") forecasts show a reduction (see table below) in housing starts in the immediate future.

Housing Starts			
Year	Number	% Change	
2011-2012	17 790	-15%	Actual
2012-2013	24 170	+36%	
2013-2014	29 260	+21%	
2014-2015	29 850	+2%	Forecast
2015-2016	25 550	-14%	
2016-2017	23 850	-7%	
2017-2018	22 740	-5%	

The Australian Construction Industry Forecasting Council ("ACIFC") has published the following historical Actual results and detailed Forecasts for the value of construction carried out in WA.

Value of Construction in Western Australia	2010-11	2011-12	2012-13	2013-14
Actual (\$million)				
Residential Building	11 359	10 142	9 956	11 332
Non Residential Building	5 450	6 228	5 603	5 332
Engineering Construction	25 735	41 731	42 901	41 159
Total Construction	42 544	58 102	58 460	57 824

Value of Construction in Western Australia	2014-15	2015-16	2016-17	2017-18	2018-19
Forecast (\$million)					
Residential Building	11 529	11 881	12 030	11 262	10 929
Non Residential Building	4 634	4 401	4 148	3 931	3 784
Engineering Construction	37 415	33 389	29 501	28 442	28 255
Total Construction	53 578	49 671	45 679	43 635	42 968

As shown in the table above, the value of Residential Building and Non Residential Building have a significant impact on the WA construction industry however, the value of Engineering Construction has the most significant impact.

In regards to Engineering Construction, the tables above clearly demonstrate peak activity to the period ending 30 June 2013 followed by consecutive years of diminution of the annual value of construction. The 2013 peak of Engineering Construction was \$42.9Bn as compared to a forecast for 2019 of \$28.3Bn.

## STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2015

### Current and emerging issues and trends (Continued)

The continuation by MyLeave of its Objective to "*Minimise the contribution rate payable*", coupled with the softening across the construction industry has the following direct impacts:

- 1) Contribution levy from employers will reduce;
- 2) Probability of an increase in the number of employers having difficulty in meeting their contribution levy obligation; and
- 3) Increased number of payments to workers.

These impacts are further commented on below;

- 1) Contribution levy from employers

MyLeave's budget has incorporated a reduction in the value of contribution levy income (from the reduction in the levy percentage from 1 January 2015 plus industry softening) and MyLeave's current financial position is strong. To ensure maximum accuracy with the forecasting of the contribution levy revenue MyLeave is to undertake an "Experience Review" with the Actuary to ensure actuarial forecasts are based on the most accurate assumptions based upon recent actual industry activity. MyLeave has managed to progressively reduce the contribution levy percentage to 1.50% from the post Global Financial Crisis rate of 2.25% and any further reductions from the current level of 1.50% will only be after a rigorous financial impact analysis.

In line with the above commentary, the reduction in contribution levy income is not considered a material financial risk to MyLeave.

- 2) Probability of an increase in the number of employers having difficulty in meeting their contribution levy obligation

As MyLeave collects the contribution levy on a quarterly basis in arrears it is exposed to a greater extent to bad and doubtful debts than a business with a shorter term payment cycle. MyLeave maintains a high degree of monitoring of the timely submission of returns and contribution levy payments by employers. Furthermore, at each Board meeting Board Members consider and approve a formal Prosecution List (of employers) to ensure overdue returns are submitted. Furthermore, Board Members regularly review MyLeave's Bad & Doubtful debts to ensure active follow up by management.

- 3) Increased number of payments to workers

The growth of the Scheme has resulted in a steady increase in the number, and value, of payments made per annum since 2011. Increased payments will be made to workers as a result of the recent growth of the Scheme and also as workers take leave during periods associated with unintended or unanticipated breaks in employment activity. MyLeave's Payments team is appropriately skilled to cater for increasing payment volumes. In addition, staffing capacity allows for increased cover for peak seasonal periods and annual leave absences.

From a liquidity perspective MyLeave is cashflow positive from contribution levy collections so the projected increase in the value of payments is manageable from forecast cashflow without the need to drawdown from the investment portfolio.

MyLeave management will continue its close liaison with industry participants and Board Members, who are all active in the industry, to ensure emerging risks are identified and considered in a timely manner. In turn, this will ensure MyLeave maintains its financially stable position.

### Changes in Written Law

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

### Likely Developments

Nil





CONSTRUCTION  
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STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2015

## Disclosure and Legal Compliance

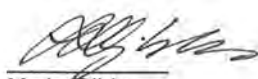
### FINANCIAL STATEMENTS

#### CERTIFICATION OF FINANCIAL STATEMENTS:

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 ended 30 June 2015 and the financial position as at 30 June 2015.

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 17<sup>th</sup> day of August, 2015

  
Ms L. Gibbs  
Chair

  
Member of the Board

  
Mr J. Flint  
Chief Finance Officer



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$000	2014 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Contribution from employers		66,684	71,036
Employer surcharges		3	1
Net investment revenue	6	29,439	18,509
Interest revenue	7	641	682
Other revenue		-	41
<b>Gains</b>			
Net gain on disposal of investments	9	10,334	-
<b>TOTAL INCOME</b>		<b>107,101</b>	<b>90,269</b>
<b>EXPENSES</b>			
Long service leave payments	8	30,865	29,101
Employee benefits expense	10	1,849	1,706
Supplies and services	11	1,446	1,358
Depreciation and amortisation expense	12	37	46
Finance costs	13	60	63
Accommodation expenses	14	312	309
Accrued long service leave liability expense	8	44,818	30,502
Other expenses	15	445	622
<b>TOTAL EXPENSES</b>		<b>79,832</b>	<b>63,707</b>
<b>PROFIT FOR THE PERIOD</b>		<b>27,269</b>	<b>26,562</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Change in the fair value of available-for-sale financial assets		(5,847)	29,246
Total other comprehensive income		(5,847)	29,246
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>21,422</b>	<b>55,808</b>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	<b>Note</b>	<b>2015 \$000</b>	<b>2014 \$000</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	25	19,188	16,230
Receivables	16	444	454
Other current assets	18	24,985	24,285
Available-for-sale financial assets	17	470,806	408,100
<b>Total Current Assets</b>		<b>515,423</b>	<b>449,069</b>
<b>Non-Current Assets</b>			
Plant and equipment	19	105	121
Intangible assets	20	4	6
<b>Total Non-Current Assets</b>		<b>109</b>	<b>127</b>
<b>TOTAL ASSETS</b>		<b>515,532</b>	<b>449,196</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued long service leave benefits liability	8	215,497	188,816
Payables	22	829	809
Provisions	23	432	350
<b>Total Current Liabilities</b>		<b>216,758</b>	<b>189,975</b>
<b>Non-Current Liabilities</b>			
Accrued long service leave benefits liability	8	159,184	141,049
Provisions	23	90	94
<b>Total Non-Current Liabilities</b>		<b>159,274</b>	<b>141,143</b>
<b>TOTAL LIABILITIES</b>		<b>376,032</b>	<b>331,118</b>
<b>NET ASSETS</b>		<b>139,500</b>	<b>118,078</b>
<b>EQUITY</b>			
Reserve	24	23,399	29,246
Retained earnings	24	116,101	88,832
<b>TOTAL EQUITY</b>		<b>139,500</b>	<b>118,078</b>

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 2015

	Note	Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Balance at 1 July 2013</b>		-	62,270	62,270
Profit		-	26,562	26,562
Other comprehensive income		29,246	-	29,246
Total comprehensive income for the period		29,246	26,562	55,808
<b>Balance at 30 June 2014</b>	24	<b>29,246</b>	<b>88,832</b>	<b>118,078</b>
<b>Balance at 1 July 2014</b>		<b>29,246</b>	<b>88,832</b>	<b>118,078</b>
Profit		-	27,269	27,269
Other comprehensive income		(5,847)	-	(5,847)
Total comprehensive loss for the period		(5,847)	27,269	21,422
<b>Balance at 30 June 2015</b>	24	<b>23,399</b>	<b>116,101</b>	<b>139,500</b>

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 2015

	Note	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from employers		67,052	72,678
Interest received		641	682
GST receipts from taxation authority		156	-
Other receipts		-	40
<b>Payments</b>			
Employee benefits		(1,771)	(1,637)
Supplies and services		(1,396)	(1,213)
Finance costs		(61)	(63)
Accommodation		(312)	(309)
Payments for long service leave		(30,865)	(29,100)
GST payments on purchases		(159)	-
Other payments		(308)	(297)
Net cash provided by operating activities	25	32,977	40,781
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of investments		-	-
Distributions received		-	-
<b>Payments</b>			
Proceeds of non-current assets		(19)	(81)
Purchase of investments		(30,000)	(34,999)
Net cash used in investing activities		(30,019)	(35,080)
Net increase in cash and cash equivalents		2,958	5,701
Cash and cash equivalents at the beginning of period		16,230	10,529
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	25	19,188	16,230

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 2015

### 1. Australian Accounting Standards

#### General

The Construction Industry Long Service Leave Payments Board's ("the Board") financial statements for the year ended 30 June 2015 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 2015.

### 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 2006* 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 2015

### **(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 which have been valued at fair value.

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).

Note 3 '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.

Note 4 'Key sources of estimation uncertainty' discloses 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.

At 30 June 2015 the Board has an excess of assets over liabilities of \$139.5 million (2014: excess of assets over liabilities of \$118.1 million).

### **(c) Reporting Entity**

The reporting entity comprises the Construction Industry Long Service Leave Payments Board. There are no 'Related bodies'.

### **(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 2015 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2015

### (e) Plant and Equipment

#### *Capitalisation/expensing of assets*

Items of 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 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 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.

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 2015**

**(f) Intangible Assets (Continued)**

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

Licences	3 to 5 years
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*Licences*

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

*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 a specialised 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2015

### (i) Financial Instruments

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

- 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 as 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 the end of each reporting period. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2015

### (l) Investments and Other Financial Assets (continued)

#### 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.

#### Provisions - Other

#### 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 2015**

**(n) Provisions (continued)**

**Provisions - Employee Benefits**

All annual Leave and long service provisions are in respect of employees' services up to the end of the reporting period.

**Annual Leave**

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be a 'other long-term employee benefit'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and period of services. 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.

The provision for annual leave is classified as a current liability as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**Long service leave**

Long service leave not expected to be settled wholly within 12 months after the end of the reporting period is therefore considered and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and period of services. 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**(n) Provisions (continued)**

**Superannuation (continued)**

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 provider.

The Board makes 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, the WSS Scheme and the GESBS, 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, the WSS Scheme and the GESBS are extinguished by the concurrent payment of employer contributions to the GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole of government reporting. However, from an agency perspective, apart from the pre-transfer benefits, it is a defined contribution plan under AASB119.

**(o) Superannuation expense**

Superannuation expense is recognised in the Statement of Comprehensive Income in profit or loss for defined contribution plans, including the concurrent payment of employer contributions to the GSS scheme, 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.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**(r) Comparative figures**

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

**3. Judgements made by management in applying accounting policies**

The preparation of financial statements requires management to make judgements about the application of accounting policies that have significant effect on the amounts recognised in the financial statements. The Board evaluates these judgements regularly.

**Operating lease commitments**

The Board has entered into a lease for building accommodation and motor vehicles. The leases relate to the building and motor vehicles are of 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**5. Disclosure of change in accounting policy and estimates**

**Initial application of an Australian Accounting Standard**

The Board has applied the following Australian Accounting Standards effective or adopted, for annual reporting periods beginning on or after 1 January 2014 that impacted on the Board.

Int 21	<p><b>Levies</b></p> <p>This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Board at reporting date.</p>
AASB 10	<p><b>Consolidated Financial Statements</b></p> <p>This Standard, issued in August 2011, 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>The adoption of the new Standard has no financial impact for the Board as it does no impact accounting for related bodies and the Board has no interests in other entities.</p>
AASB 11	<p><b>Joint Arrangements</b></p> <p>This Standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.</p> <p>There is no financial impact for the Board as the new standard continues to require the recognition of the Board's share of assets and share of liabilities for the unincorporated joint operation.</p>
AASB 12	<p><b>Disclosure of Interests in Other Entities</b></p> <p>This Standard, issued in August 2011, supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. There is no financial impact.</p>
AASB 127	<p><b>Separate Financial Statements</b></p> <p>This Standard issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements, removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.</p>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**Initial application of an Australian Accounting Standard (Continued)**

AASB 128	<p>Investments in Associates and Joint Ventures</p> <p>This Standard supersedes AASB 128 Investments in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest. The adoption of the new Standard has no financial impact for the Board as it does not hold investments in associates and joint ventures.</p>
AASB 1031	<p>Materiality</p> <p>This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.</p>
AASB 1055	<p>Budgetary Reporting</p> <p>This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Board will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>
AASB 2011-7	<p>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 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. There is no financial impact for the Board.</p>
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>
AASB 2013-3	<p>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**Initial application of an Australian Accounting Standard (Continued)**

AASB 2013-4	<p>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</p> <p>The Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designed as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Board does not routinely enter into derivatives or hedges, therefore there is no financial impact.</p>
AASB 2013-8	<p>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for Profit Entities – Control and Structured Entities [AASB 10, 12 &amp; 1049]</p> <p>The amendments, issued in October 2013, provide significant guidance to determine whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor's relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.</p>
AASB 2013-9	<p>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</p> <p>Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.</p>
AASB 2014-1	<p>Amendments to Australian Accounting Standards</p> <p>Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Board.</p> <p>Part B of this Standard has no financial impact as the Board contributes to schemes that are either defined contribution plans or deemed to be defined contribution plans.</p> <p>Part C of this Standard has no financial impact as it removes reference to AASB 1031 Materiality from the number of Accounting Standards.</p>
AASB 2015-7	<p>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</p> <p>This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.</p>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**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 or by an exemption from TI 1101. By virtue of a limited exemption, the Board has early adopted AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the Board plans to apply these Australian Standards from their application date.

		<b>Operative for reporting periods beginning on/after</b>
AASB 9	<p>Financial Instruments</p> <p>The Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 Amendments to Australian Accounting Standard. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p>Revenue from Contracts with Customers</p> <p>This Standard establishes the principles that the Board shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jul 2017
AASB 2010-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127]</p> <p>This standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Board has not yet determined to application or the potential impact of the Standard.</p>	1 Jan 2018



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AASB 2013-9	<p>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.</p> <p>Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Board has not yet determined the application or the potential impact of AASB 9</p>	1 Jan 2015
AASB 2014-1	<p>Amendments to Australian Accounting Standards</p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Board to determine the application or potential impact of the Standard.</p>	1 Jan 2015
AASB 2014-3	<p>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 &amp; 11]</p> <p>The Board establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.</p>	1 Jan 2016
AASB 2014-4	<p>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; 138]</p> <p>The adoption of this Standard has no financial impact for the Board as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>	1 Jan 2016
AASB 2014-5	<p>Amendments to Australian Accounting Standards arising from AASB 15</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arise from the issuance of AASB 15. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017



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AASB 2014-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</p> <p>This Standard gives the effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-8	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 &amp; 2010)]</p> <p>This Standard makes amendments to AASB9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
AASB 2014-9	<p>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 &amp; 128]</p> <p>This Standard amends AASB 127 and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2014-10	<p>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 &amp; 128]</p> <p>This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016



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AASB 2015-1	<p>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137, &amp; 140]</p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2015-2	<p>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 &amp; 1049]</p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>	1 Jan 2016
AASB 2015-3	<p>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</p> <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p>	1 Jul 2015
AASB 2015-6	<p>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 &amp; 1049]</p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.</p>	1 Jul 2016



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	2015 \$000	2014 \$000
<b>6. Net investment revenue</b>		
Distributions from managed funds	29,439	18,509
	<u>29,439</u>	<u>18,509</u>

## 7. Interest revenue

Bank account and term deposit interest	641	682
	<u>641</u>	<u>682</u>

## 8. Accrued long service leave benefits liability

The Scheme's long service leave liability at 30 June 2015 has been calculated by the Actuary as \$374.7 million (as per AASB 119)

Opening balance	329,865	299,363
Long service leave payments	(30,865)	(29,101)
Increase in provision (i)	75,681	59,603
Closing balance	<u>374,681</u>	<u>329,865</u>

(i) Increase in Provision in the Statement of Comprehensive Income is made up of:

Long service leave payments	30,865	29,101
Accrued long service leave liability expense	44,818	30,502

The liability is allocated as follows:

Current		
Accrued long service leave benefits liability	215,497	188,816
Non-current		
Accrued long service leave benefits liability	159,184	141,049
Total	<u>374,681</u>	<u>329,865</u>

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

- (a) The rate of members' future pay increases is estimated at 5.0% (2014: 5.0%) per annum.
- (b) The discount rate is 3.0% (2014: 3.5%) as quoted by the government bond rate for a 8.4 year term (2014: 8.6 year term).

## 9. Gains on disposal of investments

Costs of disposal of investments	17,479	-
	<u>17,479</u>	<u>-</u>
Proceeds from disposal of investments	27,813	-
Realised gains from current period sales	10,334	-
	<u>10,334</u>	<u>-</u>
Total realised gains	<u>10,334</u>	<u>-</u>

## 10. Employee benefits expense

Wages and salaries <sup>(a)</sup>	1,457	1,398
Superannuation – defined contribution plans	237	187
Long service leave <sup>(b)</sup>	36	1
Annual Leave <sup>(b)</sup>	119	120
	<u>1,849</u>	<u>1,706</u>

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

(b) Includes a superannuation contribution component.

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





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	2015 \$000	2014 \$000
<b>11. Supplies and services</b>		
Communications	214	191
Consultants and contractors	930	857
Consumables	151	134
Travel	37	36
Other	114	140
	<u>1,446</u>	<u>1,358</u>
<b>12. Depreciation and amortisation expense</b>		
<b>Depreciation</b>		
Furniture and office equipment	28	36
Leasehold improvements	7	8
Total depreciation	<u>35</u>	<u>44</u>
<b>Amortisation</b>		
Intangible assets	2	2
Total amortisation	<u>2</u>	<u>2</u>
Total depreciation and amortisation	<u>37</u>	<u>46</u>
<b>13. Finance costs</b>		
Bank fees	60	63
	<u>60</u>	<u>63</u>
<b>14. Accommodation expenses</b>		
Lease rentals	287	288
Repairs and maintenance	3	3
Light and power	22	18
	<u>312</u>	<u>309</u>
<b>15. Other expenses</b>		
Board members' fees	98	97
Employment on-costs <sup>(a)</sup>	67	59
Annual leave provision	26	16
Long service leave provision	39	48
Doubtful debts expense	156	326
Bad debt recovery	(18)	-
Insurances	44	43
Motor vehicle expenses	33	33
	<u>445</u>	<u>622</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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2015

	2015 \$000	2014 \$000
<b>16. Receivables</b>		
Employer debtors	577	751
Allowance for impairment of employer debtors	(156)	(328)
	421	423
Other debtors	23	31
	444	454

Reconciliation of changes in the allowance for impairment of employer debtors:

Balance at start of period	328	147
Doubtful debts expense	157	326
Amounts written off during the period	(329)	(147)
Impairment losses reversed during the period	-	2
Balance at end of period	156	328

\$329,563 of bad debts, where an allowance for impairment was previously raised, were written off during the year directly against employer debtors (2014: \$147,212).

## 17. Available-for-sale financial assets

At valuation:

- First Wrap Plus Investment	6,991	-
- Colonial First State Cash	35,863	30,773
- Colonial First Rate Saver	34,472	29,550
- Aberdeen Australian Fixed Income	38,265	33,782
- PIMCO EQT Global Bond	38,190	33,851
- UBS Diversified Fixed Income Fund	39,157	34,929
- AMP Capital Global Property Securities (Hedged)	22,642	21,195
- Schroder Wholesale Australian Equity	43,397	37,732
- Colonial FS Equity Income Fund	42,927	37,695
- Vanguard Australian Shares Index fund	43,443	38,137
- Magellan Global Fund (Unhedged)	14,995	11,668
- MFS Global Equity (Unhedged)	27,365	21,806
- Schroder Global Active Value (Unhedged)	19,751	21,778
- Vanguard International Share Index Fund (Hedged)	27,211	-
- Vanguard International Share Index Fund (Unhedged)	-	22,068
- Celeste Australian Small Companies	14,194	12,185
- RARE Infrastructure Value Fund (Hedged)	21,943	20,951
	470,806	408,100

## 18. Other assets

### Current

Accrued contributions	13,525	14,023
Prepayments	63	85
Accrued distributions and Interest	11,397	10,177
	24,985	24,285

NOTES TO THE FINANCIAL STATEMENTS  
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	2015 \$000	2014 \$000
<b>19. Plant and equipment</b>		
<u>Furniture and fittings</u>		
At cost	45	44
Accumulated depreciation	(24)	(22)
	<u>21</u>	<u>22</u>
<u>Leasehold improvements</u>		
At cost	116	116
Accumulated depreciation	(86)	(78)
	<u>30</u>	<u>38</u>
<u>Office equipment</u>		
At cost	173	155
Accumulated depreciation	(119)	(94)
	<u>54</u>	<u>61</u>
	<u>105</u>	<u>121</u>

Reconciliations of the carrying amounts of 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	Total \$000
<b>2015</b>				
Carrying amount at start of period	22	38	61	121
Additions	1	-	18	19
Disposals	-	-	-	-
Depreciation	(2)	(8)	(25)	(35)
Carrying amount at end of period	<u>21</u>	<u>30</u>	<u>54</u>	<u>105</u>

	Furniture and fittings \$000	Leasehold improvements \$000	Office equipment \$000	Total \$000
<b>2014</b>				
Carrying amount at start of period	23	-	68	91
Additions	2	45	27	74
Disposals	-	-	-	-
Depreciation	(3)	(7)	(34)	(44)
Carrying amount at end of period	<u>22</u>	<u>38</u>	<u>61</u>	<u>121</u>





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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2015

### 20. Intangibles assets

#### Licenses

At cost  
Accumulated amortisation

	2015 \$000	2014 \$000
	22	22
	(18)	(16)
	<u>4</u>	<u>6</u>

#### Reconciliation

Licenses  
Carrying amount at start of year  
Additions  
Amortisation expense  
Carrying amount at end of year

	6	1
	-	7
	(2)	(2)
	<u>4</u>	<u>6</u>

### 21. Impairment of assets

There were no indications of impairment to plant and equipment and intangible assets at 30 June 2015.

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 2015.

### 22. Payables

Trade payables  
Accrued salaries  
Accrued expenses

	618	640
	72	64
	139	105
	<u>829</u>	<u>809</u>

### 23. Provisions

#### Current

Employee benefits provision  
Annual leave<sup>(a)</sup>  
Long service leave<sup>(b)</sup>

	169	137
	199	154
	<u>368</u>	<u>291</u>

Other provisions  
Employment on-costs<sup>(c)</sup>

	64	59
	<u>432</u>	<u>350</u>

#### Non-current

Employee benefits provision  
Long service leave<sup>(b)</sup>

	79	80
	<u>79</u>	<u>80</u>

Other provisions  
Employment on-costs<sup>(c)</sup>

	11	14
	<u>90</u>	<u>94</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>

**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 the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of reporting date	104	84
More than 12 months after reporting date	65	53
	<u>169</u>	<u>137</u>

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

Within 12 months of reporting date	63	56
More than 12 months after reporting date	215	178
	<u>278</u>	<u>234</u>

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

**Movement in Other Provisions**

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

<b>Carrying amount at start of the year</b>	73	61
Additional provision recognised	2	12
<b>Carrying amount at end of period</b>	<u>75</u>	<u>73</u>

**24. Equity**

**Retained earnings**

Balance at start of period	88,832	62,270
Result for the period	27,269	26,562
<b>Balance at end of period</b>	<u>116,101</u>	<u>88,832</u>

**Fair Value Reserve**

Balance at start of period	29,246	-
Movement for the period	(5,847)	29,246
<b>Balance at end of period</b>	<u>23,399</u>	<u>29,246</u>

<b>Total equity at end of period</b>	<u><b>139,500</b></u>	<u><b>118,078</b></u>
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**2015      2014**  
**\$000      \$000**

**25. Notes to the Statement of Cash Flows**

Reconciliation of cash

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

Cash and cash equivalents	19,188	16,230
	<u>19,188</u>	<u>16,230</u>
Profit for the period	27,269	26,562
<u>Non-cash items:</u>		
Depreciation and amortisation expense	37	46
Investment income reinvested	(29,439)	(18,510)
Doubtful debts expense	156	326
Net profit on sale of investments	(10,334)	-
<u>(Increase)/decrease in assets:</u>		
Current receivables	(146)	(239)
Other current assets	498	1,979
Prepayments	22	(7)
<u>Increase/(decrease) in liabilities:</u>		
Current payables	20	196
Current provisions	82	110
Other current liabilities	-	(144)
Non-current provisions	(4)	(40)
Accrued LSL benefits liability	44,816	30,502
Net cash provided by operating activities	<u>32,977</u>	<u>40,781</u>

**Non-cash Investing**

The Board has invested in fund accounts maintained by its Investment Advisor. Cash distributions from investments and proceeds from sale of investments are reinvested back into the fund account and do not result in any cash outflow or inflow through the operating account of the Board. The distributions from investments for 30 June 2015 amounted to \$29,439 million (2014: \$18,509 million) and the proceeds from sale of investments amounted to \$27,813 million (2014: Nil).

**26. Commitments**

**Non-cancellable operating lease commitments**

Commitments for minimum lease payments are payable as follows:

Within 1 year	315	314
Later than 1 year and not later than 5 years	17	320
Later than 5 years	-	-
	<u>332</u>	<u>634</u>





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### 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.

The motor vehicle leases are generally considered non-cancellable and it is assumed that the leases will continue for the assigned lease term. Scheduled termination of leases are between 15 January 2016 and 15 May 2018.

	2015 \$000	2014 \$000
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The commitments below are inclusive of GST

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	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>-</u>

Other expenditure commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:

*Advertising*

Within 1 year	10	1
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>10</u>	<u>1</u>

### 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  
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## 29. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2015 and between the actual results for 2014 and 2015. Significant variations are considered to be those greater than 10% or \$100,000.

### Significant variances between estimate and actual results for 2015

	2015 Estimate \$000	2015 Actual \$000	Variance \$000
<b>INCOME</b>			
Contribution from employers	70,615	66,684	(3,931)
Estimated employer contribution levy rate was based at 1.75% the actual rate was 1.70%.			
Investment Income	20,984	34,567	13,583
The investment return was 10.17% pa compared to the forecast of 5.05% pa. Please refer to page 10 for details of the individual components of Investment Income.			
<b>EXPENSES</b>			
Increase in long service leave liability	10,295	44,818	34,523
The estimated discount rate used to determine the long service leave liability was 3.80% as compared to actual of 3.00%. The rate of future pay increase was estimated at 1.00% and, as determined by the Actuary, the actual rate was 4.00%. Change in the underlying data as noted by the Actuary also increased the liability. All of these factors contributed to a higher actual amount than estimated.			
Decrease in supplies and services	1,590	1,446	(144)
Reduced spending on advertising this year; special projects for IT support such as VMware/Hyper V changeover was fully completed in 2013/14; referral to Dun and Bradstreet the Board's debt collection was less than anticipated and the Board only had one resignation during the year which lead to a lower than estimated staff recruitment cost.			
Increase in long service leave payments	30,405	30,865	460
Long service leave payments were higher than estimate as a result of an above forecast increase in the number of leave and termination payments to employees.			
Decrease in other expenses	702	445	(257)
Provision for doubtful debts was estimated at \$350,000 but amount provided for the year was \$157,434. Bad debts recovered from previous years write off was \$18,546. An additional motor vehicle was not held for full year as originally estimated.			

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**29. Explanatory statement (continued)**

**Significant variances between actual results for 2015 and 2014**

	2015 \$000	2014 \$000	Variance \$000
<b>INCOME</b>			
Contribution from employers	66,684	71,036	(4,352)
Variance reflects the reduced contribution levy rate from 1.90% pa to 1.50% pa for 6 months ending 30 June 2015 plus the underlying industry activity for the year.			
Investment Income	34,567	48,437	13,870
Investment return for 2014 was 11.63% pa as compared to 2015 return of 10.17% pa.			
<b>EXPENSES</b>			
Long service leave payments	30,865	29,101	1,764
Long service leave payments were higher in 2015 as a result of an increase in the number of payments paid to employees. The average value of employee's benefits has decreased in 2015 to \$7,894 as compared to \$8,221 in 2014.			
Employee benefit expense	1,987	1,849	138
Wages increase of 2.5% in line PSAAG 7 of 2014 Public Service and Government Officers General Agreement 2014. As from the 1 July 2014 the Board's FTE increased from 17.4 to 18.4.			
Long service leave liability	44,818	30,502	14,316
The increase in long service leave liability is in line with the actuarial review undertaken in June 2015.			
Other expenses	445	622	(177)
Provision for doubtful debts was estimated at \$350,000 but amount provided for the year was \$157,434. Bad debts recovered from previous years write off was \$18,546.			



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015

### 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*

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments. 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:

	2015	2014
	\$000	\$000
<b>Financial Assets</b>		
Cash and cash equivalents	19,188	16,230
Receivables	444	454
Available-for-sale financial assets	470,806	408,100
<b>Financial Liabilities</b>		
Payables	829	809



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2015

### 30. Financial Instruments (continued)

#### (c) Financial Instrument disclosures

##### *Credit risk*

The following table discloses 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	
2015	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	19,188	19,188	-	-	-	-	-	-
Receivables	444	252	177	15	-	-	-	-
Available-for-sale financial assets	470,806	470,806	-	-	-	-	-	-
	<b>490,438</b>	<b>490,246</b>	<b>177</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2014								
Cash and cash equivalents	16,230	16,230	-	-	-	-	-	-
Receivables	454	-	116	196	142	-	-	-
Available-for-sale financial assets	408,100	408,100	-	-	-	-	-	-
	<b>424,784</b>	<b>424,330</b>	<b>116</b>	<b>196</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015

### 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	Fixed Interest Rates \$000	Interest rate exposure Variable Interest Rate \$000	Non- Interest Bearing \$000	Total Nominal Amount \$000	Up to 1 Months \$000	1-3 Months \$000	Maturity dates 3 Months to 1 Year \$000	1-5 Years \$000	More than 5 Years \$000
<b>2015</b>											
<b>Financial Assets</b>											
Cash and cash equivalents	2.00	19,188	-	19,188	-	19,188	19,188	-	-	-	-
Receivables		444	-	-	444	444	252	177	15	-	-
Available-for-sale financial assets	2.42	470,806	-	41,463	429,343	470,806	-	-	-	-	-
		490,438	-	60,651	429,787	490,438	19,440	177	15	-	-
<b>Financial liabilities</b>											
Payables		829	-	-	829	829	829	-	-	-	-
		829	-	-	829	829	829	-	-	-	-
<b>2014</b>											
<b>Financial Assets</b>											
Cash and cash equivalents	2.56	16,230	-	16,230	-	16,230	16,230	-	-	-	-
Receivables		454	-	-	454	454	116	196	142	-	-
Available-for-sale financial assets		408,100	-	-	408,100	408,100	-	-	-	-	-
		424,784	-	16,230	408,554	424,784	16,346	196	142	-	-
<b>Financial liabilities</b>											
Payables		809	-	-	809	809	809	-	-	-	-
		809	-	-	809	809	809	-	-	-	-





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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2015

### 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.

		-100 basis points		+100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
<b>2015</b>					
<u>Financial Assets</u>					
Cash and cash equivalents	19,188	(192)	(192)	192	192
Total Increase/(Decrease)		(192)	(192)	192	192
		-100 basis points		+100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
<b>2014</b>					
<u>Financial Assets</u>					
Cash and cash equivalents	16,230	(162)	(162)	162	162
Total Increase/(Decrease)		(162)	(162)	162	162

##### 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.

### 31. Fair Value Measurement

#### 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)

Assets measured at fair value		Level 1	Level 2	Level 3	Fair value at end of period
		\$000	\$000	\$000	\$000
<b>2015</b>					
Available-for-sale-financial-assets	(Note 17)	470,806	-	-	470,806
		470,806	-	-	470,806

There were no transfers between levels 1, 2, 3 during the period

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**31. Fair Value Measurement (continued)**

		Level 1	Level 2	Level 3	Fair value at end of period
2014		\$000	\$000	\$000	\$000
Available for sale-financial-assets	(Note 17)	408,100	-	-	408,100
		408,100	-	-	408,100

There were no transfers between levels 1, 2, 3 during the period

**32. 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:

Remuneration Band \$	2015	2014
0 - 5,000	-	1
15,001 - 25,000	5	5
25,001 - 35,000	1	1
	<b>\$000</b>	<b>\$000</b>
Base remuneration and superannuation received in relation to 2015	107	107
The total remuneration of members of the Accountable Board is:	107	107

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:

Remuneration Band \$	2015	2014
160,001 - 170,000	-	1
170,001 - 180,000	1	-
250,001 - 260,000	-	1
260,001 - 270,000	1	-
	<b>\$000</b>	<b>\$000</b>
Base remuneration and superannuation received in relation to 2015	397	376
Annual leave and long service leave accruals	21	18
Other benefits	24	27
The total remuneration of senior officers is:	442	421

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.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE 2015**

**33. Remuneration of auditor**

2015	2014
\$000	\$000

Remuneration payable to the Auditor General for the financial year is as follows:  
Auditing the accounts, controls, financial statements and performance indicators

29	29
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**34. Supplementary financial information**

**Write-offs**

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

328	147
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CERTIFICATION OF KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDING 30 JUNE 2015

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 2015.

Signed this 17<sup>th</sup> day of August 2015

Ms L. Gibbs  
Chair

Member of the Board



## KEY PERFORMANCE INDICATORS FOR THE YEAR ENDING 30 JUNE 2015

### DESIRED OUTCOME

**A financially sustainable portable Long Service Leave Scheme for eligible 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.

KEI (i) is the number of employers registered with the Board. If considered in isolation the nominal movement in number of employers since 2012 could be considered a negative outcome. However, this reduction may be counter cyclical to the level of activity in the construction industry i.e. with the recent history of strong activity employees have been enjoying a high level of industry participation coupled with wage growth which has been above the long term average therefore reducing the necessity of employees to become employers.

As shown with the KEI (ii) (employees for whom contributions have been made) and the (number of registered employees) there is not a correlation between number of employees and employers. Over recent years the number of employees has steadily increased in line with industry activity. The Board has generally had a stronger rate of growth as recorded by the Australian Bureau of Statistics indicating the Board has been successful with its coverage of eligible employees. The sound coverage in turn drives increased contribution levy receipts to produce a Balance Sheet within the Board's approved Accounting Ratio range of 110% - 130% (assets / liabilities). As detailed, the Accounting Ratio range includes a suitable buffer to ensure the financial sustainability of the Scheme.

Achievement of the Accounting Ratio range (as recorded as at balance date) enables the Board to critically assess the contribution levy payable by employers. This assessment is undertaken in conjunction with the Actuary's forecast of the future long service leave liability obligations to employees. As evidenced in KEI (iii), the contribution levy percentage was reduced to 1.90% from 1 January 2014 and to 1.50% from 1 January 2015. These reductions are a strong indicator of the overall financial sustainability of the Board i.e. the forecast investment earnings, coupled with the reduced contribution levy income, is considered sufficient to maintain the Balance Sheet within the Board approved Accounting Ratio range.

Over the past 6 consecutive years, as per KEI (iv), the Board has generated a positive investment return and in particular with 2013, 2014 and 2015 in excess of the long term average of 7.8% per annum. Whilst the Board does anticipate, on average, a negative return approximately once in every 5 years, this recent past strong performance has been a significant influence on the Board's financial sustainability.

Finally, the Board's financial sustainability is further evidenced with the ability to continue to grow the investment portfolio and utilise surplus cashflow from the contribution levy to meet the increasing number and value of long service leave payments to employees.

In regards to the Key Efficiency Indicators (KEI) the Administrative Cost of the Scheme KEI (i) is significantly less than Other State Schemes (average) and this is partly a result of the significant increase over recent years of Registered Employees, without a comparable administrative expense (including staffing) increase.

### KEY EFFECTIVENESS INDICATORS

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

#### YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2015 Target	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Registered Employers – Average for the year (Number)	4,917	5,005	4,917	4,892	4,912
Change in average number of Registered Employers		1.8%	0.5%	(0.4%)	(1.6%)
Growth in Firms in the Industry (IBISWORLD Pty Ltd)		*	1.1%	(1.7%)	(0.7%)

\* 2014/2015 statistics were not available at the time of preparation of this Report.

**KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDING 30 JUNE 2015**

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

**YEAR BY YEAR COMPARISONS**

FINANCIAL YEAR	2015 Target	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Employees contributed for – Average for the year. (number)	74,384	76,271	74,384	76,748	69,619
Change in average number of Employees contributed for. (%)		2.5%	(3.1%)	10.2%	12.2%
Change in number of Employees in the industry. (%) *		2.1%	(1.2%)	5.1%	(2.7%)

\* Based on construction industry employment statistics published by the Australian Bureau of Statistics. (ABS 6291.0.55.003 WA Quarter Feb 2015 Technical and Trades Workers plus Machinery Operators and Drivers).

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

**YEAR BY YEAR COMPARISONS**

FINANCIAL YEAR	2015 Target	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Contribution Rate. (%)	1.75%	1.70% <sup>@</sup>	1.95% <sup>*</sup>	2.00%	2.13% <sup>#</sup>

<sup>@</sup> The contribution rate was decreased from 1.90% to 1.50% with effect from 1 January 2015.

<sup>\*</sup> The contribution rate was decreased from 2.00% to 1.90% with effect from 1 January 2014.

<sup>#</sup> 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	2015 Target	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Board's Investment Return (%)	5.05%	10.17%	11.6%	17.1%	0.2%
Investment Return - (Average) Pooled Growth Funds (%)	n/a	8.11%	13.9%	17.6%	(0.1%)

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

**YEAR BY YEAR COMPARISONS**

FINANCIAL YEAR	2015 Target	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Employees Registered in the Scheme. (number)	131,517	130,151	131,517	120,259	95,585
Number of Employees paid a benefit. (number)	3,305	3,910	3,540	3,112	2,556



**KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDING 30 JUNE 2015**

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

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2015 Target</b>	<b>2015 Actual</b>	<b>2014 Actual</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Employees Registered in the Scheme. (number)	131,517	130,151	131,517	120,259	95,585
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit. (number)	116,444	116,326	118,876	108,553	84,832
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service. (number)	8,122	7,371	6,439	5,626	5,906
Employees qualified for a long service leave benefit - more than 10 years of service. (number)	6,951	6,454	6,202	6,080	4,847

**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**

<b>FINANCIAL YEAR</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
W.A. Scheme Cost per Employee (\$)	\$31.88	\$30.68	\$27.44	\$35.55
Other State Schemes (average) (\$)	*	\$54.71	\$45.94	\$56.78

\* 2014/2015 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**

<b>FINANCIAL YEAR</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Staff per thousand employees. (number)	0.14	0.13	0.14	0.17
Other State Schemes (average) (number)	*	0.33	0.34	0.36

\* 2014/2015 figures not available at the time of preparation of the Report.

**MINISTERIAL DIRECTIVES  
OTHER FINANCIAL DISCLOSURES  
GOVERNANCE DISCLOSURES  
FOR THE YEAR ENDING 30 JUNE 2015**

**MINISTERIAL DIRECTIVES**

No Ministerial directives were received during the financial year.

**OTHER FINANCIAL DISCLOSURES**

**Capital Works**

No capital works were completed during 2014-2015.

**Employment and Industrial Relations**

Staff Profile	2015	2014
Full time permanent	17.0	16.0
Part time measured on a FTE basis	1.4	1.4
Total	18.4	17.4

**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 2014/2015 was \$15,726.

## OTHER LEGAL DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2015

### 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. OSH is a standing agenda item on formal Managers' meetings and this provides a mechanism for consultation regarding OSH 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 (including a formal return to work plan).

The reportable statistics for the year are:

Indicator	Target for 2014/2015	Actual for 2014/2015
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.



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**OTHER LEGAL DISCLOSURES  
FOR THE YEAR ENDED 30 JUNE 2015**

**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 2014/15

**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



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## ANNUAL ESTIMATES

The Minister has approved the following Estimates for the 2015/2016 financial year:

Income	\$000
Contribution from employers	55,670
Net investment revenue	10,241
<b>Total income</b>	<b>65,911</b>
Expenses	
Long service leave payments	31,976
Employee benefits expense	1,961
Supplies and services	1,841
Depreciation and amortisation	34
Finance costs	70
Accommodation expenses	330
Increase in long service leave liability	21,345
Other expenses	733
<b>Total expenses</b>	<b>58,290</b>



*Their Time  
to enjoy*

Level 1, 26 Colin Street  
West Perth WA 6005  
PO Box 1333 West Perth WA 6872  
T: 08 9476 5400 F: 08 9321 5404  
Country Callers: 1800 198 136  
hi@myleave.wa.gov.au  
[www.myleave.wa.gov.au](http://www.myleave.wa.gov.au)



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## 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 2015, the Statement of Comprehensive Income, Statement of Changes in Equity, 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 2015 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 2015.

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 2015.

## **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 2015.

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 2015.

### **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 2015 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 FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
21 August 2015