Australian Capital Territory

ANNUAL REPORT

2010-2011

ACT Long Service Leave Authority

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Copies of Annual Reports can be obtained from the Authority's website

ACT LEAVE

ACT LONG SERVICE LEAVE AUTHORITY

TRANSMITTAL CERTIFICATE

Ms Katy Gallagher MLA
Chief Minister and Minister for Industrial Relations
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601

Dear Chief Minister

We are pleased to present to you the 2011 Annual Report and Financial Report of the ACT Long Service Leave Authority (the Authority).

This report has been prepared under section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Reports Directions.

It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the ACT Long Service Leave Authority.

We hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of the ACT Long Service Leave Authority during the period 1 July 2010 to 30 June 2011 has been included and that it complies with the Chief Minister's Annual Reports Directions.

We also hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standard 2, Part 2.4.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within 3 months of the end of the financial year.

Yours sincerely

Glenys Roper
Chair

13 September 2011

Phil Collins
Chief Executive Officer

13 September 2011

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Table of Contents

Section	Page number
Transmittal Certificate	**2**
Table of Contents	3
Section A - Performance and Financial Management Reporting	**4**
A.1 The Organisation	4
A.2 Overview	6
A.3 Highlights	11
A.4 Outlook	12
A.5 Management Discussion and Analysis	13
A.6 Financial Report	20
A.7 Statement of Performance	74
A.8 Strategic Indicators	79
A.9 Analysis of Agency Performance	79
A.10 Triple Bottom Line Report	82
Section B - Consultation and Scrutiny Reporting	**83**
B.1 Community Engagement	83
B.2 Internal & External Scrutiny	83
B.3 Legislative Assembly Committee Inquires and Reports	83
B.4 Legislation Report	83
Section C - Legislative and Policy Based Reporting	**84**
C.1 Risk Management and Internal Audit	84
C.2 Fraud Prevention	84
C.3 Public Interest Disclosure	85
C.4 Freedom of Information	85
C.5 Internal Accountability	86
C.6 HR Performance	87
C.7 Staffing Profile	88
C.8 Learning and Development	90
C.9 Workplace Health and Safety	91
C.10 Workplace Relations	91
C.11 Strategic Bushfire Management Plan (SBMP)	92
C.12 Strategic Asset Management	92
C.13 Capital Works	93
C.14 Government Contracting	93
C.15 Community Grants/Assistance/Sponsorship	94
C.16 Territory Records	95
C.17 Human Rights Act 2004	95
C.18 Commissioner for the Environment	95
C.19 ACT Multicultural Strategy	95
C.20 Aboriginal and Torres Strait Islander Reporting	96
C.21 Ecologically Sustainable Development	96
C.22 ACT Women's Plan 2004-2009	98
C.23 Model Litigant Guidelines	98
C.24 ACT Strategic Plan for Positive Ageing 2010-2014	98
Attachments	
Attachment 1: Abbreviations and acronyms	**99**
Attachment 2: Alphabetical Index	**100**
Attachment 3: Compliance Index	**101**

Section A: Performance and Financial Management Reporting

A.1 The Organisation

The ACT Long Service Leave Authority (the Authority) was established under the *Long Service Leave (Portable Schemes) Act 2009* (the Act). The Authority combines the previous Construction Industry Long Service Leave Authority and the Contract Cleaning Industry Authority.

Under the Act the Authority is not a Territory instrumentality and does not represent the Territory. However, its staff are ACT Government public servants employed through the Chief Minister's and Cabinet Directorate under the auspices of the Office of Industrial Relations.

The Authority's statutory administrative functions under the Act are to:

- administer portable long service leave schemes established by the Act ;
- make long service leave payments;
- maintain registers of employers, employees and contractors for each scheme; and
- exercise any other function given to the Authority under the Act or by any other Territory law.

The Authority's primary stakeholders are employers, employees and independent contractors engaged in the covered industries in the ACT.

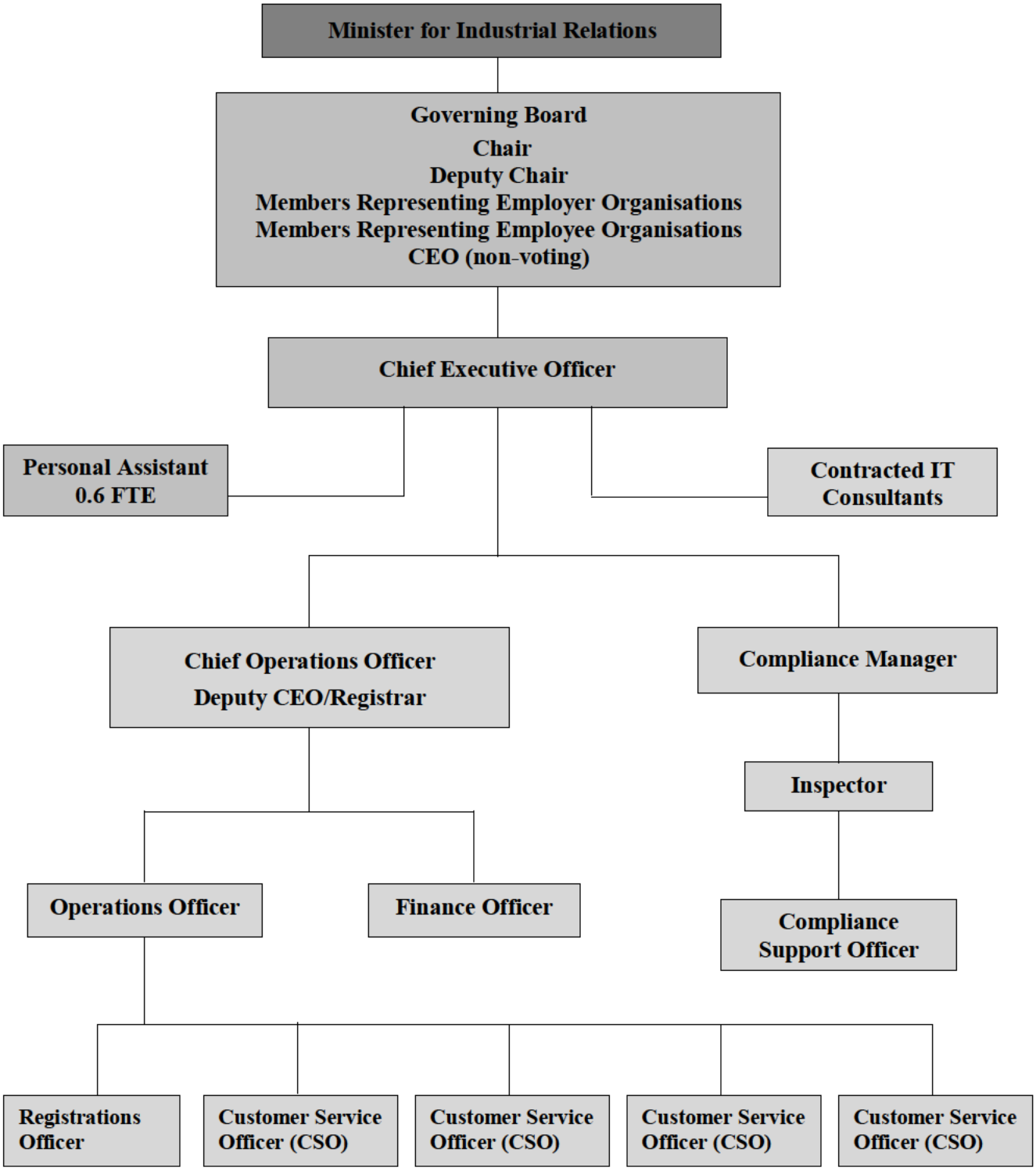
The Authority liaises with similar portable long service leave organisations in all States and the Northern Territory and consults with relevant employer and employee organisations in the ACT.

Mission and Values

The Authority is obligated and committed to providing portable long service leave benefits to all eligible registered workers and contractors in the Australian Capital Territory as prescribed by the Act. We aim to be considered by our stakeholders as a unique statutory authority which achieves its stated mission by delivering outstanding service through the provision of excellent customer service and by the maintenance of a close rapport with our registered workers and employers.

The Authority values innovation, tact, integrity, loyalty and trust and encourages these attributes in its staff as they relate to all clients and stakeholders in the process of achieving the organisation's goals.

Organisational Structure/Chart



A.2 Overview

Authority Performance

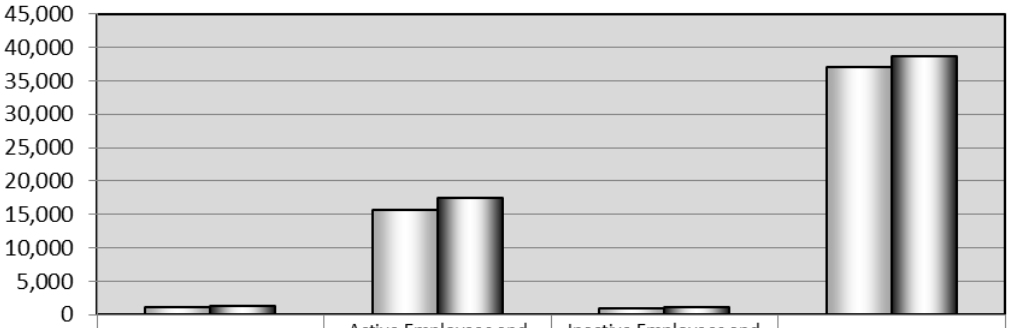
Construction Scheme Employer and Employee Statistics

Construction industry activity has increased in the ACT during the reporting period, as evidenced by further increases in registration of employers and workers in the scheme. However, as in previous years, this increase in registration also reflects the sustained efforts of the Authority to ensure that as many as possible of the eligible employers and workers within the industry are registered and that employers are paying the required levy. In this regard, the Authority has also worked cooperatively with:

- ACT Procurement Solutions to ensure that all tenderers for government contracts related to building and construction work are registered with the Authority, and
- ACT Education and Training Directorate to ensure that all employers of apprentices registered with the government are registered with the Authority.

Figure 1 below illustrates registration statistics for these categories reflecting the increased activity in the construction industry during 2010-11; particularly the 11.1% rise in the number of Active Employees and the 17.2% rise in the number of Registered Employers.

Figure 1. Construction Employer and Employee Registration Statistics

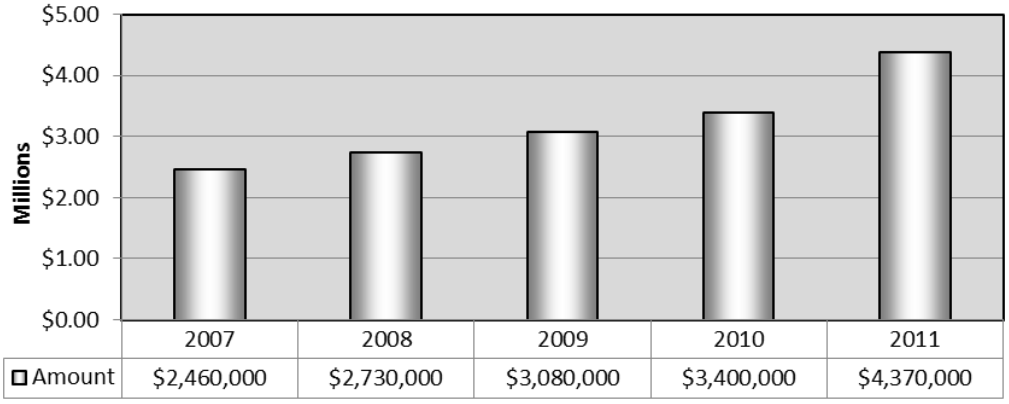


	Registered Employers	Active Employees and Contractors	Inactive Employees and Contractors	Deregistered Employees
2010	1,135	15,660	989	37,008
2011	1,330	17,404	1,062	38,659

Construction Scheme Levy Contributions

Construction industry employers paid the Authority a total of $4.37m in levy contribution payments based on 1% of employee wages (except apprentices whose service is recorded but no levy payment is required). A total of $3.40m was paid in levy contributions in 2009-2010. This 28.53% increase in payments this year is due to an increase in wages in the industry and, as identified above, increased construction activity and continuing efforts by the Authority to ensure that all eligible employers in the industry are registered with the Authority and paying the appropriate levy.

Figure 2. Construction Levy Contribution Payments by Employers



Construction Scheme Benefit Payments

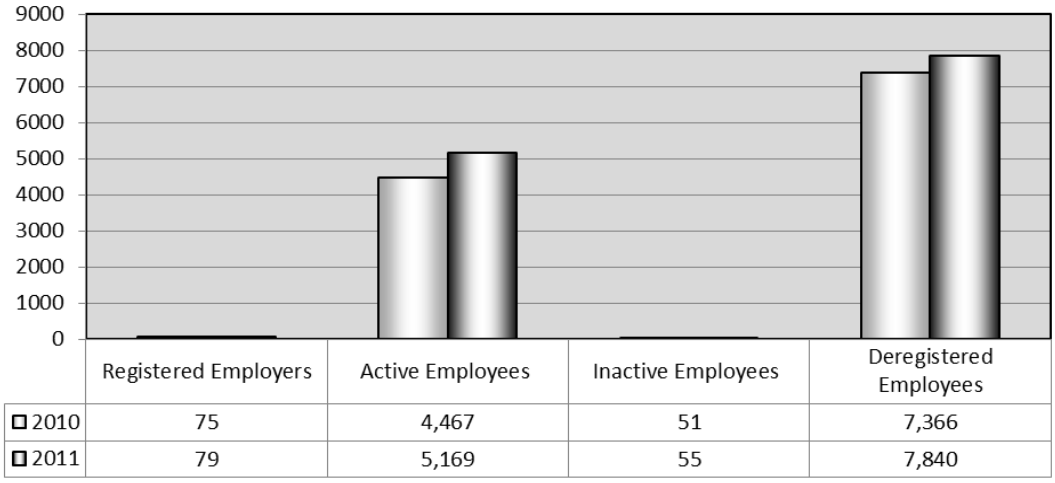
There were 641 long service leave benefit payments made to workers during the year (533 in 2010), representing a payment of $5.61m ($4.49m in 2010). The scheme has paid a total of $53.25m in long service leave benefits from the Fund since its commencement in 1981.

Claims lodged	**2010**	**2011**
• Total claims lodged	581	698
• Withdrawn, cancelled, refused or duplicate	48	57
• Number of payments made	533	641
Criteria under which claims were lodged		
• More than 10 years service	280	371
• Pro-rata (5 years but less than 10 years of credited service and leaving the industry)	115	129
• Ill health, retirement or death (55+ days service)	66	71
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	12	4
• Payments to reciprocal State and Territory schemes	60	66

Cleaning Scheme Employer and Employee Statistics

The Cleaning Scheme worker statistics have been categorised in a similar way as those for the Construction Scheme. As in recent years the ACT cleaning industry has remained relatively stable during 2010-2011 in terms of the number of employers but employee numbers have risen reflecting the increase in buildings requiring cleaning and continuing efforts by the Authority to ensure that all eligible employers in the industry are registered with the Authority. Anecdotal evidence suggests the increased numbers are mainly casual employees.

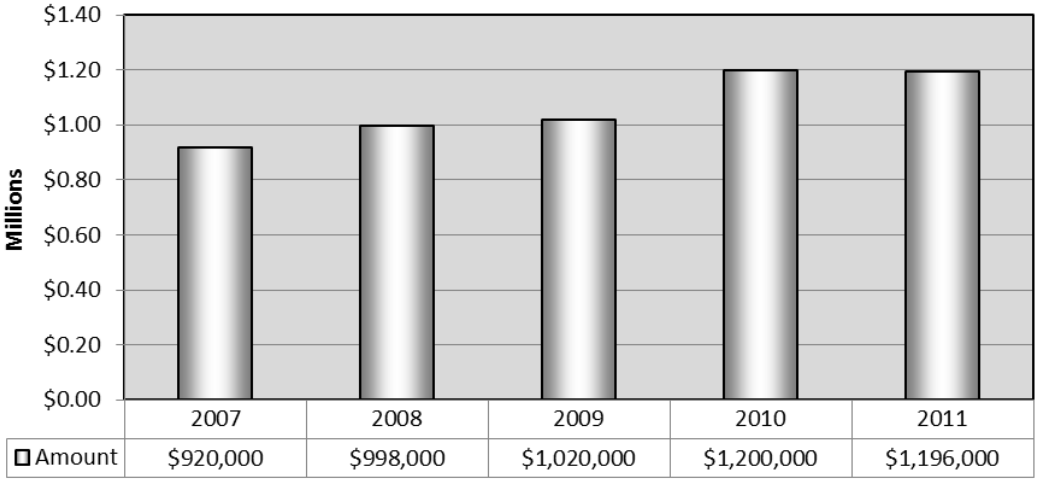
Figure 3. Cleaning Registration Statistics



Cleaning Scheme Levy Contributions

Cleaning industry employers paid the Authority a total of $1.196m in levy contributions during the reporting period based on a levy rate of 2% of employees' wages ($1.20m in 2010).

Figure 4. Cleaning Levy Contribution Payments by Employers



Cleaning Scheme Benefit Payments

There were 140 long service leave benefit payments made to workers during the year (102 in 2010), representing a payment of $0.51m ($0.26m in 2010). Now that the scheme is past the 10 year mark, and employees can claim an entitlement without leaving the industry, it is expected that benefit payment claims will increase in future years.

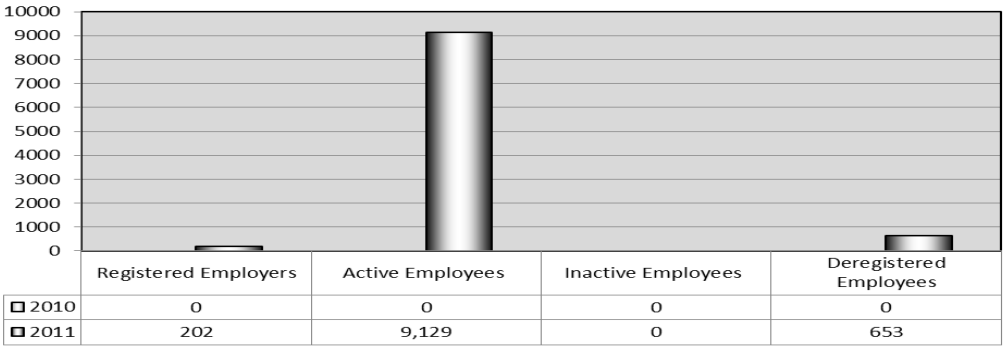
Reimbursements to employers who have paid employees their long service leave benefit directly under the *Long Service Leave Act 1976* have remained at a similar level to 2009 and will continue until all employee leave credits, prior to the start of the scheme, are exhausted and the Authority is solely responsible for all entitlement payments.

Claims lodged	2010	2011
• Total claims lodged	115	158
• Withdrawn, refused or duplicate	13	18
• Number of payments made	102	140
Criteria under which claims were lodged		
• More than 10 years' service	0	38
• Pro-rata (5 years but less than 10 years of credited service)	26	32
• Ill health, retirement or death (55+ days service)	45	33
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	31	37
• Payments to reciprocal state schemes	0	0

Community Sector Scheme Registrations

The Community Sector Scheme commenced on 1 July 2010. As at 30 June 2011 there were 9,129 Active Employees in the scheme. The 653 Deregistered Employees mainly represent duplicate employees (employees noted on returns as working concurrently for more than one employer and initially given two or more registration numbers on the database but subsequently merged into one registration number).

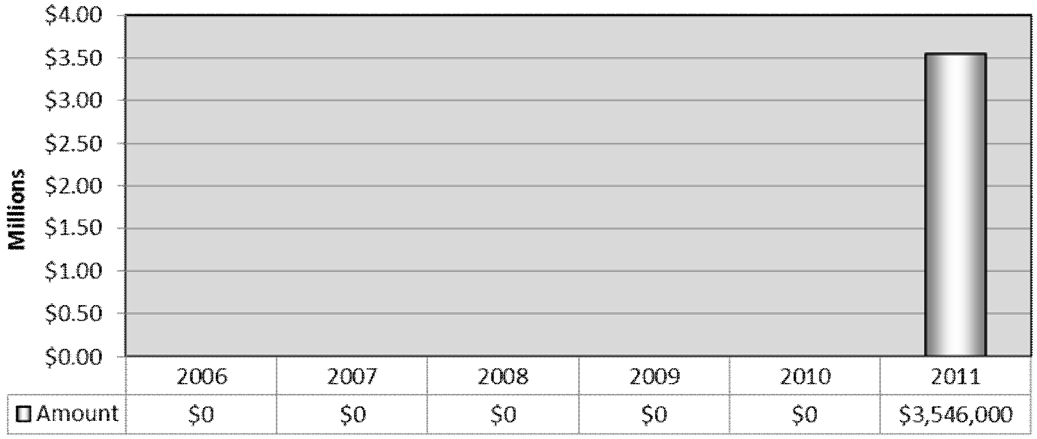
Figure 5. Community Sector Registration Statistics



Community Sector Scheme Levy Contributions

Community Sector industry employers paid the Authority a total of $3.55m in levy contributions during the reporting period, based on a levy rate of 1.67% of employees' wages.

Figure 6. Community Sector Levy Contribution Payments by Employers



Community Sector Scheme Benefit Payments

There were 20 long service leave benefit payments made to workers during the year, representing a payment of $0.007m.

These payments comprised:

- reimbursements to employers, who have paid employees their long service leave benefit directly under the Long Service Leave Act 1976, for that portion of the service which accrued after 1 July 2010, or
- payments directly to employees who had accrued 55 or more days since the commencement of the scheme and who reached the legislative retirement age of 55 years or older and ceased work during the period.

Claims lodged	**2010**	**2011**
• Total claims lodged	0	21
• Withdrawn, refused or duplicate	0	1
• Number of payments made	0	20
Criteria under which claims were lodged		
• More than 10 years' service	0	0
• Pro-rata (5 years but less than 10 years of credited service)	0	0
• Ill health, retirement or death (55+ days service)	0	2
• Refunds to employers who paid their workers under the LSL Act 1976 or other Awards	0	18

Figure 7. Community Sector Benefit Payments

Compliance and Education

The Authority's compliance personnel regularly visit construction sites and employer premises to ensure that all relevant work in the ACT is being undertaken by employers and employees who are registered with the three schemes. They also regularly visit and make contact with registered employers to ensure that all stakeholders understand their requirements regarding the scheme. These visits promote high levels of compliance by the industries and generate a good rapport with our stakeholders. The compliance team also performs a public relations and education function in assisting newly registered employers with their understanding of the schemes and helping them with the completion of their initial quarterly returns and payments.

Contact is also made with employers and workers at the Authority's premises and through telephone, email and fax to answer queries and assist with issues regarding coverage and general compliance.

Staff also addressed construction industry apprentices and trainees, who are studying at the Canberra Institute of Technology and group training organisations, on their responsibilities and entitlements in respect to the long service leave scheme.

A.3 Highlights

Implementation of a New IT Solution and Improved Business Operations

The new Leave Track system (returns and levy payment modules) was implemented for the Community Sector Scheme from 1 July 2010. Following the successful operation of these modules the complete system for both the Construction and Cleaning Schemes was implemented on 1 April 2011 for the January-March Quarterly Return Period. Implementation also included substantial migration of the existing data for these two schemes from the old APPX System to Leave Track. Given the magnitude of the data migration task and the implementation of all modules concurrently, the change-over to Leave Track was a success. Since 1 April 2011, all returns, levy payments and entitlement payments for all three schemes have been effectively processed through Leave Track.

In conjunction with the introduction of Leave Track, Authority staff:

- delivered a number of information and training sessions to employers at the ACT MBA and HIA Headquarters on the new return submission and levy payment processes and,
- developed and distributed comprehensive electronic-based guides on the new procedures processes.

As a result of the change-over to Leave Track most employers have ceased using paper-based returns and converted to electronic web-based returns. There were very few complaints by employers regarding the transition to Leave Track and it is considered that overall the new system and procedures have been well accepted by stakeholders and have resulted in time savings/efficiency gains for employers and the Authority as well as substantial savings in paper.

Leasing of Leave Track to New South Wales Long Service Corporation

The New South Wales Long Service Corporation (NSWLSC) will implement a new Cleaning Industry Portable Long Service Leave Scheme from 1 July 2011. As part of the planning for this new scheme, NSWLSC reviewed portable long service leave IT systems in use in a number of jurisdictions around Australia and found Leave Track to be the best solution for their new scheme. As a result of this decision and following negotiations with the Authority, a three year Agreement to Lease was signed on 22 June 2011 between the two organisations, which enabled NSWLSC to use Leave Track for their new Cleaning Scheme under commercial terms.

This decision by NSWLSC reflects very positively on the Leave Track system and the development and implementation work undertaken by the Authority and Formation Technology (the system developers) on this project over the last two years.

Implementation of the Community Sector Scheme

The new Community Sector Portable Long Service Leave Scheme commenced on 1 July 2010.

The first returns and levy payments from employers were processed in the new Leave Track IT System through the web-based returns module from October 2010. Since that time the scheme has grown much larger than was initially anticipated. However the Leave Track system and the Authority staff coped well with the increased workload and the scheme experienced few problems or issues.

Manning Clark Building – Proposed Capital Works

Following a lengthy period of consultation with the existing tenants of the Construction Scheme's investment property (Medicare Australia), an in-principle agreement has been reached to undertake major capital works on the Manning Clark Building. The works are required on the building in order to:

- improve its energy rating to that required by Commonwealth Government tenants,
- undertake substantial improvement work associated with the building's "End of Economic Life" expenses/requirements,
- comply with the new Building Code of Australia requirements, and
- comply with the Property Council of Australia Grading and meet tenant work requests.

In conjunction with these works, it is planned that the tenant will be undertaking a significant refitting of the building at their expense. This integrated work plan will be executed on a floor by floor basis to ensure minimum disruption for the tenant and maximum rental cash flow to the Authority over the term of the works.

Appointment of a new Actuary

The Sydney based firm, Professional Financial Solutions (PFS), was appointed as the Authority's new actuary on 23 September 2010 following a competitive tender process. PFS has many years of experience of general and portable long service leave actuarial consulting and is also the current actuary for the NSW Long Service Corporation.

Increase in the Construction Scheme Employers' Contribution Levy Rate

Following a recommendation by the Authority's Governing Board, based on the actuary's analysis, the Chief Minister and Minister for Industrial Relations approved an increase in the Construction Scheme employers' contribution levy rate from 1% to 1.25% of employees' ordinary wages. The increase is the first since May 1995 and, in particular, reflects the impact of the global financial crisis on the scheme and the difference between the entitlement of 13 weeks after 10 years of service (2.5%) and the much lower levy rate. The increase is effective from 1 July 2011 and initially relates to the July-September Quarter and is therefore payable by employers from October 2011.

A.4 Outlook

Manning Clark Building – Proposed Capital Works

As noted above, and subject to the execution of a new 10-year lease agreement with the current tenant, the proposed capital works on the Manning Clark Building will be undertaken in 2011-12 and part of 2012-13.

Legislation Review

In 2011-12 the Authority plans to review its enabling legislation, the *Long Service Leave (Portable Schemes) Act 2009*. The review is mainly administrative in nature and is intended to ensure that stakeholder requirements/entitlements and all associated administrative procedures and processes are clearly identified and transparently described in the legislation.

Investment Strategy Review

In 2011-12 the Authority also intends to review its existing Investment Strategy/Plan. The review is aimed at ensuring that the Authority is achieving the best possible returns on scheme funds at an appropriate level of risk. The current Investment Plan was approved by the then Treasurer in September 2008.

A.5 Management Discussion and Analysis

Objectives of the Authority

The Long Service Leave Authority's primary objective is to administer statutory schemes which provide for:

- portability of long service leave benefits for registered workers and contractors in the private sector building and construction, cleaning and community sector industries in the ACT;
- payment of long service leave benefits when claimed;
- maintenance of a register of employers, contractors and employees in accordance with the Long Service Leave (Portable Schemes) Act 2009 (the Act); and
- management of the long service leave funds established under the Act.

Financial Performance

The Authority reported an operating deficit for the twelve months from 1 July 2010 to 30 June 2011 of $0.36m. This negative outcome is primarily due to an increase in the Construction Scheme's long service leave liability provision and a decrease in its investment property valuation. These negatives were partly offset by increases in revenue including contributions from employers and income distributions from funds under management.

Net assets have reduced marginally from $8.27m at 30/6/2010 to $8.11m as of 30/6/2011. The increased assets in the Community Sector and Cleaning Industry Schemes essentially offset losses in the Construction Industry Scheme.

The following financial information is based on the Authority's 2010-11 Statement of Intent, the audited Financial Statements for 1 July 2010 to 30 June 2011, and forward estimates contained in the Authority's 2011-12 Statement of Intent. Comparison with 2009-10 Actual Results is not appropriate as the integrated Authority did not operate for the full 2009-10 Financial Year, commencing as a financial entity from 1 January 2010 only.

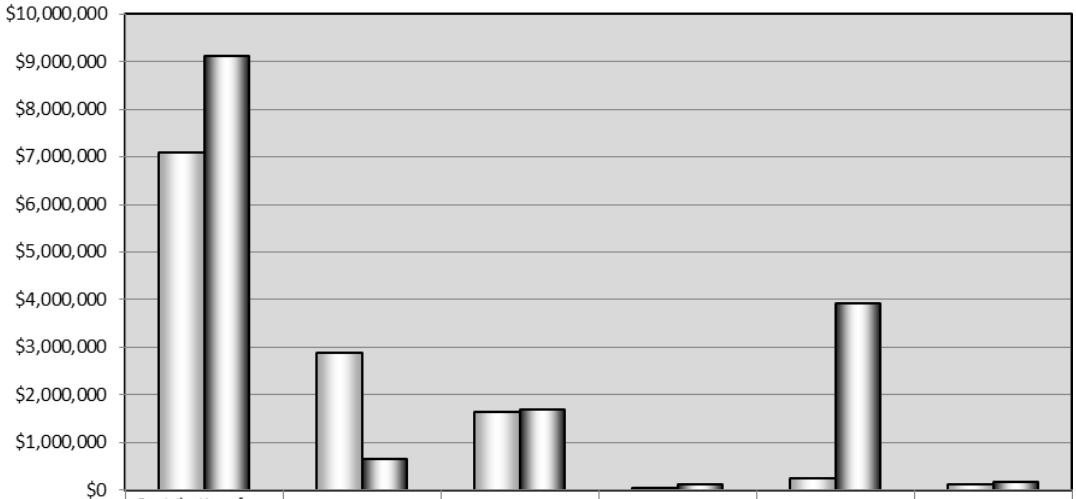
Note: Information below incorporates multiple scheme information as well as scheme specific information where identified.

Income

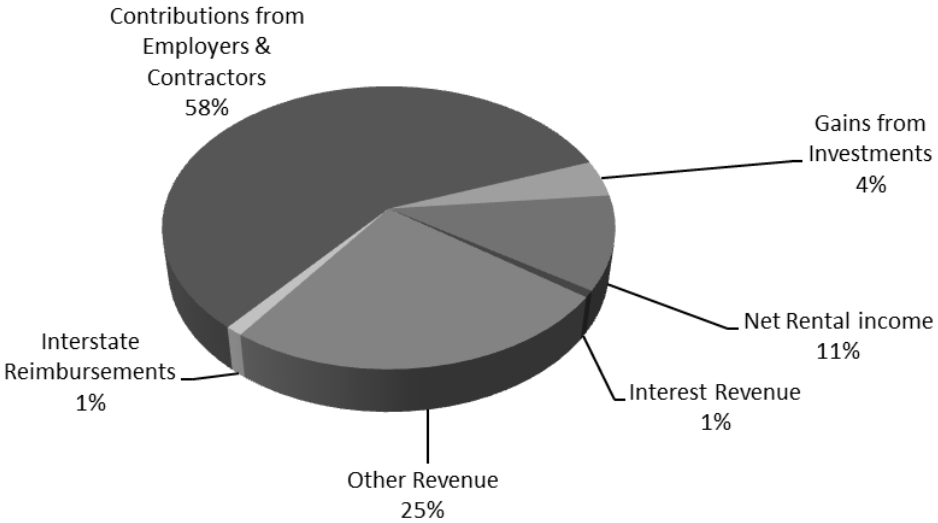
Budget – 30 June 2011	$12.05m
Actual – 30 June 2011	$15.66m

Income was $3.61m higher than budget primarily due to increased levy contributions in the Community Sector and Construction Schemes and as discussed above and illustrated in **Figure 7.**

Figure 8. Sources of Income



	Contributions from Employers & Contractors	Gains from Investments	Net Rental income	Interest Revenue	Other Revenue	Interstate Reimbursements
2011 Budget	$7,087,000	$2,890,000	$1,650,000	$51,000	$242,000	$130,000
2011 Actual	$9,112,000	$650,000	$1,687,000	$118,000	$3,918,000	$173,000



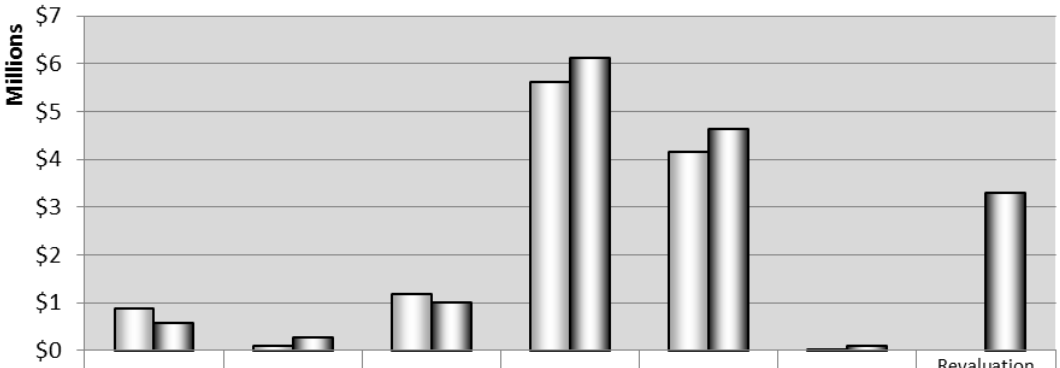
It should be noted that the decrease in Gains from Investments and the increase Other Revenue is due to a reclassification of these categories.

Expenditure

Budget – 30 June 2010	$11.97m
Actual – 30 June 2011	$16.01m

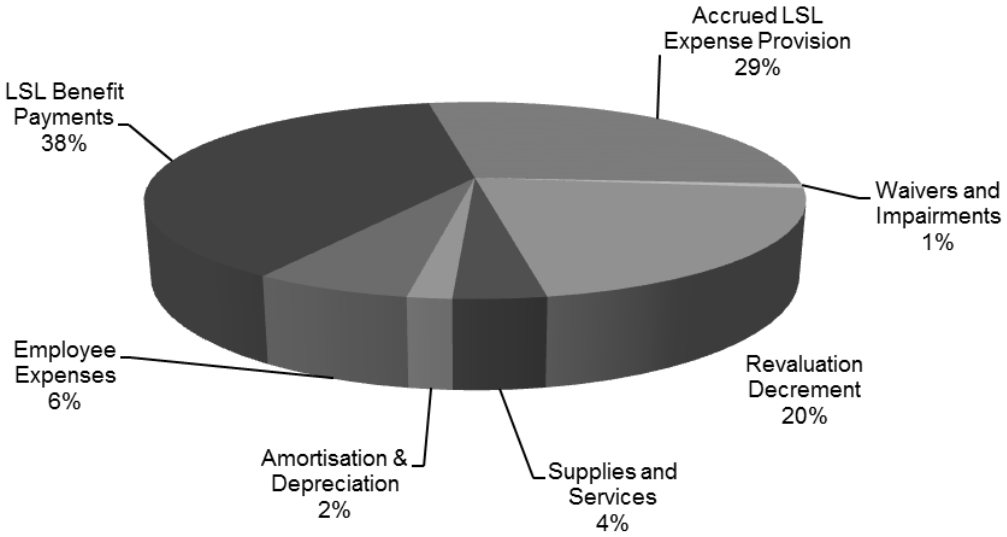
Total expenditure for the year ended 30 June 2011 was $16.01m. This $4.04m variance from budget for the year is primarily due to a revaluation decrement for the Manning Clarke building and an increase in provision for the budgeted accrued long service leave expense as calculated by the Authority's actuary. Otherwise, expenditure on all other items was within reasonable budgetary estimates as detailed in **Figures 9** and **10**:

Figure 9. Expenditure



	Supplies and Services	Amortisation & Depreciation	Employee Expenses	LSL Benefit Payments	Accrued LSL Expense Provision	Waivers and Impairments	Revaluation Decrement for Investment Property
2011 Budget	$881,000	$99,000	$1,170,000	$5,624,000	$4,164,000	$32,000	$0
2011 Actual	$583,000	$281,000	$1,003,000	$6,131,000	$4,622,000	$108,000	$3,285,000

Figure 10. Components of Expenditure



Long Service Leave Payments

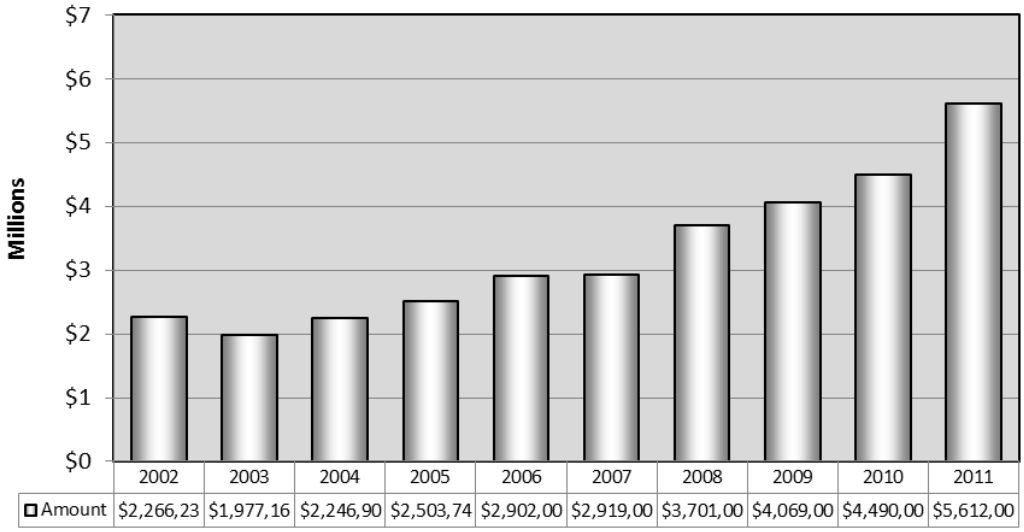
Construction Scheme

In 2010-11 the Authority made 641 (2009-10, 533) long service leave benefit payments totalling $5.61m (2009-10, $4.50m) to workers in the construction industry.

The rate at which workers are paid their long service leave benefit is based upon the average of their earnings during the 6 months or 12 months immediately prior to making a claim for the benefit, which ever is the higher.

Figure 10 shows the annual sum of long service leave benefit payments made to workers in the construction industry over the last 20 years. To date the scheme has paid $53.25m in payments to workers.

Figure 11. Construction Long Service Leave Payments (20 years)

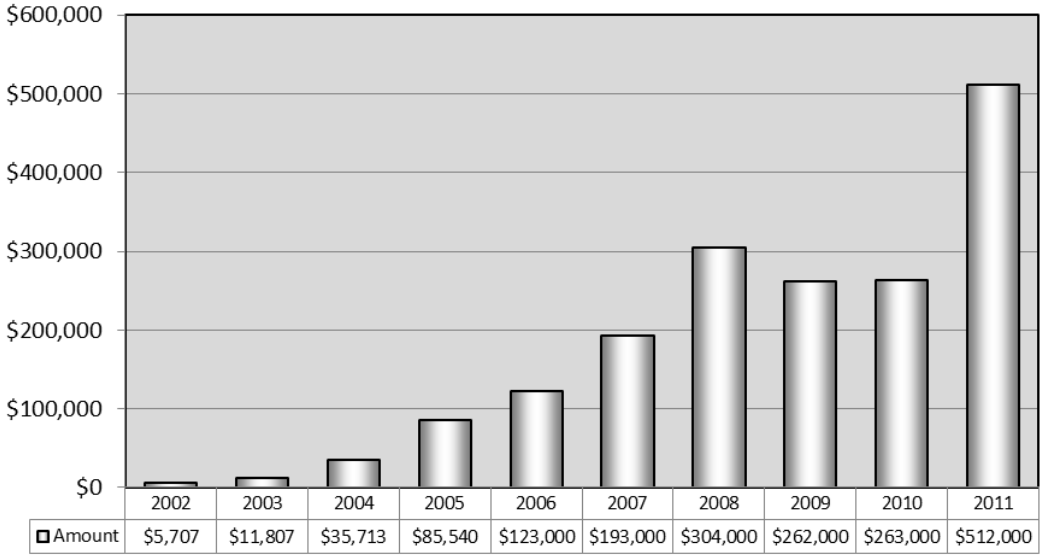


Cleaning Scheme

In 2010-11 the Authority made 140 (2009-10, 102) long service leave benefit payments totalling $0.51m (2009-10, $0.26m) to workers in the cleaning industry.

Figure 12 shows the annual sum of long service leave benefit payments made to cleaning industry workers from the fund since commencement of the scheme in 2000. To date the scheme has paid $1.00m in employer refunds and payments to workers.

Figure 12. Cleaning Long Service Leave Payments

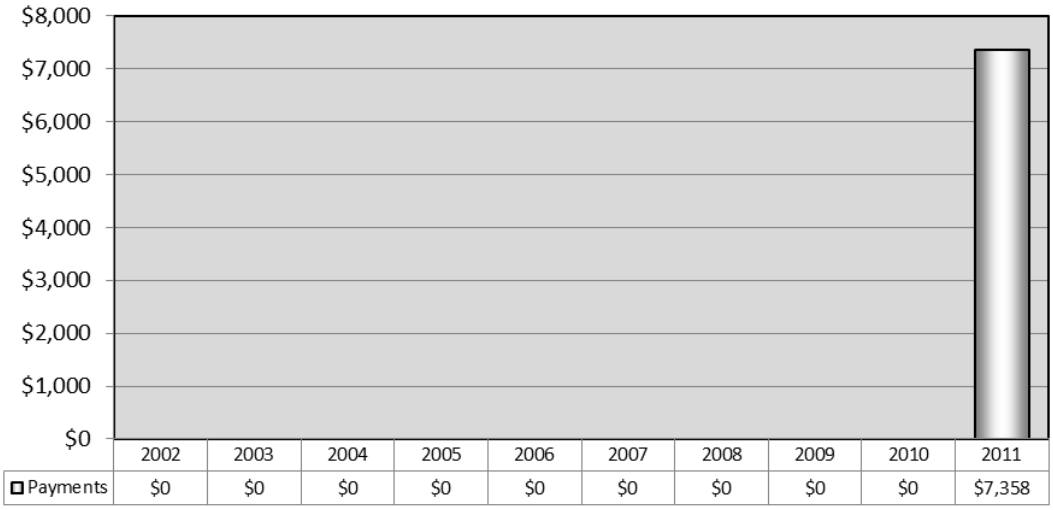


Community Sector Scheme

In 2010-11 the Authority made 20 (2009-10, 0) long service leave benefit payments totalling $0.007m (2009-10, $0) to workers in the community industry.

Figure 13 shows the annual sum of long service leave benefit payments made to community sector workers.

Figure 13. Community Sector Long Service Leave Payments



Actuarial Leave Liability

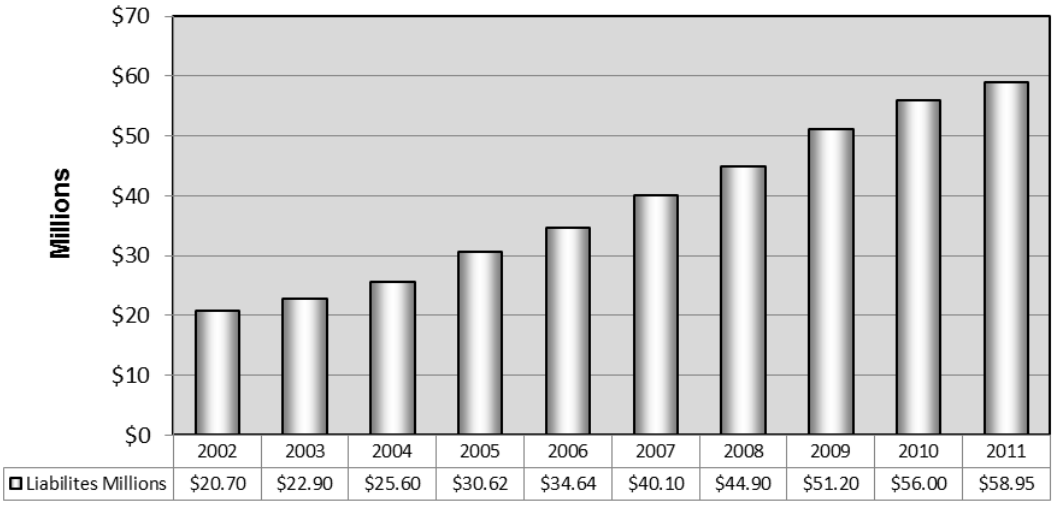
The Authority obtains an annual report from its actuaries (Professional Financial Solutions Pty Ltd), who provide a recommended value on long service leave liabilities at the end of each financial year, for each scheme. The combined or multi-scheme actuarial liabilities of the Authority are $65.65m. The actuary's report for each scheme is then subjected to a peer review by another actuary appointed by the ACT Auditor General's Office. Specific scheme liabilities are discussed below.

Construction Scheme

The total liability for the Construction Scheme as at 30 June 2011 was $58.95m (2009-10, $56.00m) an increase of $2.95m. The increase in liability is due to an increased number of employees in the scheme and increased wages in the industry during the period 1 July 2010 to 30 June 2011.

The increase in the actuarial liability is shown in **Figure 13** below.

Figure 14. Actuarial Liability - Construction



The Construction Scheme levy rate for 2010-11 was 1% of employees' wages. However, following a review of the scheme's financial position by the actuary and a recommendation from the Board, in accordance with Section 24 of the *Long Service Leave (Portable Schemes) Act 2009,* the Minister for Industrial Relations approved an increase in the levy to 1.25% from 1 July 2011.

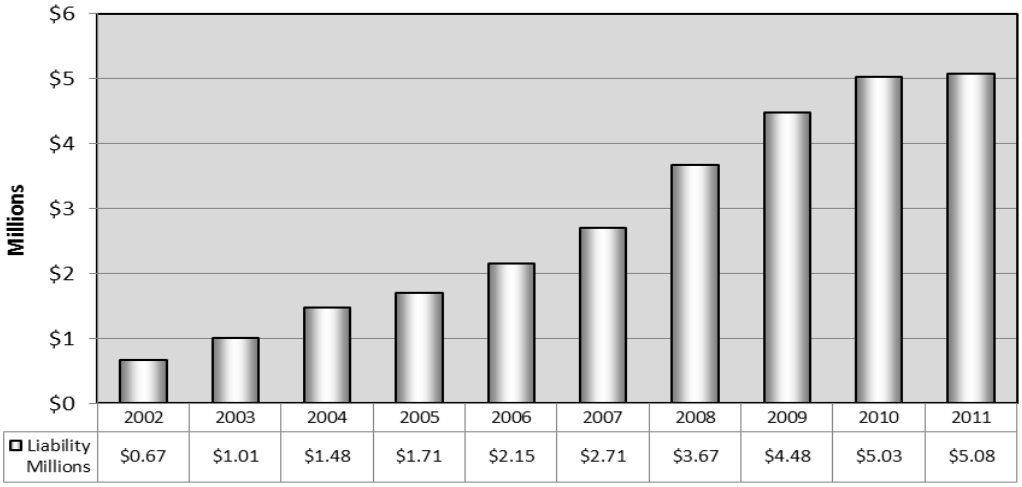
Cleaning Scheme

The total liability for the Cleaning Scheme as at 30 June 2011 was $5.08m (2009-10, $5.03m), an increase of $0.005m.

The actuary's report on the evaluation of liabilities for the scheme confirmed the adequacy of the current rate of contributions of 2% of wages.

The increase in the actuarial liability is shown in **Figure 15** below.

Figure 15. Actuarial Liability - Cleaning

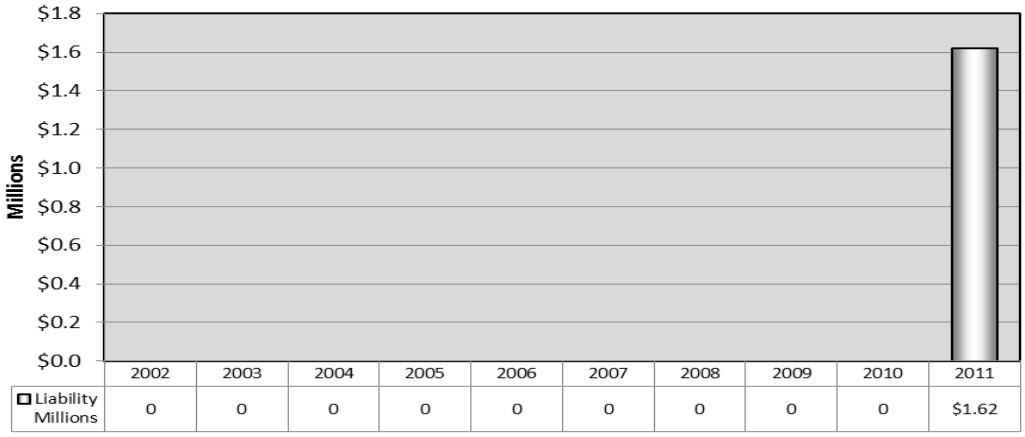


Community Sector Scheme

The total liability for the Community Sector Scheme as at 30 June 2011 was $1.62m (2009-10, $0).

The actuary's report is an initial evaluation of the scheme's liabilities and does not review the current levy of 1.67% of employees' wages.

Figure 16. Actuarial Liability – Community Sector



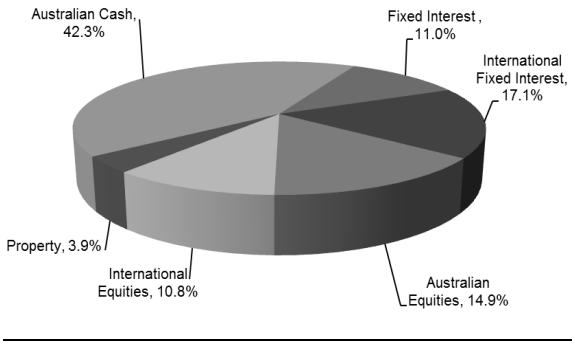
Investment Performance

The Authority out-sources management of its investment portfolio, for both the Construction and Cleaning schemes to Vanguard Investments Australia Limited in accordance with its approved investment plan. Additionally, in the case of the Construction scheme, CB Richard Ellis has responsibility for its main investment property (Manning Clark Offices – Tuggeranong).

As at 30 June 2011, Vanguard managed a total of $45.13m for the Construction Scheme and $5.37m for Cleaning Scheme in diversified portfolios as depicted in **Figure 16.**

Figure 17. Strategic Asset Allocation - Vanguard

Asset Class	Fund Actual	Target Allocation
Property	3.9%	4%
Australian Cash	42.3%	42%
Fixed Interest	11.0%	11%
International Fixed Interest	17.1%	17%
Australian Equities	14.9%	15%
International Equities	10.8%	11%



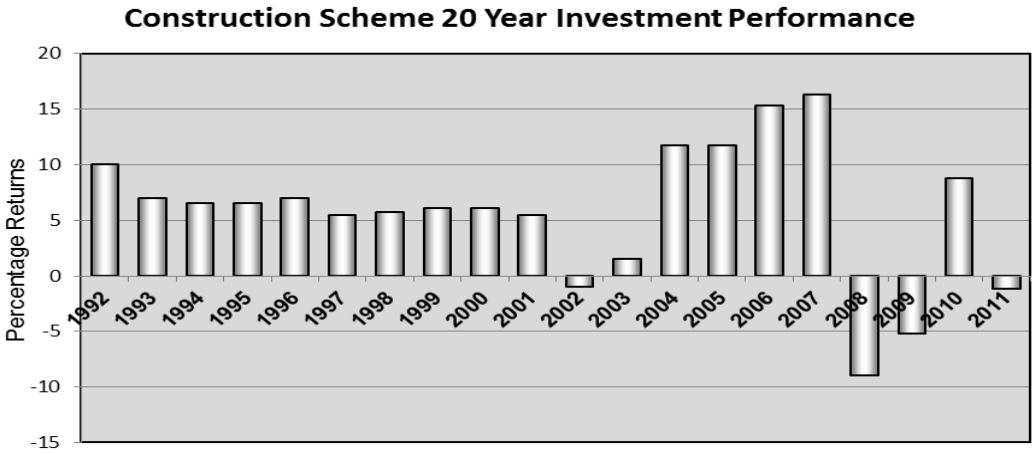
The Construction Scheme and the Cleaning Scheme's investment return for its funds under management with Vanguard Investments Australia Ltd for the reporting period was 7.40%.

Surplus funds in the Community Sector Scheme were retained in bank deposits, yielding between 4.35% and 4.6%, and a fixed term investment with the Commonwealth Bank of Australia, yielding 6.01%.

The net rental yield on the Construction Scheme's investment properties for the year was 11.51%. Market value of the investment properties as at 30 June 2011 was $14.69m (2009-10, $17.97m). The $3.28m devaluation of the investment property represented an 18.25% loss on this element of the portfolio.

Overall, the Investment Performance for the Construction Scheme during the reporting period was a return of -1.15%.

Figure 18. Investment Performance - 1992 to 2011

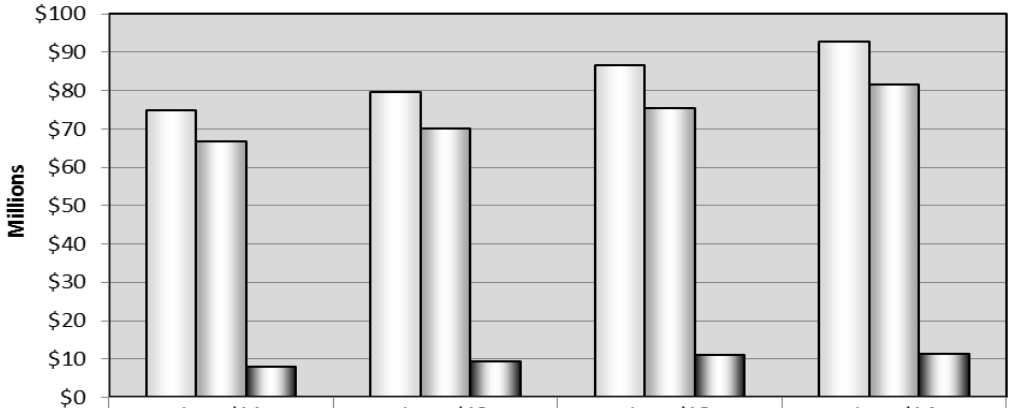


Comparison of 2010 and 2011 Consolidated Financial Results

Total assets as at 30 June 2011 were $74.84m (2009-10, $70.14) and total liabilities $66.73m (2009-10, $61.86m) leaving total equity at $8.11m (2009-10, $8.29m).

Trends associated with assets, liabilities and equity are depicted in **Figure 18** below.

Figure 19. Authority Assets, Liabilities and Equity Trends
(with estimates for 2012 to 2014)



	June '11	June '12	June '13	June '14
Assets	74,836,000	79,623,000	86,569,000	92,789,000
Liabilities	66,729,000	70,167,000	75,485,000	81,430,000
Equity	8,107,000	9,456,000	11,084,000	11,359,000

A.6 Financial Report

The Authority is administratively and financially independent of the ACT Government, does not receive any budget appropriations, and raises all its funds from its investment strategies and through a statutory levy on registered employers. This levy is actuarially determined, based on the Authority's liability for payments from the fund balanced against the total assets. Any surplus is invested to provide an income to meet future claims against the Fund.

The Financial Report, together with the Auditor-General's independent audit report follows.

ACT LONG SERVICE LEAVE

AUTHORITY

Financial Statements

For the Year Ended

30 June 2011

ACT LONG SERVICE LEAVE AUTHORITY

Financial Statements
For the Year Ended 30 June 2011

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Authority's accounts and records and fairly reflects the financial operations of the ACT Long Service Leave Authority for the year ended 30 June 2011 and the financial position of the ACT Long Service Leave Authority on that date.

Glenys Roper
Chair
ACT Long Service Leave Authority

24 July 2011

ACT LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Year Ended 30 June 2011

Statement by the Chief Executive Officer

In my opinion, the financial statements of the ACT Long Service Leave Authority have been prepared in accordance with generally accepted accounting principles, are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the year ended 30 June 2011 and the financial position of the Authority on that date.

Phil Collins
Chief Executive Officer
ACT Long Service Leave Authority

26 July 2011

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Comprehensive Income
For the Year Ended 30 June 2011

	Note No	Actual 2011 $'000	Original Budget 2011 $'000	Actual *6 Months 2010 $'000
Income				
Contributions from Employers and Contractors	4	9,112	7,087	2,311
Gains/(Losses) from Investments	5	650	2,890	(1,022)
Net Rental Income	6	1,687	1,650	838
Interest Revenue	7	118	51	28
Other Revenue	8	4,091	372	1,805
Resources Received Free of Charge		-	-	72
Total Income		**15,658**	**12,050**	**4,032**
Expenses				
Employee Expenses	9	1,003	1,170	513
Supplies and Services	10	583	881	344
Amortisation	11	253	80	98
Depreciation	12	28	19	22
Long Service Leave Benefits Expense	25	10,753	9,788	3,882
Other Expenses	13	-	-	5
Waivers, Impairment Losses and Write-offs	14	108	32	31
Revaluation Decrement for Investment Property	21	3,285	-	-
Total Expenses		**16,013**	**11,970**	**4,895**
Operating (Deficit)/Surplus		**(355)**	**80**	**(863)**
Other Comprehensive Income				
Increase in the Asset Revaluation Surplus		176	-	-
Total Comprehensive (Deficit)/Income		**(179)**	**80**	**(863)**

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

* Comparative information for 2010 only included transactions for the Construction and Cleaning Schemes for the period from 1 January 2010 to 30 June 2010. From 1 July 2010, the Community Sector scheme was implemented.

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Financial Position
As at 30 June 2011

	Note No.	Actual 2011 $'000	Original Budget 2011 $'000	Actual 2010 $'000
Current Assets				
Cash and Cash Equivalents	16	4,040	1,520	1,449
Receivables	17	4,048	2,029	1,739
Investments	18	50,494	49,188	47,614
Other Assets	19	11	9	6
Total Current Assets		**58,593**	**52,746**	**50,808**
Non-Current Assets				
Intangible Assets	20	386	495	205
Investment Properties	21	14,690	18,500	17,975
Property, Plant and Equipment	22	1,167	905	946
Capital Works in Progress	23	-	-	210
Total Non-Current Assets		**16,243**	**19,900**	**19,336**
Total Assets		**74,836**	**72,646**	**70,144**
Current Liabilities				
Payables	24	693	391	439
Provision for Long Service Leave Benefits	25	57,171	52,544	50,447
Finance Lease		30	-	10
Employee Benefits	26	339	283	359
Total Current Liabilities		**58,233**	**53,218**	**51,255**
Non-Current Liabilities				
Provision for Long Service Leave Benefits	25	8,482	7,084	10,584
Finance Lease		14	-	19
Total Non-Current Liabilities		**8,496**	**7,084**	**10,603**
Total Liabilities		**66,729**	**60,302**	**61,858**
Net Assets		**8,107**	**12,344**	**8,286**
Equity				
Accumulated Funds		7,164	12,344	7,519
Asset Revaluation Surplus	27	943	-	767
Total Equity		**8,107**	**12,344**	**8,286**

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

* Comparative information for 2010 only included transactions for the Construction and Cleaning Schemes. From 1 July 2010, the Community Sector scheme was implemented.

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Changes in Equity
For the Year Ended 30 June 2011

	Accumulated Funds Actual 2011 $'000	Revaluation Surplus Actual 2011 $'000	Total Equity Actual 2011 $'000	Original Budget 2011 $'000
Balance at the Beginning of the Reporting Period	7,519	767	8,286	12,264
Comprehensive Income				
Operating (Deficit)/Surplus	(355)	-	(355)	80
Increase in the Asset Revaluation Surplus	-	176	176	-
Total Comprehensive (Deficit)/Income	7,164	943	8,107	80
Balance at the End of the Reporting Period	**7,164**	**943**	**8,107**	**12,344**

	Accumulated Funds Actual 2010 $'000	Revaluation Surplus Actual 2010 $'000	Total Equity Actual 2010 $'000	Original Budget 2010 $'000
Balance at the Beginning of the Reporting Period	-	-	-	-
Comprehensive Income				
Operating (Deficit)	(863)	-	(863)	(906)
Total Comprehensive (Deficit) Recognised Directly in Equity for the Reporting Period	(863)	-	(863)	(906)
Transfer of Equity from the Cleaning and Construction Industry Long Service Leave Authorities	8,382	767	9,149	13,170
Balance at the End of the Reporting Period	**7,519**	**767**	**8,286**	**12,264**

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

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Cash Flows
For the Year Ended 30 June 2011

	Note No.	Actual 2011 $'000	Original Budget 2011 $'000	Actual *6 Months 2010 $'000
Cash Flows from Operating Activities				
Receipts				
Contributions from Employers and Contractors		7,701	7,121	2,289
Interest Received		78	42	28
Rental Revenue Received		2,088	1,650	838
Revenue from Other Sources		153	415	79
Other Receipts		100	-	320
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		237	-	142
Goods and Services Tax Input Tax Credits from Registered Participants and Others		288	-	123
Total Receipts from Operating Activities		**10,645**	**9,228**	**3,819**
Payments				
Payments of Long Service Leave Benefits		(6,015)	(5,624)	(1,981)
Payments to Suppliers and Employees		(1,910)	(2,130)	(808)
Goods and Services Tax to Remitted to the Australian Taxation Office		(217)	-	(115)
Goods and Services Tax Paid to Suppliers		(280)	-	(120)
Total Payments from Operating Activities		**(8,421)**	**(7,754)**	**(3,024)**
Net Cash Inflows from Operating Activities	**33**	**2,225**	**1,474**	**795**
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Property Plant and Equipment		18	(10)	-
Proceeds from Sale of Investments		1,250	1,010	-
Total Receipts from Investing Activities		**1,268**	**1,000**	**-**
Payments				
Purchase of Investments		(650)	2,274	(169)
Purchase of Property, Plant and Equipment		(250)	-	-
Total Payments from Investing Activities		**(900)**	**2,274**	**(169)**
Net Cash Outflows from Investing Activities		**368**	**(1,274)**	**(169)**
Cash Flows from Financing Activities				
Receipts				
Transfer in of Cash Balances		-	-	823
Total Receipts from Financing Activities		-	**-**	**823**
Net Cash Inflows from Financing Activities		-	**-**	**823**
Net Cash Inflows from Investing Activities		-	**-**	**654**
Net Increase in Cash and Cash Equivalents		**2,592**	**200**	**1,449**
Cash and Cash Equivalents at the Beginning of the Reporting Period		1,449	1,320	-
Cash and Cash Equivalents at the End of the Reporting Period	**33**	**4,041**	**1,520**	**1,449**

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

* Comparative information for 2010 only included transactions for the Construction and Cleaning Schemes for the period from 1 January 2010 to 30 June 2010.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

Note Index

	Note 1	Objectives of the ACT Long Service Leave Authority
	Note 2	Summary of Significant Accounting Policies
	Note 3	Impact of Accounting Standards Issued but yet to be Applied
Income Notes	Note 4	Contributions from Employers and Contractors
	Note 5	Gains/(Losses) from Investments
	Note 6	Net Rental Income
	Note 7	Interest Revenue
	Note 8	Other Revenue
Expense Notes	Note 9	Employee Expenses
	Note 10	Supplies and Services
	Note 11	Amortisation
	Note 12	Depreciation
	Note 13	Other Expenses
	Note 14	Waivers, Impairment Losses and Write-Offs
	Note 15	Auditor's Remuneration
Asset Notes	Note 16	Cash and Cash Equivalents
	Note 17	Receivables
	Note 18	Investments
	Note 19	Other Assets
	Note 20	Intangible Assets
	Note 21	Investment Properties
	Note 22	Property, Plant and Equipment
	Note 23	Capital Works in Progress
Liability Notes	Note 24	Payables
	Note 25	Provision for Long Service Leave Benefits
	Note 26	Employee Benefits
Equity Note	Note 27	Asset Revaluation Surplus
Other Notes	Note 28	Statement of Financial Position and Statement of Comprehensive Income for Long Service Leave Schemes
	Note 29	Financial Instruments
	Note 30	Commitments
	Note 31	Contingent Liabilities and Contingent Assets
	Note 32	Events Occurring after Balance Date
	Note 33	Cash Flow Reconciliation
	Note 34	Related Party Transactions

Note 1. Objectives of the ACT Long Service Leave Authority

Operation and Principal Activities

The ACT Long Service Leave Authority (the Authority) is established under the Long Service Leave *(Portable Schemes) Act 2009* (the Act) and commenced operations on 1 January 2010.

The Authority's primary function is to administer a statutory scheme which provides for portability of long service leave benefits for registered workers in the building and construction, contract cleaning, and community sector industries in the ACT, paying long service leave benefits when claimed and maintaining a register of employers, employees and contractors in accordance with the Act.

The Authority's primary stakeholders are employers, employees and independent contractors engaged in the building and construction, contract cleaning and community sector industries in the ACT.

The Authority's Financial Statements are a consolidation of the community sector, cleaning and construction schemes Statements. The community sector scheme commenced on 1 July 2010.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government agencies.

The *Financial Management Act 1996* and the *Financial Management Guidelines* issued under the Act, require the Authority's financial statements to include:

(i) a Statement of Comprehensive Income for the reporting period;

(ii) a Statement of Financial Position at the end of the reporting period.

(iii) a Statement of Cash Flows for the reporting period;

(iv) a Statement of Changes in Equity for the reporting period;

(v) a summary of the significant accounting policies adopted for the reporting period; and

(vi) such other statements as are necessary to fairly reflect the financial operations of the Authority during the reporting period; and its financial position at the end of the reporting period.

These general-purpose financial statements have been prepared to comply with 'Generally Accepted Accounting Principles' (GAAP) as required by the *Financial Management Act 1996.* The financial statements have been prepared in accordance with:

(i) Australian Accounting Standards and accounting interpretations issued by the Australian Accounting Standards Boards and the former Urgent Issues Group; and

(ii) ACT Accounting Policies.

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets which were valued in accordance with the (re)valuation policies applicable to the Authority during the reporting period.

These financial statements are presented in Australian dollars, which is the Authority's functional currency.

The Authority is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the year ending 30 June 2011, together with the financial position of the Authority as at 30 June 2011.

Note 2. Summary of Significant Accounting Policies - Continued

(c) Comparative Figures

Budget Figures

To facilitate a comparison with the Statement of Intent, as required by the *Financial Management Act 1996*, budget information has been presented in the financial statements. Budget numbers in the financial statements are sourced from the budget information contained in the Authority's Statement of Intent for 2010-11.

Prior Year Comparatives

As the Authority commenced operations on 1 January 2010, prior year comparative figures are for the period 1 January 2010 to 30 June 2010. The community sector scheme commenced operations from 1 July 2010.

(d) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000). Use of "-" represents zero amounts or amounts rounded down to zero.

(e) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Statement of Comprehensive Income. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. In addition, the following specific recognition criteria must also be met before revenue is recognised:

Employer Contributions

Revenue from employer contributions is recognised in the period to which the contributions relate.

Investment Income

Investment income is recognised by the Authority on an accrual basis.

Rental Revenue

Revenue from the rental of investment properties is recognised by the Authority on an accrual basis because amendments to the rental charge are market based.

Interest

Interest revenue is recognised using the effective interest rate method.

(f) Repairs and Maintenance

The Authority undertakes cyclical maintenance on its buildings and plant and equipment. Where the maintenance leads to an upgrade of the asset (i.e. an increase in the service potential of the existing building or plant and equipment) the costs are capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

(g) Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred.

(h) Resources Received Free of Charge

Resources received free of charge are recorded as a revenue and expense in the Statement of Comprehensive Income at fair value. The revenue is separately disclosed under resources received free of charge with the expense being recorded in the line item to which it relates.

Note 2. Summary of Significant Accounting Policies - Continued

(i) Waivers of Debt

Under Section 53 (3) of the *Long Service Leave (Portable Schemes) Act 2009* the Registrar may, in writing, waive the right to payment of an amount payable to the Authority. Further details of waivers are disclosed at Note 14 – *Waivers, Impairment Losses and Write-offs.*

(j) Taxation

The Authority is an exempt organisation under income tax legislation and therefore is not subject to Income Tax under section 50-25 of the *Income Tax Assessment Act 1997*. The Authority is liable to pay Fringe Benefits Tax and Goods and Services Tax.

(k) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Statement of Financial Position and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Assets or liabilities which do not fall within the current classification are classified as non-current.

(l) Impairment of Assets

The Authority assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Any resulting impairment losses, for land and buildings, are recognised as a decrease in the available Asset Revaluation Surplus relating to these classes of assets. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Statement of Comprehensive Income. Impairment losses for plant and equipment, furniture and fittings, motor vehicles and intangible assets are recognised in the Statement of Comprehensive Income. Also the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of 'fair value less cost to sell' and its 'value in use'. An asset's 'value in use' is its depreciated replacement cost, where the economic benefits embodied in the asset would be replaced if the Authority were deprived of them. Non-financial assets which have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

(m) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows and the Statement of Financial Position, cash includes cash at bank and cash on hand.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Summary of Significant Accounting Policies - Continued

(n) Receivables

Accounts receivables (including employer, contractor and other receivables) are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Statement of Comprehensive Income.

Employer and contractor receivables arise in the normal course of providing services to registered employees and contractors. Employer and contractor contributions are made on a quarterly basis.

The allowance for impairment losses represents the amount of trade receivables and other trade receivables the Authority estimates will not be repaid. The Authority determines the allowance for impairment losses based on objective evidence and a review of overdue balances. The Authority considers the following to be objective evidence of impairment:

- becoming aware of financial difficulties of debtors;
- default payments; or
- debts more than 90 days overdue.

The amount of the allowance is the difference between the receivables carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the Statement of Comprehensive Income. The allowance for impairment losses is written back against the receivables account when the Authority ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

Receivables that have been renegotiated because they are past due or impaired are accounted for based on the renegotiated terms.

(o) Investments

Investments are managed by an independent investment funds manager and include cash deposits, fixed interest investments and equity investments.

Investments are measured at fair value with any adjustments to the carrying amount recorded in the Statement of Comprehensive Income. Fair value is based on quoted market prices at the reporting date. The quoted market price used is the withdrawal price. The withdrawal price is the net asset value price per unit.

(p) Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost. Cost includes the purchase price, directly attributable costs and the estimated cost of dismantling and removing the item (where, upon acquisition, there is a present obligation to remove the item).

Where property, plant and equipment is acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition.

Where the payment for property, plant and equipment is deferred beyond normal credit terms, the difference between its cash price equivalent and the total payment is measured as interest over the period of credit. The discount rate used to calculate the cash price equivalent is an asset specific rate.

Property, plant and equipment with a minimum value of $1,000 are capitalised.

Note 2. Summary of Significant Accounting Policies - Continued

(q) Measurement of Property, Plant and Equipment after Initial Recognition

Property, plant and equipment is valued using the cost or revaluation model of valuation. Land and buildings are measured at fair value. Plant and equipment, furniture and fittings and motor vehicles are measured at cost.

Fair value is the amount of which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is measured using market based evidence available for that asset (or similar asset), as this is the best evidence of an asset's fair value. Where the market price for an asset cannot be obtained because the asset is specialised and is rarely sold, depreciated replacement cost is used as fair value.

Fair value for land and buildings is measured using current prices in a market for similar properties in a similar location and condition.

Land and buildings are revalued every three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

(r) Investment Properties

Investment properties, consisting of land and buildings held primarily to generate income, are measured at fair value. Fair value is the amount the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Changes in fair values are recorded in the Statement of Comprehensive Income. Investment properties are not depreciated.

Investment properties are revalued every three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

(s) Intangible Assets

The Authority's intangible assets comprise of internally developed and externally acquired computer software for internal use. This software is recognised and capitalised when:

(a) it is probable that the expected future economic benefits that are attributable to the software will flow to the Authority;

(b) the cost of the software can be measured reliably; and

(c) the acquisition cost is equal to or exceeds $1,000.

Internally generated software is recognised when it meets the general recognition criteria outlined above and where it also meets the specific recognition criteria relating to internally developed intangible assets.

Capitalised software has a finite useful life. Software is amortised on a straight line value basis, with the useful life of the software amortised over seven years.

Intangible assets are measured at cost.

(t) Depreciation and Amortisation of Non-Current Assets

Non-current assets, with a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued, it is depreciated/amortised over its assessed remaining useful life. Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as plant and equipment and buildings. Land has an unlimited useful life and is therefore not depreciated.

Note 2. Summary of Significant Accounting Policies - Continued

(t) Depreciation and Amortisation of Non-Current Assets - Continued

Depreciation/amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation/Amortisation Method	Depreciation Rates
	Method	Useful life
Buildings	Straight Line	40 Years
Furniture and fittings	Diminishing Value	7.5%-30%
Motor Vehicles	Diminishing Value	18.75%
Motor Vehicle Leased	Straight Line	4 Years
Plant and Equipment	Diminishing Value	7.5%-32%
Intangibles	Diminishing Value	30%-50%

The useful lives of all assets are reassessed on an annual basis.

(u) Payables

Payables are a financial liability and are measured at the fair value of the consideration received when initially recognised and at amortised cost subsequent to initial recognition, with any adjustments to the carrying amount going through the Statement of Comprehensive Income. All amounts are measured at their nominal amount and are normally settled within 30 days after the invoice date.

Payables include Long Service Leave Claims Owing to Registered Scheme Participants, Other Creditors and Accruals and Goods and Services Tax Payable.

Long Service Leave Claims Owing to Registered Scheme Participants represent the amounts owing for long service leave claims received prior to the end of the reporting period which relate to the normal operations of the Authority.

Other Creditors and Accruals represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received by period-end.

(v) Leases

The Authority enters into operating and finance leases from time to time.

Operating leases do not effectively transfer to the Authority substantially all the risks and rewards incidental to ownership of the asset under an operating lease. Operating lease payments are recorded as an expense in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

The Authority has entered into a finance lease. Finance leases effectively transfer to the Authority substantially all the risks and rewards incidental to ownership of the assets under a finance lease. The title may or may not eventually be transferred. Finance leases are initially recognised as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments each being determined at the inception of the lease. The discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Assets under a finance lease are depreciated over the shorter of the asset's useful life and lease term. Leased assets are depreciated on a straight-line basis. The depreciation is calculated after first deducting and residual values which remain for each leased asset. Each lease payment is allocated between interest expense and reduction of the lease liability.

Note 2. Summary of Significant Accounting Policies - Continued

(w) Employee Benefits

Employee benefits include wages and salaries, annual leave and long service leave and applicable on-costs. On-costs include annual leave, long service leave and superannuation. These benefits accrue as a result of services provided by employees up to the reporting date and that remain unpaid. They are recorded as a liability and as an expense.

Accrued Salaries

Accrued salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

Annual and Long Service Leave

Annual leave and long service leave that fall due wholly within the next 12 months is measured based on the estimated amount of remuneration anticipated to be paid when the leave is taken.

Annual and long service leave including applicable on-costs that do not fall due wholly within the next 12 months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. At 30 June 2011, the discount factor used to calculate the present value of these future payments is 92.2%.

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Statement of Financial Position where there are no unconditional rights to defer the settlement of the liability for at least 12 months.

(x) Long Service Leave Benefits

(i) Construction Industry Long Service Leave Expense

Employees and contractors in the construction industry who are registered with the Authority accrue 13 weeks (i.e. three months) long service leave after 10 years of service in the building and construction industry for service after 1 January 1997. Prior to 1 January 1997, employees accrued 13 weeks leave after 15 years of service but payable as a pro-rata benefit after 10 years. Workers receive a credit of one year's service for each 220 days worked.

Leave payment in lieu of leave may be claimed after 10 years of service or after five years (or one year in the case of a contributing sub-contractor) if the worker ceases employment with the purpose of leaving the industry permanently. A further benefit is available upon accrual of 55 days of service in the Scheme in certain cases of leaving the industry due to illness, injury, reaching retirement age (55 years) or death.

(ii) Cleaning Industry Long Service Leave Expense

Employees and contractors in the cleaning industry who are registered with the Authority accrue 8.67 weeks (i.e. two months) long service leave after 10 years of service in the cleaning industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating five years of service in the scheme if the worker ceases employment with the purpose of leaving the industry permanently. A further benefit is available upon accrual of 55 days of service in the scheme in certain cases of permanently leaving the industry due to illness, injury or at retirement age (55 years), and death.

Note 2. Summary of Significant Accounting Policies - Continued

(x) Long Service Leave Benefits - Continued

(iii) Community Sector Industry Long Service Leave Expense

Employees and contractors in the community sector who are registered with the Authority accrue 8.67 weeks (i.e. two months) long service leave after 10 years of service in the community sector industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating five years of service. A further benefit is available upon accrual of 55 days of service in the scheme in certain cases of permanently leaving the industry due to illness, injury or at retirement age (55 years), and death.

(iv) Accrued Long Service Leave Benefits Liability

The provision for accrued long service leave benefits is estimated as the present value of all expected future payments which arise from the service of eligible workers up to the reporting date. The liability is estimated by the Authority's actuary using an actuarial valuation method that takes into account assumptions of rates of departure from the industry, mortality rates, increases in wages and rates of return on investment. Accrued long service leave is classified as a current liability in the Statement of Financial Position where the Authority does not have an unconditional right to defer the settlement of the liability for at least 12 months. Where there is an unconditional right to defer settlement of the liability, for more than 12 months, the liability is classified as non-current in the Statement of Financial Position.

(y) Insurance

The Authority places its general business, investment property, and directors and officers insurance risks with a commercial insurer through its broker (CMS Insurance Services) and does not carry any self-insurance. Worker's Compensation cover is provided by the ACT Government as all staff are public servants under the Chief Minister and Cabinet Directorate.

(z) Superannuation

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP), PSS and schemes of employee choice.

Superannuation employer contribution payments, for the PSS are calculated, by taking the salary level at an employee's anniversary date, and multiplying it by the employers contribution rate for each employee. The productivity component payments are calculated by taking the salary level, and an employee's anniversary date, and multiplying it by the employers contribution rate (approximately 3%) for each employee. Superannuation payments for the PSSAP are calculated by taking the salary level, and an employee's anniversary date, and multiplying it by the appropriate employer contribution rate. Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

A superannuation liability is not recognised in the Statement of Financial Position as the Superannuation Provision Account recognises the total Territory superannuation liability for PSS, and ComSuper and the external schemes recognises the superannuation liability for the PSSAP and other schemes respectively. The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the PSS in respect of the ACT Government service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

Note 2. Summary of Significant Accounting Policies - Continued

(aa) Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in the note, the Authority has made the following judgements that have the most significant impacts on the amounts recorded in the financial statements:

(i) Accrued Long Service Leave Benefits -

The Authority recognises a liability for accrued long service leave benefits based on an assessment performed by an independent actuary. The actuary estimates the liability using a complex model and a large number of assumptions that are based on historical and the current profile of the registered participants. The assumptions for each scheme are as follows:

Construction Industry

- the rates at which workers of different ages might leave the scheme due to:
  - retirements, these rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 7% at the age 55, 8% at age 60, 20% at age 65, 15% each year at age 70 and then 25% each year thereafter;
  - deaths and incapacity, these rates are also based on the past experience of this and other long service leave schemes. The death rates increase from 0.048% at the age 20 to 0.7% at age 65 and the incapacity rates increase from 0.034% at age 20 to 0.331% at age 55. After the age of 55, it is assumed the incapacities will be included in the retirement decrement;
  - leaving the industry rates vary from 50% for workers with less than 1 year of service to 4% for workers with 25 or more years of service;
- a discount rate of 5.1% per annum as determined by the Actuary (30 June 2010: 4.9% per annum);
- increases in future rates of pay due to inflation of 3.5% per annum (30 June 2010: 4.9% per annum);
- increases in future rates of pay due to age progression over and above the inflation, ranging from 12% for those aged 18 to nil at age 36 and over (30 June 2010: identical); and
- That 10% of registered workers who do not have any service credits in the previous year will again commence receiving service credits and that the other 90% will be paid a pro-rata entitlement where eligible (30 June 2010: identical).

The Authority has also made an allowance for the costs of settling the accrued liabilities, in addition to the value of the liability determined by the actuary.

Cleaning Industry

- the rates at which workers of different ages might leave the scheme due to:
  - retirements, these rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 7% at the age 55, 8% at age 60, 20% at age 65, 15% each year at age 70 and then 25% each year thereafter;
  - deaths and incapacity, these rates are also based on the past experience of this and other long service leave schemes. The death rates increase from 0.048% at the age 20 to 0.7% at age 65 and the incapacity rates increase from 0.034% at age 20 to 0.331% at age 55. After the age of 55 it is assumed the incapacities will be included in the retirement decrement;
  - leaving the industry rates vary from 30% for workers with less than one year of service to 3% per annum for workers with 5 or more years of service;
- workers who are eligible for an in-service benefit after 10 years or more of service are assumed to take it at the rates of 2.5 weeks per year. Workers with 9 to 10 years' service are assumed to take 1.25 weeks leave in the following year.
- a discount rate of 5.1% per annum as determined by the Actuary (30 June 2010: 5.0% per annum) and;
- increases in future rates of pay due to inflation of 5.5% per annum for 2011-12 and 4% per annum thereafter (30 June 2010: Identical);

The Authority has also made an allowance for the costs of settling the accrued liabilities, in addition to the value of the liability determined by the actuary.

Note 2. Summary of Significant Accounting Policies - Continued

(aa) Significant Accounting Judgements and Estimates - Continued

(i) Accrued Long Service Leave Benefits - Continued

Community Sector Industry

- the rates at which workers of different ages might leave the scheme due to:
  - retirements, these rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 7% at the age 55, 8% at age 60, 20% at age 65, 15% each year at age 70 and then 25% each year thereafter;
  - deaths and incapacity, these rates are also based on the past experience of this and other long service leave schemes. The death rates increase from 0.048% at the age 20 to 0.7% at age 65 and the incapacity rates increase from 0.034% at age 20 to 0.331% at age 55. After the age of 55, it is assumed the incapacities will be included in the retirement decrement;
  - leaving the industry rates vary from 30% for workers with less than one year of service to 3% per annum for workers with 5 or more years of service;
- workers who are eligible for an in-service benefit after 10 years or more of service are assumed to take it at the rates of 2.5 weeks per year. Workers with between 9 and 10 years' service are assumed to take 1.25 weeks leave in the following year.
- an appropriate discount rate of 5.3% per annum as determined by the Actuary and;
- increases in future rates of pay due to inflation of 4.0% per annum.

The Authority has also made an allowance for the costs of settling the accrued liabilities, in addition to the value of the liability determined by the actuary.

(ii) Valuation of Investments

Investments are valued at fair value. The investments held by the Authority are managed by a professional funds manager, and include listed and unlisted securities and cash and fixed-interest deposits. The investments are valued by the funds manager. The quoted market price used is the withdrawal price, the withdrawal price is the net asset value price per unit.

(iii) Allowance for Impairment Losses

Where there is objective evidence that a receivable may not be collected, an assessment of the likelihood of the recovery of a receivable has been performed to determine to what extent, if any, an allowance for impairment loss must be recognised.

(iv) Useful Lives of Intangible Assets

The Authority has made an estimate in determining the useful lives of its intangible assets. The estimation is based on previous intangible assets owned by the Authority. The Authority estimates that significant upgrades to the system may need to be made in seven years' time. The useful lives are assessed on an annual basis and any adjustments are made when considered necessary. For further details see Note 11 – *Amortisation.*

(v) Valuation of Investment properties

The fair value of investment properties is based on an independent valuation performed by a qualified valuer. The fair value is estimated by capitalising the net income of the investment property using a discounted cash flow model. The net income for the investment property involves estimates of the market rent for the property and future operating expenditure.

Note 3. Impact of Accounting Standards Issued but yet to be Applied

Impact of Accounting Standards Issued But Yet to be Applied

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board. Some apply to the current reporting period and others are applicable to future reporting periods. The Authority does not intend to adopt these standards and interpretations early. It is estimated that the effect of adopting the below pronouncements, when applicable, will have no material financial impact on the Authority in future reporting periods:

- AASB 1 First–time Adoption of Australian Accounting Standards (application date 1 January 2011);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 January 2011);
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2011);
- AASB 107 Statement of Cash Flows (application date 1 January 2011);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);
- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 118 Revenue (application date 1 January 2011);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 January 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2011);
- AASB 140 Investment Property (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);
- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 July 2013);
- AASB 1054 Australian Additional Disclosures (application date 1 January 2011);
- AASB 2010-12 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB1, 2, 3 , 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138,140, 141,1050,1052 and Interpretations 2,4,5,15,17,127,129 & 1052] (application date 1 January 2013);
- AASB 2010-16 Amendments to Australian Accounting Standards- Disclosure on transfers of Financial assets [AASB 1, & AASB 7,] (application date 1 July 2013);
- AASB 2010-17 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB1, 3 , 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139,1023 & 1038 and Interpretations 2, 5,10,12, 19 & 127] (application date 1 January 2013);
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 7, 101, 107, 108, 121, 128, 132, 134, and Interpretations 2, 112 & 123] (application date 1 July 2011);
- AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project-Reduced Disclosure requirements [AASB 101and 1054] (application date 1 July 2013);
- AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of changes to the ABS GFS Manual and Relating Amendments [AASB 1049] (application date 1 July 2012);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011);
- AASB Interpretation 14 AASB 119 – The limit on a Defined Benefit Asset, Minimum funding Requirements and their interaction (application date 1 January 2011);
- AASB Interpretation 112 Consolidation – Special Purpose Entities (application date 1 January 2011);
- AASB Interpretation 115 Operating Leases - Incentives (application date 1 January 2011);
- AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a lease (application date 1 January 2011); and
- AASB Interpretation 132 Intangible Assets – Web Site Costs (application date 1 January 2011).

Note 4. Contributions from Employers and Contractors

Contribution revenue is derived from employers and contractors as part of the Authority's statutory role of providing long service leave benefits to registered employees and contractors. The contributions are paid by registered employers and contractors.

	2011 $'000	2010 * 6 Months $'000
Contributions from Employers and Contractors		
- *Construction Industry*	4,370	1,688
- *Cleaning Industry*	1,196	623
- *Community Sector Industry*	3,546	-
Total Contributions from Employers and Contractors	**9,112**	**2,311**

Increase in contributions in the construction scheme is due to an increase in registered employees and the average weekly wage.

Note 5. Gains/(Losses) from Investments

This represents a net change in value of the investments excluding revenue from dividend distributions and management fee rebates.

Gains/(Losses) from Investments	2011 $'000	2010 * 6 Months $'000
- *Construction Industry*	590	(928)
- *Cleaning Industry*	60	(94)
Total Gains/(Losses) from Investments	**650**	**(1,022)**

Note 6. Net Rental Income

Net Rental Income

Rental Revenue from Investment Properties	**2011 $'000**	**2010 * 6 Months $'000**
Manning Clarke Offices	2,070	1,011
National Association Centre, Suite 5	18	9
Total Rental Revenue from Investment Properties	**2,088**	**1,020**
Rental Expenses from Investment Properties		
Management Fees	21	10
General Expenses	4	3
Consultant Fees [1]	27	-
Light and Power	120	61
Insurance	12	7
Rates and Land Tax	125	48
Repairs and Maintenance	92	53
Total Rental Expenses from Investment Properties	**401**	**182**
Net Rental Income	**1,687**	**838**

[1] The Authority engaged consultants and several reports were commissioned for the refurbishment of the Manning Clarke Offices.

Note 7. Interest Revenue

	2011 $'000	**2010 * 6 Months $'000**
Interest Revenue Earned on Authority's Bank Account		
- *Construction Industry*	32	14
- *Cleaning Industry*	23	12
- *Community Sector*	63	2
Total Interest Revenue	**118**	**28**

The increase in interest revenue is due to surplus funds from the community sector being invested in term deposits. The Authority will invest additional surplus cash in a managed fund after the maturity of the term deposit.

Note 8. Other Revenue

	2011 $'000	2010 * 6 Months $'000
Revenue from Other Sources		
Accrued Investment Income and Rebate of Management Fees		
- *Construction Industry*	3,354	1,269
- *Cleaning Industry*	390	128
	3,744	1,397
Income from Penalties		
- *Construction Industry*	70	25
- *Cleaning Industry*	4	2
	74	27
Reciprocal Agreement Income		
- *Construction Industry*	173	52
	173	52
Other Revenue	100	320
Write Back of Receivables	-	9
Total Revenue from Other Sources	**4,091**	**1,805**

Note 9. Employee Expenses

	2011 $'000	2010 * 6 Months $'000
Wages and Salaries	962	508
Annual Leave Expense	15	(6)
Long Service Leave Expense	26	11
Total Employee Expenses	**1,003**	**513**
	Number	**Number**
Full-Time Equivalent Employees	**13**	**12.5**

The Authority's staff are permanent officers of the ACT Public Service attached to the Industrial Relations and Public Sector Management Group of the Chief Minister and Cabinet Directorate. The Authority is responsible for the cost of their salaries (both direct and indirect) and reimburses the ACT Government for those salaries and all administrative on-costs.

The Authority received a reimbursement from the Treasury Directorate for part of a termination payment to a staff member which included long service leave and annual leave accrued before the staff member commenced employment at the Authority.

The administrative on-costs were charged to the Authority for annual leave, long service leave, and superannuation contributions for the staff at varying rates depending upon which superannuation scheme the staff member joined.

The ACT Government's employer superannuation is recovered from the Authority at cost.

Note 10. Supplies and Services

	2011 $'000	2010 * 6 Months $'000
Accounting Fees	4	5
Actuarial Fees [1]	45	16
Advertising	17	8
Audit Fees	102	45
Body Corporate Fees	23	17
Board Member's Fees	48	22
Consultants and Contractors [2]	131	53
Computer Consumables	6	3
Insurance	12	11
Legal fees [3]	24	72
Printing and Stationery	20	8
Postage	18	6
Motor Vehicle	13	8
Rates and Taxes	9	14
Repairs and Maintenance	9	5
Staff Training	13	5
Telephone	21	10
Other	68	36
Total Supplies and Services	**583**	**344**

[1] Increase in Actuary fees is due to the triennial report commissioned as at 30 June 2011 for the cleaning and construction industries.

[2] The increase in consultancy fees is due to the work completed by IT consultants in order to migrate existing data in the Authority's new IT system. The Authority has also engaged consultants for various projects including staff development.

[3] The decrease in legal fees due to the implementation of the Community sector scheme in 2010 and assistance with enforcement procedure hearings.

Note 11. Amortisation

	2011 $'000	2010 * 6 Months $'000
Amortisation		
Externally Developed Software	253	98
Total Amortisation	**253**	**98**

The large increase in amortisation expense is due to the implementation of the Authority's new IT system.

Note 12. Depreciation

Depreciation	2011 $'000	2010 * 6 Months $'000
Buildings and Improvements	-	11
Plant and Equipment	28	11
Total Depreciation	**28**	**22**

The Authority's building was revalued as at 30 June 2011 at fair value.

Note 13. Other Expenses

	2011 $'000	2010 * 6 Months $'000
Losses on the Disposal of Non-Current Assets	-	5
Total Other Expenses	**-**	**5**

Note 14 . Waivers, Impairment Losses and Write-Offs

Under Section 53 (3) of the *Long Service Leave (Portable Schemes) Act 2009* the Registrar may, in writing, waive the right to payment of an amount payable to the Authority. A waiver is the relinquishment of a legal claim to a debt over which the Authority has control.

The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Authority to recover the amount. The write-off of debts may occur for reasons other than waivers.

The waivers and write-offs listed below have occurred during the reporting period for the Authority.

	2011 $'000	2010 * 6 Months $'000
Waivers, Impairment Losses and Write-Offs	108	31
Total Waivers, Impairment Losses and Write-Offs	**108**	**31**

Waivers and Write-Offs of Employee and Contractor Receivables	2011 Number	2011 $'000	2010 * 6 Months Number	2010 * 6 Months $'000
Waivers of Penalty Payments	94	33	**62**	**6**
Irrecoverable Debts (Write-Offs)	-	-	1	1
Total Waivers and Write-Offs	**94**	**33**	**63**	**7**
Impairment Losses				
Impairment Losses from Receivables				
Trade Receivables and Other Trade Receivables	**18**	**75**	11	24
Total Impairment Losses from Receivables	**18**	**75**	**11**	**24**
Total Waivers, Impairment Losses and Write-Offs	**112**	**108**	**74**	**31**

Note 15. Auditor's Remuneration

Auditor's remuneration consists of financial audit services provided to the Authority by the ACT Auditor-General's Office. Auditor's remuneration is included in Note 10 – *Supplies and Services*. No other services were provided by the ACT Auditor-General's Office.

	2011 $'000	2010 * 6 Months $'000
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	57	45
Total Audit Fees	**57**	**45**
Total Auditor's Remuneration	**57**	**45**

Note 16. Cash and Cash Equivalents

The Authority holds a bank account with the Commonwealth Bank, as part of whole-of-government banking arrangements. As part of these arrangements, the Authority earns interest on deposits, at a rate equivalent to 15 basis points below the Reserve Bank's target cash rate. The bank account earned a floating interest rate between 4.35% and 4.60% (3.60% and 4.35% in 2010).

	2011 $'000	2010 $'000
Cash at Bank		
- *Construction Industry*	1,189	583
- *Cleaning Industry*	366	633
- *Community Sector*	1,484	232
Term Deposit	1,000	-
Cash on Hand	1	1
Total Cash	**4,040**	**1,449**

Increase in cash is due to operational requirements and the timing of the payments made. There was an increase in cash from operating activities from the community sector, these funds were invested in term deposits. The Authority intends to transfer cash at maturity into a managed fund.

Note 17. Receivables

Employer and Contractor Receivables	2011 $'000	2010 $'000
Employer and Contractor Receivables	322	112
Less: Allowance for Impaired Receivables	(121)	(59)
Total Employer and Contractor Receivables	**201**	**53**
Other Receivables		
Trade Receivables	122	23
Total Other Receivables	**122**	**23**
Accrued Revenue		
Accrued Industry Contributions [1]	2,204	1,141
Accrued Investment Income [2]	1,521	522
Total Accrued Revenue	**3,725**	**1,663**
Total Receivables	**4,048**	**1,739**
Reconciliation of the Allowance for Impaired Receivables		
Allowance for Impaired Receivables at the Beginning of the Reporting Period	59	43
Write-Off of Receivables	-	1
Write Back of Receivables	(13)	(9)
Additional Allowance Recognised	75	24
Allowance for Impaired Receivables at the End of the Reporting Period	**121**	**59**

All receivable are with Non-Government Agencies.

[1] An increase in accrued industry contributions due to the accrual of contributions for the Community sector scheme.

[2] The increase in accrued investment income is due to the accrual of higher than expected distributions for the Construction and Cleaning scheme.

Note 17. Receivables - Continued

Ageing of Receivables 2011

	Past Due			Total
	Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$'000	$'000	$'000	$'000
Not Impaired Receivables	123	54	146	323
Impaired Receivables	-	-	121	121

	Past Due			Total
Ageing of Receivables 2010	Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$'000	$'000	$'000	$'000
Not Impaired Receivables	14	18	81	113
Impaired Receivables	-	-	59	59

Note 18. Investments

Investments	2011 $'000	2010 $'000
Investment Trusts at Fair Value		
- Construction Industry	45,126	43,239
- Cleaning Industry	5,368	4,375
Total Investments	**50,494**	**47,614**

The investments are managed by Vanguard Investments Australia Limited who are contracted by the Authority to manage the investments of the Authority. The funds are invested in trusts managed by Vanguard Investments Australia Limited, each invested in a specific asset class. The asset classes are:

- Australian fixed interest;
- International fixed interest;
- Australian equities;
- International equities;
- Australian properties;
- International properties; and
- Cash.

Note 19. Other Assets

Other Assets	2011 $'000	2010 $'000
Prepayments		
- Construction Industry	11	4
- Cleaning Industry	-	1
- Community Sector	-	1
Total Other Assets	**11**	**6**

Note 20. Intangible Assets

The Authority has internally developed and externally acquired software.

Intangible Assets	2010 $'000	2010 $'000
Internally Developed Software - Construction		
Computer Software at Cost	1,525	1,096
Less : Accumulated Amortisation	(1,156)	(964)
Total Internally Developed Software - Construction Industry	**369**	**132**
Internally Developed Software - Cleaning		
Computer Software at Cost	361	361
Less : Accumulated Amortisation	(361)	(310)
Total Internally Developed Software - Cleaning Industry	**-**	**51**
Total Internally Developed Software - Authority	**369**	**183**
Externally Acquired Software		
Computer Software at Cost	121	116
Less : Accumulated Amortisation	(104)	(94)
Total Externally Acquired Software	**17**	**22**
Total Intangible Assets	**386**	**205**

Reconciliation of Intangible Assets
The following tables show the movement of Intangible Assets from the beginning to the end of the current reporting period.

	Internally Developed Software $'000	Externally Acquired Software $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	183	22	205
Amortisation	(243)	(10)	(253)
Additions	429	5	434
Carrying Amount at the End of the Reporting Period	**369**	**17**	**386**
Total Intangible Assets	**369**	**17**	**386**

Note 21. Investment Properties

	2011 $'000	2010 $'000
Non-Current Investments		
National Associations Centre, Suite 5	190	170
Manning Clarke Offices	14,500	17,805
Total Non-Current Investments	14,690	17,975
Total Investments	**14,690**	**17,975**
Reconciliation of Investment Properties		
Carrying Amount at the Beginning of the Reporting Period	17,975	17,975
Acquisitions	-	-
Net Revaluation Decrement	3,285	-
Carrying Amount at the End of the Reporting Period	**14,690**	**17,975**

An independent valuation of the investment properties was obtained at 30 June 2011.
The basis of valuation was fair market value and was performed by a qualified valuer (Jones Lang Lasalle). The Manning Clarke building incurred a revaluation decrement due the property approaching the end term of the lease (March 2013). The Authority is currently negotiating a 10-year lease with the current tenant.

All investment properties are held to generate rental income. Rental income derived, and direct operating expenses of investment properties are shown in the Statement of Comprehensive Income and in Note 6: *Net Rental Income.*

Leasing Investment Properties

Investment properties are leased under long-term operating leases with rental income being received monthly.
These operating leases are non-cancellable. A 3-year lease was signed by Medicare 18 December 2009
The Authority is currently negotiating a 10-year lease with the current tenant.
The minimum lease payments resulting from the leasing of investment properties that are as follows:

Leasing Investment Properties	2011 $'000	2010 $'000
Within one year	2,195	2,104
Later than one year but not later than 5 years	379	3,705
Later than 5 years	-	-
Total Leasing Investment properties	**2,574**	**5,809**

Note 22. Property, Plant and Equipment

Land includes leasehold land held by the Authority.
Buildings include office buildings belonging to the Authority.
Plant and equipment held includes office and computer equipment and other mechanical and electronic equipment.
Furniture and fittings consists only items of furniture and fittings
Motor vehicles consists only of motor vehicles.

	2011 $'000	2010 $'000
Land		
Land at Fair Value	141	179
Total Land Assets	141	179
Buildings		
Buildings at Fair Value	889	711
Less: Accumulated Depreciation	(-)	(36)
Total Written-Down Value of Buildings	1,030	675
Total Written-Down Value of Land and Buildings	**1,030**	**854**
Plant and Equipment		
Plant and Equipment at Cost	284	216
Less: Accumulated Depreciation	(210)	(197)
Total Written-Down Value of Plant and Equipment	**74**	**19**
Furniture and Fittings		
Furniture and Fittings at Cost	50	50
Less: Accumulated Depreciation	(29)	(26)
Total Written-Down Value of Furniture and Fittings	**21**	**24**
Motor Vehicles		
Motor Vehicles at Cost	-	31
Less: Accumulated Depreciation	(-)	(10)
Motor Vehicle Under a Finance Lease	52	30
Less: Accumulated Depreciation	(10)	(2)
Total Written-Down Value of Motor Vehicles	**42**	**49**
Total Written-Down Value of Property, Plant and Equipment.	**1,167**	**946**

Mr P Green FAPI of Jones Lang LaSalle, an independent valuer, performed the valuation of the Land and Buildings. The latest valuation was performed as at 30 June 2011.

Note 22. Property, Plant and Equipment - Continued

The following table shows the movements of Property, Plant and Equipment balances:

	Land	Buildings	Furniture and Fittings	Plant and Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2011						
Carrying Amount at the Beginning of the Reporting Period	**179**	**675**	**24**	**19**	**49**	**946**
Additions	-	-	-	68	22	90
Depreciation	-	-	(3)	(13)	(12)	(28)
Disposals	-	-	-	(-)	(17)	(17)
Revaluation (Decrements) / Increments[1]	(38)	214	-	-	-	176
Carrying Amount at the End of the Reporting Period	**141**	**889**	**21**	**74**	**42**	**1,167**

[1] The Authority building was revalued as at 30 June 2011.

Note 22. Property, Plant and Equipment - Continued

The following table shows the movements of Property, Plant and Equipment balances:

2010	Land $'000	Buildings $'000	Furniture and Fittings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	**179**	**684**	**26**	**30**	**24**	**943**
Additions	-	-	-	-	30	30
Depreciation	-	(9)	(2)	(6)	(5)	(22)
Disposals	-	-	-	(5)	-	(5)
Carrying Amount at the End of the Reporting Period	**179**	**675**	**24**	**19**	**49**	**946**

Note 23. Capital Works in Progress

Capital works in progress are assets being constructed over periods of time, in excess of the present reporting period. These assets often require extensive installation work or integration with other assets, and contrast with simpler assets that are ready for use when acquired. Capital Works in progress for 2010 related to the new externally purchased computer software currently constructed by Formation Technology Group Pty Ltd. Capital Works in Progress are not depreciated/amortised, as the Authority is not currently deriving economic benefits from them.

	2011 $'000	2010 $'000
Capital Works in Progress	-	210
Total Capital Works in Progress	**-**	**210**

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in progress.

	2011 $'000	2010 $'000
Carrying Amount at the Beginning of the Reporting Period	**210**	**42**
Additions	215	168
Capital Works Completed and Transferred to Intangible Assets	(425)	-
Carrying Amount at the End of the Reporting Period	**-**	**210**

Note 24. Payables

	2011 $'000	2010 $'000
Current Payables		
Long Service Leave Claims Owing to Registered Scheme Participants		
- Construction Industry	206	191
- Cleaning Industry	22	22
- Community Sector Industry	-	-
	228	213
Other Creditors and Accruals		
- Construction Industry	274	168
- Cleaning Industry	50	35
- Community Sector	21	-
	345	203
Goods and Services Tax Payable		
- Construction Industry	120	15
- Cleaning Industry	-	8
- Community Sector Industry	-	-
	120	23
Total Payables	**693**	**439**
Payables are aged as follows:		
Not Overdue	693	439
Total Payables	**693**	**439**
Payables with ACT Government Entities		
Other Creditors and Accruals	59	69
Total Payables with ACT Government Entities	**59**	**69**
Payables with Non-ACT Government Entities		
Long Service Leave Claims Owing to Registered Scheme Participants	228	213
Other Creditors and Accruals	286	134
Goods and Services Tax Payable	120	23
Total Payables with Non-ACT Government Entities	**634**	**370**
Total Payables	**693**	**439**

Note 25. Provision for Long Service Leave Benefits

	2011 $'000	2010 $'000
Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	57,171	50,447
Total Current Provision for Long Service Leave Benefits	**57,171**	**50,447**
Non-Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	8,482	10,584
Total Non-Current Provision for Long Service Leave Benefits	8,482	10,584
Total Provision for Long Service Leave Benefits	**65,653**	**61,031**

Reconciliation of the Provision for Long Service Leave Benefits

The following tables show the movement of the provision for long service leave benefits from the beginning to the end of the reporting periods.

	2011 $'000	2010 $'000
Carrying Amount at the Beginning of the Reporting Period	61,031	59,130
Long Service Leave Benefit Claims	(6,131)	(1,981)
Additional Provision made during the period	8,357	3,882
Change in Unwinding of Discount Rate and Change in Discount Rate	2,396	-
Total Increase in Provision	**10,753**	**3,882**
Carrying Amount at the End of the Reporting Period	**65,653**	**61,031**

This provision was estimated by Professional Financial Solutions Pty Ltd – Consulting Actuaries. The Authority commissions a comprehensive actuarial review of the scheme every three years, together with an annual review of the provision. The last triennial review was completed as at 30 June 2011. The next triennial review is scheduled for 2014.

From an assessment of the pattern of long service benefits, the estimated benefits that will be payable in the 12 months ended 30 June 2012 are $6.4m, split between $5.9m for construction, $0.5m for cleaning and for community is zero, with the balance paid in later years.

Note 26. Employee Benefits

	2011 $'000	2010 $'000
Current Employee Benefits		
Annual Leave	167	152
Long Service Leave	172	199
Accrued Salaries	-	8
Total Current Employee Benefits	**339**	**359**
Total Employee Benefits	**339**	**359**

Estimate of when Leave is Payable for Disclosure Purposes Only		
Estimated Employee Benefits Payable within 12 Months		
Annual Leave	100	99
Long Service Leave	69	44
Accrued Salaries	-	8
Total Estimated Employee Benefits Payable within 12 Months	**169**	**151**
Estimated Employee Benefits Payable after 12 Months		
Annual Leave	67	53
Long Service Leave	103	155
Total Estimated Employee Benefits Payable after 12 Months	**170**	**208**
Total Estimated Employee Benefits	**339**	**359**

Note 27. Asset Revaluation Surplus

The Asset Revaluation Surplus is used to record the increments and decrements in the value of Property, Plant and Equipment.

	2011 $'000	2010 $'000
Asset Revaluation Surplus		
Balance at the Beginning of the Reporting Period	767	767
Revaluation Increment	176	-
Balance at the End of the Reporting Period	**943**	**767**

Note 28. Statement of Financial Position and Statement of Comprehensive Income for Long Service Leave Schemes

Construction Industry Scheme - Statement of Comprehensive Income

Income	Actual 2011 $'000	Original Budget 2011 $'000	Actual * 6 Months 2010 $'000
Contributions from Employers and Contractors	4,370	3,432	1,688
Gains/(Losses) from Investments	590	2,600	(928)
Net Rental Income	1,687	1,650	838
Interest Revenue	32	20	14
Other Revenue	3,597	160	1,354
Cost Sharing Contribution from Cleaning and Community Sector Industries	41	-	24
Total Income	**10,317**	**7,862**	**2,990**
Expenses			
Employee Expenses	447	740	380
Supplies and Services	349	350	193
Amortisation	202	80	73
Depreciation	28	19	22
Long Service Leave Benefits Expense	8,559	7,430	3,543
Waivers, Impairment Losses and Write-offs	64	12	31
Other Expenses	-	-	5
Revaluation Decrement for Investment Property	3,285	-	-
Total Expenses	**12,934**	**8,601**	**4,247**
Operating (Deficit)	**(2,617)**	**(739)**	**(1,257)**
Other Comprehensive Income			
Increase in the Asset Revaluation Surplus	176	-	-
Total Comprehensive (Deficit)	**(2,441)**	**(739)**	**(1,257)**

* Comparative information for 2010 only included transactions for the period from 1 January 2010 to 30 June 2010.

Note 28. Statement of Financial Position and Statement of Comprehensive Income for Long Service Leave Schemes – Continued

Construction Industry Scheme – Statement of Financial Position

	Actual 2011 $'000	Original Budget 2011 $'000	Actual 2010 $'000
Current Assets			
Cash and Cash Equivalents	1,190	510	584
Receivables	2,545	1,071	1,371
Investments	45,126	43,526	43,239
Other Assets	11	7	4
Total Current Assets	**48,872**	**45,114**	**45,198**
Non-Current Assets			
Intangible Assets	386	495	154
Investment Properties	14, 690	18,500	17,975
Property, Plant and Equipment	1,167	905	946
Capital Works in Progress	-	-	210
Total Non-Current Assets	**16,243**	**19,900**	**19,285**
Total Assets	**65,115**	**65,014**	**64,483**
Current Liabilities			
Payables	601	330	374
Provision for Long Service Leave Benefits	52,605	48,026	46,417
Finance Lease	30	-	-
Employee Benefits	190	230	306
Total Current Liabilities	**53,426**	**48,586**	**47,097**
Non-Current Liabilities			
Provision for Long Service Leave Benefits	6,342	5,290	9,583
Finance Lease	14	-	28
Total Non-Current Liabilities	**6,356**	**5,290**	**9,611**
Total Liabilities	**59,782**	**53,876**	**56,708**
Net Assets	**5,333**	**11,138**	**7,775**
Equity			
Accumulated Funds	4,390	11,138	7,008
Asset Revaluation Surplus	943	-	767
Total Equity	**5,333**	**11,138**	**7,775**

Note 28. Statement of Financial Position and Statement of Comprehensive Income for Long Service Leave Schemes - Continued

Cleaning Industry Scheme - Statement of Comprehensive Income

	Actual 2011 $'000	Original Budget 2011 $'000	Actual * 6 Months 2010 $'000
Income			
Contributions from Employers and Contractors	1,196	1,155	623
Gains/(Losses) from Investments	60	280	(94)
Interest Revenue	23	13	12
Other Revenue	394	1	131
Total Income	**1,673**	**1,449**	**671**
Expenses			
Asset Rental Charge	14	-	19
Employee Expenses	155	170	66
Supplies and Services	107	81	68
Amortisation	51	-	25
Long Service Leave Benefits Expense	564	1,128	339
Waivers, Impairment Losses and Write-offs	44	19	-
Other Expenses	-	-	5
Total Expenses	**935**	**1,398**	**517**
Operating Surplus	**738**	**51**	**154**
Total Comprehensive Income	**738**	**51**	**154**

* Comparative information for 2010 only included transactions for the period from 1 January 2010 to 30 June 2010.

Note 28. Statement of Financial Position and Statement of Comprehensive Income for Long Service Leave Schemes – Continued

Cleaning Industry Scheme – Statement of Financial Position

	Actual 2011 $'000	Original Budget 2011 $'000	Actual 2010 $'000
Current Assets			
Cash and Cash Equivalents	366	510	633
Receivables	481	335	362
Investments	5,368	4,443	4,375
Other Assets	-	1	1
Total Current Assets	**6,215**	**5,289**	**5,371**
Non-Current Assets			
Intangible Assets	-	-	51
Total Non-Current Assets	**-**	**-**	**51**
Total Assets	**6,215**	**5,289**	**5,421**
Current Liabilities			
Payables	71	60	65
Provision for Long Service Leave Benefits	3,979	4,516	4,030
Employee Benefits	51	51	53
Total Current Liabilities	**4,101**	**4,627**	**4,148**
Non-Current Liabilities			
Provision for Long Service Leave Benefits	1,104	544	1,001
Total Non-Current Liabilities	**1,104**	**544**	**1,001**
Total Liabilities	**5,205**	**5,171**	**5,149**
Net Assets	**1,010**	**118**	**272**
Equity			
Accumulated Funds	1,010	118	272
Total Equity	**1,010**	**118**	**272**

Note 28. Statement of Financial Position and Statement of Comprehensive Income for Long Service Leave Schemes - Continued

Community Sector Scheme - Statement of Comprehensive Income

Income	Actual 2011 $'000	Original Budget 2011 $'000	Actual * 6 Months 2010 $'000
Contributions from Employers and Contractors	3,546	2,500	-
Interest Revenue	63	18	2
Other Revenue	100	221	320
Total Income	**3,709**	**2,739**	**322**
Expenses			
Asset Rental Charge	27	-	5
Employee Expenses	401	260	67
Supplies and Services	127	130	10
Long Service Leave Benefits Expense	1,630	1,260	-
Waivers, Impairment Losses and Write-offs	-	1	-
Total Expenses	**2,185**	**1,651**	**82**
Operating Surplus	**1,524**	**1,088**	**240**
Total Comprehensive Income	**1,524**	**1,088**	**240**

Note 28. Statement of Financial Position and Statement of Comprehensive Income for Long Service Leave Schemes – Continued

Community Sector Scheme – Statement of Financial Position

	Actual 2011 $'000	Original Budget 2011 $'000	Actual 2010 $'000
Current Assets			
Cash and Cash Equivalents	2,484	500	232
Receivables	1,022	623	-
Investments	-	1,219	-
Other Assets	-	1	8
Total Current Assets	**3,506**	**2,343**	**240**
Total Assets	**3,506**	**2,343**	**240**
Current Liabilities			
Payables	21	1	-
Provision for Long Service Leave Benefits	587	2	-
Employee Benefits	98	2	-
Total Current Liabilities	**706**	**5**	**-**
Non-Current Liabilities			
Provision for Long Service Leave Benefits	1,036	1,250	-
Total Non-Current Liabilities	**1,036**	**1,250**	**-**
Total Liabilities	**1,742**	**1,255**	**-**
Net Assets	**1,764**	**1,088**	**240**
Equity			
Accumulated Funds	1,764	1,088	240
Total Equity	**1,764**	**1,088**	**240**

Note 29. Financial Instruments

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability, are disclosed in Note 2 - *Summary of Significant Accounting Policies* to the financial statements.

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Authority's exposure to interest rate risk is limited to its cash and cash equivalents which are subject to variable interest rates. The Authority's cash and cash equivalents are relatively immaterial in comparison to other financial assets and any movements in interest rates would not have a material impact on the Statement of Comprehensive Income. As a result, interest rate risk is not actively managed by the Authority.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on income and expense or total equity from fluctuations in interest rates is immaterial.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment.

A significant portion of the receivables are accrued industry contributions by employers. The employers are required by legislation to pay the contributions for employees working in the Australian Capital Territory. The receivables are generally spread over a large number of entities thereby reducing the concentration of credit risk.

The Authority manages its overdue debtors by sending out reminder notices to all outstanding debtors three days before the due date. Final demand notices are issued and sent to outstanding debtors four days after the due date.

The Authority’s exposure to credit risk and the management of this risk has not changed since the previous reporting period.

Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due.

Long service leave owing to registered scheme participants and other creditors and accruals

Long service leave owing to registered scheme participants and other creditors and accruals are generally of a short-term nature. The Authority manages the liquidity risk related to these liabilities by maintaining sufficient cash reserves and liquid investments to meet the obligations as and when they fall due. The Authority has a large amount of investments that are readily convertible into cash in the short-term.

The Authority’s exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

Note 29. Financial Instruments - Continued

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The price risk which the Authority is exposed to is significant and results from its investments. The Authority has investments which are managed by an independent investment manager, and includes exposure to listed and unlisted equities and property, fixed interest and other securities and instruments. The Authority's investments fluctuate in value. The price fluctuations are caused by movements in the underlying investments of the portfolio.

To limit price risk, the investments are managed by an independent professional investment manager (Vanguard). The manager targets a portfolio allocation of 30% to growth assets (shares and property securities) and 70% to income asset classes (cash and fixed interest securities). Actual allocations are permitted to deviate from the target allocation provided that they are within the set allocation ranges. This ensures that the price risk undertaken by the manager does not exceed the target risk of the Authority.

The investment fund seeks to match the weighted average return of the target indexes of the underlying funds before taking into account fund fees and expenses.

The following table indicates the Authority's exposure to price risk, by showing the estimated impact on the profit/(loss) and equity of the Authority of a +/- 20% movement in investment markets and therefore a +/- 20% in the value of its investments. The Authority considers a +/- 20% movement in markets to be reasonably foreseeable.

Sensitivity Analysis

	Carrying Amount	+20% Price Movement	-20% Price Movement
		Profit/Equity	Profit/Equity
	2011 $'000	2011 $'000	2011 $'000
Financial Assets			
Investments	50,494	10,099	(10,099)

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes to foreign currency exchange rates. As the Authority's transactions are carried out in Australian dollars, the Authority has no exposure to currency risk.

Note 29 Financial Instruments - Continued

Fair Value of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and liabilities at the end of the reporting period are:

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2011	2011	2010	2010
Financial Assets	$'000	$'000	$'000	$'000
Cash at Bank	4,041	4,041	1,449	1,449
Investments	50,494	50,494	47,614	47,614
Receivables	4,048	4,048	1,739	1,739
Total Financial Assets	58,583	58,583	50,802	50,802
Financial Liabilities				
Payables	693	693	439	439
Finance Leases	44	44	-	-
Total Financial Liabilities	737	737	439	439

The following table sets out the Authority's maturity for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Floating Interest Rate	Non-Interest Bearing	Total	Floating Interest Rate	Non-Interest Bearing	Total
Financial Assets	2011	2011	2011	2010	2010	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Cash	4,041	-	4,041	1,449	-	1,449
Investments	-	50,494	50,494		47,614	47,614
Receivables	-	4,048	4,048		1,739	1,739
Total Financial Assets	4,041	54,542	58,583	1,449	49,353	50,802
Weighted Average Interest Rate	5.50%			3.95%		
Financial Liabilities						
Payables	-	693	693	-	439	439
Finance Leases	-	45	45	-	-	-
Total Financial Liabilities	-	738	738	-	439	439
Net Financial Assets			**59,321**			**50,363**

Note 29. Financial Instruments - Continued

	2011 $'000	2010 $'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Financial Assets at Fair Value Through the Profit and Loss Designated Upon Initial Recognition	50,494	47,614
Loans and Receivables	4,048	1,739
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	737	439

The Authority does not have any financial assets in the 'Held to Maturity' or 'Available for Sale' categories and as such these category are not included above. Also, the Authority does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and as such this category is not included above.

Gains/(Losses) on Each Category of Financial Assets and Financial Liability

Gains/(Losses) on Financial Assets	2011 $'000	2010 $'000
Financial Assets at Fair Value Through the Profit and Loss Designated Upon Initial Recognition	650	(1,022)
Loans and Receivables	(59)	(24)
Gains/(Losses) on Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	-	-

Fair Value Hierarchy

The Authority is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used in determining fair value. The fair value hierarchy is made up of the following three levels:

Level 1 - quoted 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 derived from prices directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the following table. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

Note 29. Financial Instruments - Continued

Fair Value Hierarchy - Continued

2011

	Classification According to Fair Value Hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets at Fair Value through Profit and Loss				
Investments	-	50,494	-	50,494
	-	**50,494**	-	**50,494**

Fair Value Hierarchy

2010

	Classification According to Fair Value Hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets at Fair Value through Profit and Loss				
Investments	-	47,614	-	47,614
	-	**47,614**	-	**47,614**

There have been no transfers of financial assets or liabilities between levels during the reporting period.

Note 30. Commitments

Capital commitments relate to the final payment for the new IT system Leave Track.

Capital Commitments - Externally Developed Software	**2011**	**2010**
Payable:	**$'000**	**$'000**
Within One Year	42	210
Total Capital Commitments - Externally Developed Software	42	210
Total Capital Commitments	**42**	**210**

Note 31. Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no contingent liabilities as at the reporting date.

Contingent Assets
There were no contingent assets as at the reporting date.

Note 32. Events Occurring after Balance Date

There were no events occurring after balance date for the reporting period, which would affect the financial statements as at 30 June 2011.

Note 33. Cash Flow Reconciliation

(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period in the Statement of Cash Flows to the equivalent items in the Statement of Financial Position.

	2011 $'000	2010 * 6 Months $'000
Total Cash and Cash Equivalents Recorded in the Statement of Financial Position	4,041	1,449
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	4,041	1,449
(b) Reconciliation of Net Cash Inflows from Operating Activities to the Operating Surplus/(Deficit)		
Operating (Deficit)	(355)	(863)
Add/(Less) Items Classified as Investing or Financing		
Net Loss on Disposal of Non-Current Assets	-	5
Add/(Less) Non-Cash Items		
Long Service Leave Benefits Liability	4,622	1,901
Depreciation	28	22
Amortisation of Intangibles	253	98
(Gain) on Equity Trusts and Non-Cash Management Fees	(4,394)	(375)
Waivers and Impairment Losses	108	-
Revaluation Decrement	3,285	-
Cash before Changes in Operating Assets and Liabilities	**3,902**	**788**
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(1,557)	(13)
(Increase)/Decrease in Prepayments	(5)	33
Increase/(Decrease) in Other Creditors and Accruals	254	(26)
(Decrease)/Increase in Employee Benefits	(20)	13
Net Changes in Operating Assets and Liabilities	**1,322**	**7**
Net Inflows from Operating Activities	**2,225**	**795**

(b) Non-Cash Financing and Investing Activities

The Authority has entered into a finance lease with the Purchase of a motor vehicle

Acquisition of Motor Vehicle by Means of Finance Lease	21	29

Note 34 Related Party Transactions

Ms G Roper was appointed as Chair of the Board from 1 January 2010 and served for the full reporting period.
Mr P Mathews was appointed as the Deputy Chair 1 January 2010 and served for the full reporting period.
Ms K Sattler was appointed as the employees representative on 1 January 2010, and served for the full reporting period.
Mr P Middleton was appointed as the employers' representative on 1 January 2010 and served for the full reporting period. Mr D Hall was appointed as the employees representative on 1 July 2010. Ms R Vaserotti was appointed as the employer's representative on 1 July 2010

Key Management Personnel Compensation

Mr P J Collins was appointed Chief Executive Officer and Registrar and served for the full reporting period. The Chief Executive Officer is appointed and paid as an ACT Government public servant under the *Public Sector Management Act 1994*. He is also a non-voting member of the Board. His salary is set by the Chief Minister's Department Certified Agreement 2010.

Ms G Roper's annual remuneration as Chair is set by the ACT Remuneration Tribunal.

All other Board members are paid on the basis of a 'per diem' rate (i.e. per meeting attended) also determined by the ACT Remuneration Tribunal.

A superannuation contribution of 9% of remuneration is paid to the Chairperson's personal superannuation fund. No superannuation is paid to the other members of the Board as their remuneration is below superannuation thresholds.

There were no other transactions with related parties.

ACT AUDITOR-GENERAL'S OFFICE

INDEPENDENT AUDIT REPORT
ACT LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the ACT Long Service Leave Authority (the Authority) for the year ended 30 June 2011 have been audited. The financial statements are comprised of the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes.

Responsibility for the financial statements

The Governing Board of the Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Financial Management Act 1996*, I am responsible for expressing an independent audit opinion on the financial statements of the Authority.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the appropriateness of budget information included in the financial statements or to evaluate the prudence of decisions made by the Authority.

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Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of the Authority for the year ended 30 June 2011:

(i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and

(ii) present fairly the financial position of the Authority as at 30 June 2011 and the results of its operations and cash flows for the year then ended.

This audit opinion should be read in conjunction with the other information disclosed in this report.

Bernie Sheville
Director, Financial Audits
15 September 2011

ACT Long Service Leave Authority

Statement of Performance

For the Year Ended 30 June 2011

Statement of Responsibility

In my opinion, and to the best of my knowledge, the Statement of Performance is in agreement with the Authority's records and fairly reflects the service performance of the Authority for the year ended 30 June 2011 and also fairly reflects the judgements exercised in preparing them.

Glenys Roper
Chairperson
ACT Long Service Leave Authority

18 August 2011

ACT LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011

Non-Financial Accountability Indicators

Objective	Activity	2010-11 Target	2010-11 Result	Variance from Target	Notes
1. Ensure the maximum number of eligible employers and their employees are registered with the Authority	Percentage of employer registrations completed within ten working days of receipt of correctly completed and verified application form (not Community Sector Scheme 2010-11).	90%	93%	3.3%	1
	Number of visits to construction sites or employer premise to ensure that all employers working in the covered industries are registered with the Authority.	50	94	80%	2
	Percentage of eligible unregistered contract cleaning businesses, identified through a Yellow Pages review contacted and registered with the Authority.	100%	100%	-	3
2. Ensure that employer's contribution levies are collected efficiently and effectively.	Percentage of employer returns and payments submitted by due date (three working days after the end of the month following the relevant quarter).	80%	87%	8.8%	4
3. Ensure that payments to employees, contractors and reimbursements to employers are made in accordance with the Act.	Percentage of payments completed within ten working days of receipt of a correctly completed and verified claim form.	90%	96%	6.6%	5
4. Ensure that long service leave funds are invested to ensure a long term surplus of assets over liabilities.	Annual net return on funds under management in accordance with Investment Plan.	3.5% above CPI averaged over 5 years. 6.45%	2.89%	(55.2)%	6

The above non-financial accountability indicators should be read in conjunction with the accompanying notes.

ACT LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE PERIOD FROM 1 JULY 2010 TO 30 JUNE 2011

Notes to the Statement of Performance

1. The Authority registered 353 employers during the period 1 July 2010 to 30 June 2011. The Authority registered 327 employers within the 10 working days of receipt of a correctly completed registration form.

2. More construction sites were visited than planned due to increased compliance effort and a greater number of work sites than anticipated in the target.

3. The Authority conducts an annual review to ensure that contract cleaning employers listed in the Yellow Pages are registered with the Authority. The review was completed in March 2011.

4. The Authority, through its compliance procedure, has ensured that returns and payments are submitted by the third working day at the end of the month. The Authority processed 5,431 returns for the period and 4,731 were received within three working days from end of month. The Authority only included one return period for the Community Sector Scheme. The other two return periods were not counted in the Statement due to the process of allowing employers the first two return periods to register with the Authority, complete quarterly returns and finalise payment.

5. The Authority processed 734 claims within the reporting period, and 701 claims were paid within ten working days of receipt of a completed claim form.

6. The target of 6.45% was not achieved due to losses on investments in 2007-08 and 2008-09 from the impact of the Global Financial Crisis on investment markets. The measure applies only for investments held by the Construction Scheme as the investments held by the Cleaning and Community Sector Schemes have not yet been invested for a period of five years.

In addition to the existing Construction and Cleaning Schemes, the ACT Long Service Leave Authority implemented the Community Sector Scheme on 1 July 2010.

ACT AUDITOR-GENERAL'S OFFICE

REPORT OF FACTUAL FINDINGS

ACT LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the ACT Long Service Leave Authority (the Authority) for the year ended 30 June 2011 has been reviewed.

Responsibility for the statement of performance

The Governing Board of the Authority is responsible for the preparation and fair presentation of the statement of performance in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate records and internal controls that are designed to prevent and detect fraud and error, and the systems and procedures used to measure the results of performance indicators reported in the statement of performance.

The auditor's responsibility

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*, I am responsible for providing a report of factual findings on the statement of performance.

The review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide assurance that the results of the performance indicators reported in the statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Authority, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the performance indicators reported in the statement of performance or the related performance targets.

No opinion is expressed on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

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Electronic presentation of the statement of performance

Those viewing an electronic presentation of this statement of performance should note that the review does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the statement of performance. If users of the statement of performance are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the review.

Review opinion

Based on the review procedures, no matters have come to my attention which indicate that the results of the performance indicators, reported in the statement of performance of the Authority for the year ended 30 June 2011, are not fairly presented in accordance with the *Financial Management Act 1996*.

This review opinion should be read in conjunction with the other information disclosed in this report.

Bernie Sheville
Director, Financial Audits
16 September 2011

A.8 Strategic Indicators

As the Authority is not a prescribed Territory instrumentality, it has no reporting requirements under strategic indicators.

A.9 Analysis of Agency Performance

As outlined, in detail in the Statement of Performance and in the "Highlights" section of this report in 2010-11, the Authority performed well in achieving its objectives.

In undertaking its core business of day-to-day management of the three schemes, the Authority again operated with greater efficiency than the previous year. As the figures in the table below indicate, a similar number of Authority staff completed a greater work load in the reporting period than in 2009-10 in terms of:

- managing more employers and employees within the schemes;
- registering more new employers and employees in the schemes;
- processing more levy contributions from employers; and
- processing and paying slightly more claims for entitlements from employees, and reimbursements to employers.

However, it should be noted that the Authority's workload may vary from year to year, in particular depending on the strength of the construction industry in the ACT and the rates at which workers enter and leave the scheme and submit claims for their entitlements.

The Authority's Compliance and Inspection Team (as indicated by earlier figures) also visited a large number of employers' premises and building sites and assisted new employers with their initial quarterly returns in the reporting period.

The Authority's operating expenses (supplies and services, employee expenses, amortisation and fees and allowances) were of a similar level to 2009-10.

As highlighted earlier, in addition to this routine activity the Authority devoted a great deal of time and effort into implementing the new Community Sector Portable Long Service Leave scheme. A considerable amount of work was also devoted to assisting Formation Technology in developing the Authority's new database management system, Leave Track.

Operational Statistics (for Financial Year)

Construction Scheme

		30-Jun-10	30-Jun-11	Change
i.	Employers (Active)	1,030	1,330	29.13%
ii.	Employees (Active)	15,660	17,404	11.14%
iii.	Employees (Inactive – based on new definition)	989	1,062	7.38%
iv.	LSL claims paid	533	641	20.26%
v.	LSL payments	$4,490,000	$5,612,000	24.99%
vi.	Levy income	$3,400,000	$4,370,000	28.53%
vii.	Investment income (excl property)	$3,100,000	$3,354,000	8.19%
viii.	Investment return (excl property)	8.80%	7.40%	-15.91%
ix.	LSL Actuarial Liability	$56,000,000	$58,950,000	5.27%
x.	Operating Costs	$1,100,000	$1,088,000	-1.09%
xi.	Total assets	$64,500,000	$65,115,000	0.95%
xii.	Total liabilities	$56,700,000	$59,782,000	5.44%

Notes

i. The number of registered employers continues to increase due to the:

- continuing resilient state of the construction industry; and
- Authority's on-going efforts to ensure the maximum number of eligible employers are registered with the scheme, declaring service for their employees and paying the required levy to the Authority.

vii. The increase in investment income is mainly due to an improvement in equity markets.

Cleaning Scheme

		1-Jun-10	1-Jun-11	Change
i.	Employers (Active)	75	79	5.33%
ii.	Employees (Active)	4,467	5,169	15.72%
iii.	Employees (Inactive)	51	55	7.84%
iv.	LSL claims paid	102	140	37.25%
v.	LSL payments	$270,000	$512,000	89.63%
vi.	Levy income	1,220,000	1,196,000	-1.97%
vii.	Investment income	$360,000	$390,000	8.33%
viii.	Operating Costs	$370,000	$371,000	0.27%
ix.	Total operating surplus/deficit	$390,000	$738,000	89.23%

Notes:

vi. The increase in levy and non investment income is due to wage increases in the Cleaning Industry and the Authority's on-going efforts to ensure the maximum number of eligible employers are registered with the scheme, declaring service for their employees and paying the required levy to the Authority.

vii. The increase in investment income is due to Cleaning funds being invested in a managed portfolio (including an equity component) for the first time during the reporting period.

Community Sector Scheme

		1-Jun-10	1-Jun-11	Change
i.	Employers (Active)	0	202	-
ii.	Employees (Active)	0	9,129	-
iii.	Employees (Inactive)	0	0	-
iv.	LSL claims paid	0	20	-
v.	LSL payments	0	$7,237	-
vi.	Levy income	0	$3,546,000	-
vii.	Investment income	0	$63,000	-
viii.	Operating Costs	0	$555,000	-
ix.	Total operating surplus/deficit	0	$1,524,000	-

The Authority has no relevant actions to report from the ACT Strategic Plan for Positive Ageing 2010-2014: Towards an Age-friendly City

A.10 Triple Bottom Line Report

	INDICATOR	2009-10 Result	2010-11 Result	% Change
ECONOMIC	Employee Expenses			
	▪ Number of staff employed (head count)	▪ 13	▪ 10.5	-19.2%
	▪ Total employee expenditure (dollars)	▪ $1,041,000	▪ $1,003,000	-3.65%
	Operating Statement			
	▪ Total expenditure (dollars)	▪ $12.09m	▪ $16.01m	32.4%
	▪ Total own source revenue (dollars)	▪ $10.89m	▪ $15.66m	43.8%
	▪ Total net cost of services (dollars)	▪ -$1.2m	▪ -$355,000	70.4%
	Economic Viability			
	▪ Total assets (dollars)	▪ $70.14m	▪ $74.84m	6.70%
	▪ Total liabilities (dollars)	▪ $61.86m	▪ $66.73m	7.87%
ENVIRONMENTAL	Transport			
	▪ Total number of fleet vehicles	▪ 3	▪ 2	33.33%
	▪ Total transport fuel used (kilolitres)	▪ 4.3kl	▪ 2.54kl	40.93%
	▪ Total direct greenhouse emissions of the fleet (tonnes of CO2e)	▪ 13.30	▪ 6.27	32.86%
	Energy Use			
	▪ Total office energy use (megajoules)	▪ 181,591mj	▪ 189,560mj	4.39%
	▪ Office energy use per FTE (megajoules/FTE)	▪ 14,412mj	▪ 18,053mj	25.26%
	▪ Office energy use per square metre(megajoules/m²)	▪ 567mj	▪ 592mj	4.41%
	Greenhouse Emissions			
	▪ Total office greenhouse emissions - direct and indirect (tonnes of CO2e)	▪ 52.66t	▪ 56.3t	6.91%
	▪ Total office greenhouse emissions per FTE (tonnes of CO2e/FTE)	▪ 4.18t	▪ 5.36t	28.23%
	▪ Total office greenhouse emissions per square metre (tonnes of CO2e/ m²)	▪ 0.16t	▪ 0.175t	9.37%
	Water Consumption			
	▪ Total water use (kilolitres)	▪ 146kl	▪ 146kl	0%
	▪ Office water use per FTE (kilolitres/FTE)	▪ 11.6kl	▪ 11.6kl	0%
	▪ Office water use per square metre (kilolitres/m²)	▪ 0.46kl	▪ 0.46kl	0%
	Resource Efficiency and Waste			
	▪ Estimate of co-mingled office waste per FTE (litres)	▪ NA	▪ NA	0%
	▪ Estimate of paper recycled (litres)	▪ 4.51l	▪ 720l	59.65%
	▪ Estimate of paper used (by reams) per FTE (litres)	▪ 25.24	▪ 30.28	19.97%
SOCIAL	The Diversity of Our Workforce			
	▪ Women (Female FTEs as a percentage of the total workforce)	▪ 68.3%	▪ 70%	2.49%
	▪ People with a disability (as a percentage of the total workforce)	▪ 0%	▪ 0%	0%
	▪ Aboriginal and Torres Strait Islander people (as a percentage of the total workforce)	▪ 0%	▪ 0%	0%
	▪ Staff with English as a second language (as a percentage of the total workforce)	▪ 0%	▪ 0%	0%
	Staff Health and Wellbeing			
	▪ OH&S Incident Reports	▪ 0	▪ 0	0%
	▪ Accepted claims for compensation (as at 31 August 2011)	▪ 0	▪ 0	0%
	▪ Staff receiving influenza vaccinations	▪ 10	▪ 11	10%
	▪ Workstation assessments requested	▪ 0	▪ 0	0%

Section B – Consultation and Scrutiny Reporting

B.1 Community Engagement

In conjunction with the implementation of the new Leave Track IT System for the Construction and Cleaning Schemes the Authority and the implementation of the new Community Sector Scheme, the Authority:

- delivered presentations to employers at the ACT MBA and HIA Headquarters;
- assisted many employers to complete their initial return submission and levy payment;
- visited a number of organisations to assist in reconfiguring their payroll systems to automatically provide the return information; and
- developed and distributed comprehensive electronic-based guides on the new procedures processes.

In addition the Authority undertook business as usual activities including:

- visits to building sites;
- visits to employers' premises to provide information and assistance in completing returns;
- presentations to Group Training Organisations;
- general presentations to, and meetings with, employee representatives;
- quarterly Authority newsletters;
- information sections in the Master Builders Association (MBA) and Housing Industry of Australia (HIA) newsletters; and
- meetings between the Authority and the CEOs of the MBA and HIA.

B.2 Internal & External Scrutiny

The Authority has not had any internal or external scrutiny, other than the ACT Auditor-General's external audit processes, during the year.

B.3 Legislative Assembly Committee Inquiries and Reports

There were no inquiries or reports conducted by ACT Legislative Assembly Committees relating to operations of the Authority.

B.4 Legislation Report

From 1 January 2010 the new integrated Authority was established to administer the new *Long Service Leave (Portable Schemes) Act 2009.* There were no amendments to this Act during the reporting period.

Section C – Legislative and Policy Based Reporting

C.1 Risk Management and Internal Audit

The Authority continued to focus strongly on internal control and governance and compliance issues in 2010-11 with the Internal Audit Committee monitoring this process.

To ensure that the Authority can meet its long service leave payment liabilities, annual actuarial reviews of the schemes liabilities are undertaken. Conservative budgeting, rigorous administration cost minimisation and maintenance of appropriate scheme levies ensures the on-going viability of the scheme.

The Authority's compliance with relevant ACT legislation is closely monitored by the Board. The Registrar and the Board review aspects of the legislation on a regular basis to ensure obligations are met and Board members check and endorse account reconciliations and financial reports as well as monitoring the performance of the Authority at regular Board meetings. All major administrative and financial processes and decisions are subject to Board scrutiny and endorsement. The Registrar's performance and operational competency is overseen by the Board and the Director of the Office of Industrial Relations in the Chief Minister and Cabinet Directorate.

Board Meetings

1 July 2010 to 30 June 2011

Name of Member	Position	Duration	Meetings attended
Glenys Roper	Independent Chair	1 Jan 2010	9
Peter Matthews	Deputy Chair	1 Jan 2010	8
Kim Sattler	Member	1 Jan 2010	8
Peter Middleton	Member	1 Jan 2010	8
Rebecca Vassarotti	Member	1 Jul 2010	8
Dean Hall	Member	1 Jul 2010	7
Phil Collins	CEO/Registrar/ Member (non voting)	1 Jan 2010	9

C.2 Fraud Prevention

The Authority complies with the ACT Government's policies on fraud and corruption prevention strategies and has completed and implemented an Authority-specific Fraud Management Plan and Risk Register.

The Authority takes appropriate measures within its operational policies and procedures to reduce the risk of any corruption or fraud. The main areas of risk are in the collection and disbursement of the Authority's funds. It minimises the opportunity for fraud by ensuring there are appropriate separation of duties/approvals amongst those who collect and process monies received and systems access controls.

All administrative expenses and long service leave payments made to members under the Act are prepared by the Financial Administrator, approved by the Registrar and endorsed by the Board prior to payment.

At regular staff meetings, the CEO/Registrar reminds staff of their responsibilities for ethical behaviour and of the requirement for them to report any suspicions they may have regarding fraudulent or unethical behaviour.

The assets of the Authority are kept under tight control and are registered in an Assets Register. The Authority's premises are secured and monitored by a commercial back-to-base security system.

The Authority received no reports or allegations of fraud or corruption during the year.

C.3 Public Interest Disclosure

The Authority is aware of its responsibilities under the *Public Disclosure Act 1994*. Any disclosure reported to a staff or Board member is to be reported to the Registrar for investigation. There were no Public Interest Disclosure requests during the year.

C.4 Freedom of Information

Section 7 Statement
The functions and operations of the Authority are detailed in Part A.1 - Overview of the Agency.

Members of the public are represented through the employer and employee members on the Board and these members have input with the executive staff into formulation of policy and administrative procedures.

The Authority retains copies of its annual reports and maintains a range of promotional and explanatory documents and booklets explaining the benefits and obligations under the long service leave scheme. These are available free of charge.

As part of its administrative philosophy, the Authority allows employers, contractors and employees access to any of the above documents. The Authority is centrally located at Unit 8 on the ground floor of the National Associations Centre, 71 Constitution Ave, Campbell, ACT where there is adequate parking and reasonable disabled access.

Section 8 Statement
The Authority carries documents and guidelines for the purpose of making decisions and recommendations under the Act - all of which are freely available to the public upon request. They include:

- Long Service Leave (Portable Schemes) Act 2009;
- Long Service Leave Act 1976;
- Guidelines for Employees;
- Guidelines for Employers;
- Guidelines for Contractors;
- Sub-Contract Questionnaire and Guidelines;
- Who is an Employer and Employee; and
- Quarterly newsletters.

Section 79 Statement
The Authority had no requests for access to records under the *Freedom of Information Act 1989* during the year ended 30 June 2011.

C.5 Internal Accountability

The Board consists of a chair; deputy chair and member/s representing employee organisations; a member/s representing employer organisations.
The Registrar of the Authority is a non-voting member of the Board.

The Chair, Deputy Chair and members were appointed by the Minister for Industrial Relations on 1 January 2010 for 3 year terms until 31 December 2013.

Policies relating to the appointment, functions, powers, constitution, resignation, meetings and protection of the Board are specified in Part 3 of the *Long Service Leave (Portable Schemes) Act 2009* and in Part 9 of the *Financial Management Act 1996*.

Board members (other than the Registrar) are paid fees in accordance with the determinations of the ACT Remuneration Tribunal.

Board Profile 1 July 2010 – 30 June 2011

Board member	Position	Meetings attended
Ms G Roper ▪ Managing Director of Roex Management Pty Ltd ▪ Director of the Board of Canberra International Airport ▪ Member of the Investment Board of the ACT Public Trustee ▪ Member of the ACT Procurement Board ▪ Director of the Board of the NSW Superannuation Administration Corporation ▪ Deputy Chair of the ACT Cultural Facilities Corporation and the ACT Cultural Council ▪ Chair of 5 Audit committees in Commonwealth Government Agencies	Chairperson	9
Ms P Matthews ▪ General Manager ACT Insurance Authority – June 2009	Deputy Chairperson	8
Ms K Sattler ▪ Secretary – Unions ACT ▪ Organiser for Australian Services Union ▪ Manager of Community Education and Training ▪ Project Officer – Community Sector Task Force – Chief Minister's Department	Member representing employee organisations	8
Mr P Middleton ▪ Company Manager and Managing Director – Wodens Construction Group ▪ President ACT Civil Engineering Contractors Association ▪ Master Builders Association Board Member ▪ Master Builders Association Member of Peak Council	Member representing employer organisations	8
Ms R Vassarotti ▪ Executive Director WYCA Canberra ▪ Member Australian Council of Social Service ▪ Member Canberra Institute of Technology Advisory Council	Member representing employer organisations	8

Board member	Position	Meetings attended
Mr D Hall ▪ Secretary of CFMEU ACT Branch ▪ Chair, Board of the Tradesman Union Club – Canberra and Woden ▪ Trustee of the Australian Construction Industry Redundancy Trust (ACIRT) ▪ Chair of Board for Creative Safety Initiative (CSI) ▪ Member of Executive for Unions ACT ▪ Member of the ACT Asbestos Advisory Committee ▪ Member of the National Executive for the CFMEU	Member representing employee organisations	7

Registrar/CEO: Mr P Collins
Deputy Registrar: Mr G Josipovic

The Board established an Internal Audit Committee at its initial meeting on 16 February 2010. Membership of this committee is summarised below:

Name of Member	Position	Meetings attended
Peter Matthews	Independent Chair	2
Glenys Roper	Member	2
Peter Middleton	Member	2

All matters (except for specific internal audit issues) are dealt with by the Board as a whole. The Board members have access to independent legal and professional advice as required. The Board is consulted on the *Long Service Leave (Portable Schemes) Act 2009* and the key issues relating to the administration of this legislation. The Board has established a Code of Conduct.

The Authority submits an annual Statement of Intent to the Minister outlining its financial objectives which are endorsed and monitored by the Board. The Authority's financial statements are prepared internally and are endorsed by the Board prior to forwarding to the Auditor-General. The Registrar prepares a Statement of Intent which is endorsed and monitored by the Board, signed by the Treasurer and audited by the Auditor-General's Office.

All employees of the Authority, including the Chief Executive Officer, are members of the ACT Public Service and are recruited and appointed in accordance with the *Public Sector Management Act 1994* and Standards. The remuneration of the Chief Executive Officer is established by the Board in accordance with the provisions of the *Chief Minister's Department Union Collective Agreement 2007-2010* and *2010-2011* and is reviewed by the Board yearly in terms of agreed performance management criteria. An organisational chart is included in Section A.1 of this report.

C.6 HR Performance

The Authority has responsibility for monitoring its own staffing levels to ensure it is able to meet its objectives.

Staff performance is monitored by team supervisors who in turn are monitored by the CEO.

The staff are engaged to fulfil the responsibilities of operational management; client services; computer operations; inspection and field services; education; financial administration and strategic management functions for the Authority.

C.7 Staffing Profile

The Authority's staff are all officers of the ACT Public Service and employed under the *Public Sector Management Act 1994* and for organisational purposes are attached to the Office of Industrial Relations in the Chief Minister and Cabinet Directorate.

The Registrar is also the Chief Executive Officer of the Authority; a non-voting Board member and is a public servant appointed under Part 9 of the Financial Management Act 1996.

The Registrar's functions include ensuring that the Authority's Statement of Intent is implemented; managing day-to-day operations of the Authority; arranging Governing Board meetings and carrying out decisions made by the Board and advising the Governing Board about operational and financial performance and significant events. The Registrar is not responsible for any Departmental duties under the Chief Minister and Cabinet Directorate.

Staff Profile as at 30 June 2011

The Authority employs 13 Full Time Equivalent Permanent staff, however although recruitment processes are nearing completion 4 positions were unfilled at 30 June 2011. The profile below was provided to the Authority by Shared Services:

FTE & Headcount

	Female	Male
FTE by Gender	6	3
Headcount by Gender	6	3
% of Workforce	67%	33%

Classifications

Classification Group	Female	Male	Total
Administrative Officers	6	1	7
Senior Officers		2	2
TOTAL	**6**	**3**	**9**

Employment Category by Gender

Employment Category	Female	Male	Total
Casual			
Permanent Full-time	6	3	9
Permanent Part-time			
Temporary Full-time			
Temporary Part-time			
TOTAL	**6**	**3**	**9**

Average Length of Service by age-group by gender

Average Length of Service	Pre-Baby Boomers		Baby Boomers		Generation X		Generation Y		Total	
	F	M	F	M	F	M	F	M	F	M
0-2										
2-4			2	1	2				5	
4-6										
6-8										
8-10										
10-12						1				1
12-14										
14+ years			2			1			2	1

Generation	Year span
Pre-Baby Boomers	Born prior to 1946
Baby Boomers	Born 1946 to 1964 inclusive
Generation X	Born 1965 to 1979 inclusive
Generation Y	Born from 1980 and onwards

Total Average Length of Service by Gender

Gender	Average length of service
Female	7.8
Male	10.5
Total	**8.7**

Age Profile

Age Group	Female	Male	Total
<20			
20-24			
25-29			
30-34			
35-39	1		1
40-44	1	2	3
45-49			
50-54	1		1
55-59	1	1	2
60-64	2		2
65-69			
70+			

Agency Profile

Branch/Division	FTE	Headcount
Long Service Leave Authority	9	9
Total	**9**	**9**

Agency Profile by Employment Type

Branch/Division	Permanent	Temporary	Casual
Long Service Leave Authority	9	0	0
Total	**9**	**0**	**0**

Equity & Workplace Diversity

	A	B	C		
	Aboriginal and/or Torres Strait Islander Employment	Culturally & Linguistically Diverse (CALD) Employment	Employment of people with a disability	Number of employees who identify in any of the Equity & Diversity categories (A, B, C)*	Women
Headcount	0	3	0	3	6
% of Total Staff	0.0%	33.3%	0.0%	33.3%	66.7%

The Statistics exclude board members; staff not paid by the ACT public Service and people on leave without pay. Staff members who had separated from the ACT public Service, but received a payment have been included.

C.8 Learning and Development

The Authority continues to encourage staff to participate in appropriate professional development opportunities outlined in the *ACT Public Service Learning and Development Framework.*

Staff have participated in training courses available through a variety of sources including the ACT Whole of Government Learning and Development Initiatives and other external learning and development specialists as noted below:

- ACT Executive Leaders Development Program – 1 participant
- Respect, Equity and Diversity Framework Executive Sponsor Program – 1 participant
- Microsoft Excel Intermediate/Advanced Training – 7 participants
- Minute Taking Workshop – 1 participant
- Bullying Awareness Seminar – 9 participants

C.9 Workplace Health and Safety

The Authority is bound by the provisions of the *Occupational Health and Safety Act 1989* and liaises with the manager of ACTPS Workplace Health Strategic Plan 2008-2012, (Workplace Injury Performance team at the Chief Minister's Department) relative to all matters pertaining to workplace health and safety who maintain global reporting requirements for Chief Minister's Cabinet and Directorate staffing under the Act.

There were no work place accidents or significant incidents that required the giving of notices under Section 204 of the Act. The Authority has a formal emergency evacuation plan; has two designated and trained fire wardens and two staff members hold a current First Aid Certificate.

C.10 Workplace Relations

All staff are covered by the provisions of the *Chief Minister's Department Union Collective Agreement 2007-2010 and 2010-2011.*

Consistent with government policy, no new AWAs have been offered or approved during this period. There are no existing AWAs.

DESCRIPTION	No. of Individual SEAs	No. of Group SEAs*	Total employees covered by Group SEAs**	TOTAL
	A	B	C	(A+C)
SEAs				
Number of SEAs as at 30 June 2011	1	0	0	1
Number of SEAs entered into during period	1	0	0	1
Number of SEAs terminated during period	0	0	0	0
The number of SEAs providing for privately plated vehicles as at 30 June 2011	1	0	0	1
Number of SEAs for employees who have transferred from AWAs during period	0	0	0	0
AWAs				
Number of AWAs as at 30 June 2011	0	0	0	0
Number of AWAs terminated/lapsed (including formal termination and those that have lapsed due to staff departures)	0	0	0	0

	Classification Range	Remuneration as at 30 June 2010
Individual and Group SEAs	SOGA	$140,000 - $145,000
AWAs (includes AWAs ceased during period)	0	0

C.11 Strategic Bushfire Management Plan (SBMP)

The Authority has nothing to report under this section.

C.12 Strategic Asset Management

1. Assets Managed

Buildings

a. Manning Clark Offices – Greenway, Tuggeranong

The Manning Clark Offices, built by the Authority (Construction Scheme) in 1990 as part of its long-term investment strategy, are leased to Medicare Australia until December 2013.

The offices are situated on 9,457m^2 of land at Block 4 Section 6 Division of Greenway, ACT (186 Reed Street) in Greenway and comprise a lettable area of 5,407 square meters. CB Richard Ellis manages the building for the Authority. All maintenance costs have remained minor.

A valuation was conducted as at 30 June 2011 where the building's market value was assessed at $14.5m. The property is valued at *fair market value* in this report in accordance with recommended Accounting Standards and will be valued every three years in accordance with accounting standards and as agreed by the Auditor-General's Office (unless unexpected circumstances require a more frequent valuation).

b. National Associations Centre, (Unit 5) 71 Constitution Ave, Campbell, ACT

The Authority (Construction Scheme) owns Unit 5 of the National Associations Centre, 71 Constitution Ave, Campbell, ACT (an area of 50m^2) which is leased to the ACT Building & Construction Training Fund Authority. A valuation was conducted as at 30 June 2011 where the building's market value was assessed at $0.19m. The property is valued at *fair market value* in this report in accordance with recommended Accounting Standards and will be valued every three years in accordance with accounting standards and as agreed by the Auditor-General's Office (unless unexpected circumstances require a more frequent valuation).

Information Technology and Software

The Authority owns:

- APPX database which has been fully depreciated,
- Leave Track Database, acquired this year at a cost of $425,000 (and has been leased to the NSW Long Service Corporation for 3 years at $50,000 per year), and
- A server and 15 computer workstations.

During the reporting period the Authority upgraded its server, 15 workstations, fire wall and associated infrastructure at a cost of $75,000.

Asset Movement

The only assets added to the Authority's Asset Register (apart from the IT assets identified above) were minor items of furniture and computer monitors.

2. Asset Maintenance and Upgrades

Buildings:
Capital Expenditure - $0
Repairs and Maintenance - $92,418

3. Authority Office Accommodation

The Authority owns and occupies Units 6 to 8 in the National Associations Centre. A valuation was conducted as at 30 June 2008 where the *fair market value* was assessed at $1,030,000 in accordance with recommended Accounting Standards.

Staff are accommodated in individual offices or at workstations. Each complies with the minimum requirement of $15m^2$ per person. There are no future accommodation strategies in place as the Authority does not anticipate any significant increase in its current staffing level.

C.13 Capital Works

The Authority did not involve itself in any capital works for the year ended 30 June 2011.

C.14 Government Contracting

The Authority let (or continued to let) a number of contracts during the reporting period as detailed below. Procurement selection and management practices for all contractors including consultants complied with the *Government Procurement Act 2001* and *Government Procurement Regulation 2007*. Procurement processes for contracts above $20,000 were reviewed by ACT Procurement Solutions.

Building Management

CB Richard Ellis manages the Authority's investment property (Manning Clark Offices) in Greenway and was paid fees of $21,006 based upon an agreed percentage of annual rental revenue. The fee also incorporated a triennial rental review fee of 1% of the rental increase achieved.

Funds Management

Vanguard Australia continued to manage the Authority's investment funds during the reporting period in accordance with the Authority's approved Investment Plan.

Computer Consultancy

During the reporting period the Authority maintained an on-going 'fee for service' contract arrangement with **AJ May & Associates Pty Ltd** and **RP Computer Services** for the provision of APPX computer programming and development, and general IT support, and maintenance services. A total of $50,280 was paid for these services. In practice this contract ceased to operate on a significant basis for the provision of general IT support and maintenance services from 29 September 2010. From this date, following the completion of a tender process, the Authority signed a contract with Crystal Approach Pty Ltd for the provision of those services at a fixed price cost of $1,730 per month.

With the implementation of Leave Track from 1 July 2010 the Authority continued a contract with **Formation Technology Pty Ltd** for the provision of maintenance support at a cost of $30,690 per the period. The Authority also paid an amount of $7,930 for various enhancements to the Leave Track system.

Actuarial Services

The Authority maintained a contract for the provision of actuarial services with **Bendzulla Actuarial Services Pty Ltd** until 23 September 2010. During this time they were paid $8,000 (all accrued). On 24 September 2010, following a tender process, the Authority signed a contract for the provision of actuarial services to all schemes, with **Professional Financial Solutions Pty Ltd**. The actuary's primary role is to provide actuarial reviews and reports when due as well as provide other advice upon request. A total of $20,117 was paid for an annual report, statement of intent, financial projections and additional advice and analysis as required.

External Audit

Auditing services were provided to the Authority by the **Auditor-General's Department** for a cost of $102,264 (all accrued) for all schemes. This sum also included fees payable by the ACT Auditor-General to **Cumpston Sergeant** for provision of a peer actuarial review.

The Authority engaged **RSM Bird Cameron Pty Ltd** to undertake a review of the implementation of the Leave Track system. A total of $10,454 (all accrued) was paid for these services.

C.15 Community Grants/Assistance/Sponsorship

The Authority continued its long term sponsorship programme as indicated below:

No	Organisation/ Recipient	Project Description/Process/ Period of time engaged	Outcomes	Amount
1	Construction Industry Training Council	Construction Industry Training Council - Graduating Apprentice and Industry Encouragement Awards	Awards presented at Ceremony in July 2010. 4 x tickets to award ceremony lunch. ACT Leave logo used in printed material associated with the event. Presentation of an award by Chair/CEO at luncheon.	$2,000
2	ACT Work Safety Commissioner	Safe Work ACT Awards	Awards presented at Ceremony in October 2010. ACT Leave logo used in printed material associated with the event. 1 x ticket to award ceremony lunch. Framed certificate signed by Health and Safety Commissioner.	$2,500

No	Organisation/ Recipient	Project Description/Process/ Period of time engaged	Outcomes	Amount
3	Office of Regulatory Services	ACT Building & Construction Industry Safety Handbook	Acknowledgment of sponsorship and ACT Leave logo in the handbook.	$1,000
4	Creative Safety Initiatives (CSI)/ Construction Charitable Works (CCW)	Drug and Alcohol Awareness Program (onsite training and the provision of education, treatment services and advice to construction industry workers)	ACT Leave logo used in printed material associated with the courses. Recognition of sponsorship in CSI/CCW training material	$5,000
5	ACT Training and Education Directorate	ACT Training Excellence Awards (school-based vocation education and training)	Awards presented in September 2010. ACT Leave logo used in all printed material associated with the event. 1 x ticket to award ceremony dinner. Framed certificate signed by Minister for Education and Training awarded to CEO/Chair at the dinner.	$1,000

C.16 Territory Records

The Authority has a current *Records Management Program* and *Disposal Schedule* endorsed by the Territory Records Office. The Authority retains all records in an electronic format indefinitely, but disposes of paper records in accordance with the approved disposal schedule.

C.17 Human Rights Act 2004

The Authority takes human rights principles into consideration when administering the Act and is of the opinion that none of its current procedures and practices contravenes any provision of the Human Rights Act 2004.

The Authority liaises with the Chief Minister and Cabinet Directorate in supporting any departmental policy relating to the Human Rights Act 2004 and is able to participate in any education and staff training supplied by the Department.

C.18 Commissioner for the Environment

Given the small size of the organisation and the focused nature of its role, the Authority has nothing to report under this section.

C.19 ACT Multicultural Strategy

The Authority embraces the policy of a multicultural and diverse community and supports the Government's strategy through recognition of such diversity by provision of multi-lingual brochures outlining the benefits of the long service leave scheme and how to access interpreting services.

The Authority has no specific reporting requirements under the ACT Multicultural Strategy 2010-2013.

C.20 Aboriginal and Torres Strait Islander Reporting

The Authority has no specific reporting requirements under this section.

C.21 Ecologically Sustainable Development

The Authority continues to support the principles of Ecologically Sustainable Development where possible and relevant to the operational activities of the organisation.

Conservation measures include:

- staff are encouraged to conserve fuel by careful planning of field visitation;
- all paper products and toner cartridges are recycled;
- all new office equipment is purchased with a view to its eventual recyclability;
- excess or superseded equipment is either sold or traded on replacements;
- unsaleable equipment is either donated to relevant charities or deposited with a reputable recycling service provider for resale or recycling; and
- generation of paper records is limited by use of electronic record keeping where practical.

The Authority has also implemented the Online System for Comprehensive Activity Reporting (OSCAR) to produce the following data:

Sustainability Report (OSCAR)

	Indicator as at 30 June	Unit	2009-10		2010-11	
Line	**General**		**Office**	**Total**	**Office**	**Total**
L1	Occupancy – staff full-time equivalent	Number (FTE)	12 6	12 6	10 5	10 5
L2	Area office space – net lettable area	Square metres (m^2)	320	-	320	-
	Stationary Energy		**Office**	**Total**	**Office**	**Total**
L3	Electricity use	Kilowatt hours	50,442	50,422	52,655	52,655
L4	Renewable energy use (GreenPower + EDL land fill gases)	Kilowatt hours	-	-	-	-
L5	Percentage of renewable energy used (L4/L3 x 100)	Percentage	-	-	-	-
L6	Natural Gas use	Megajoules	-	-	-	-
L7*	Total energy use	Megajoules	181,591	181,591	189,560	189,560
L8	Energy intensity per FTE (L7/L1)	Megajoules/FTE	14,412	14,412	18,053	18,053
L9	Energy intensity per square metre (L7/L2)	Megajoules/m^2	567	567	592	592
	Transport		**Office**	**Total**	**Office**	**Total**
L10	Total number of vehicles	Numeric	3	3	2	2
L11	Total vehicle kilometers travelled	Kilometres (km)	-	43,000	-	25,400
L12	Transport fuel (Petrol)	Kilolitres	-	-	-	-
L13	Transport fuel (Diesel)	Kilolitres	-	-	-	-
L14	Transport fuel (LPG)	Kilolitres	-	-	-	-
L15	Transport fuel (CNG)	Kilolitres	-	-	-	-
L16*	Total transport energy use	Gigajoules	-	148	-	87
	Water		**Office**	**Total**	**Office**	**Total**
L17	Water use	Kilolitres	146	146	146	146
	Intensities					
L18	Water use per FTE (L17/L1)	Kilolitres/FTE	11 6	11 6	11 6	11 6
L19	Water use per square metre (L17/L2)	Kilolitres/m^2	0 46	0 46	0 46	0 46
	Resource Efficiency and Waste		**Office**	**Total**	**Office**	**Total**
L20	Reams of paper purchased	Reams	318	318	288	288
L21	Recycled content of paper purchased	Percentage	-	-	-	-
L22	Estimate of general waste (based on bins collected)	Litres	1,125	1,125	1,125	1,125
L23	Estimate of commingled material recycled (based on bins collected)	Litres	-	-	-	-
L24	Estimate of paper recycled (based on bins collected)	Litres	-	-	720	720
L25	Estimate of organic material recycled (based on bins collected)	Litres	-	-	-	-
	Greenhouse Gas Emissions		**Office**	**Total**	**Office**	**Total**
L26*	Total stationary energy greenhouse gas emissions (All scopes)	Tonnes CO_2-e	52 66	52 66	56 3	56 3
L27*	Total transport greenhouse gas emissions (All scopes)	Tonnes CO_2-e	10 67	10 67	6 27	6 27
	Intensities					
L28	Greenhouse gas emissions per person (L26/L1)	Tonnes CO_2-e FTE	4 18	4 18	5 36	5 36
L29	Greenhouse gas emissions per square metre (L26/L2)	Tonnes CO_2-e	0 16	0 16	0 175	0 175
L30	Transport greenhouse gas emissions per person (L27/L1)	Tonnes CO_2-e FTE	0 85	0 85	0 59	0 59

Notes

Detailed instructions for table included in text above.

If there is no split available between office and total include the same figure in both boxes.

* - calculated with information entered into OSCAR

C.22 ACT Women's Plan 2010-2015

Authority staff have access to the Plan which identifies the six key objectives and are aware of its responsibilities. The Authority also supports the Government's policy to improve the status of females in the workplace and community.

C.23 Model Litigant Guidelines

This report is prepared in accordance with section 5AC of the *Law Officer Act 1992*.

The Chief Executive Officer has the following procedures in place to ensure that the Authority is aware of and complying with the Guidelines.

(1) all instructions in relation to disputes are passed to the Chief Executive Officer and a report is available to the Board of the Authority in relation to the progress of matters;

(2) the Authority's legal services in relation to litigation are provided by the ACT Solicitor General, which reviews the Authority's instructions to ensure compliance with the guidelines. The Authority is able to rely upon the ACT Solicitor General to identify those matters where a question arises as to compliance with the Model Litigant Guidelines and to address it or elevate it within the Authority as appropriate; and

(3) all staff involved in claims procedures or other decisions which may at some point become subject of litigation are informed of the guidelines and instructed to comply with them, referring any queries to the Chief Executive Officer.

No breaches of the model litigant guidelines by the Authority occurred during the financial year.

C.24 ACT Strategic Plan for Positive Ageing 2010-2014

The Authority supports all the ACT Government's goal for the coordinated approach across Government and the community to support positive ageing and as age-friendly city where older people are respected, valued and supported to actively participate.

Given the size of the entity and its narrow focus of its role, the Authority is not involved in any activities which relate to the ACT Strategic Plan for Positive Ageing 2010-2014.

Attachment 1: Abbreviations and acronyms

- AAMI Australian Associated Motor Insurers Ltd
- AASB Australian Accounting Standards Board
- ACT Australian Capital Territory
- ACTCOSS Australian Capital Territory Council of Social Service
- AIFRS Australian Equivalents to International Financial Reporting Standards
- AWA Australian Workplace Agreement
- BSCAA Building Service Contractors Association of Australia
- CBA Commonwealth Bank of Australia
- CEO Chief Executive Officer
- CMCD Chief Minister and Cabinet Directorate
- DDHCS Department of Disability, Housing and Community Services
- FMA Financial Management Act 1996
- FTE Full Time Equivalent
- GAAP Generally Accepted Accounting Standards
- HIA Housing Industry Association
- IFRS International Financial Reporting Standards
- LHMU Liquor, Hospitality and Miscellaneous Union
- LSL Long Service Leave
- OH&S Occupational Health & Safety
- MBA Master Builders Association
- MLA Member of the Legislative Assembly
- MYOB Mind Your Own Business – Accounting software
- NSW New South Wales
- OSCAR Online System for Comprehensive Activity Reporting
- SAA Strategic Asset Allocation
- SEA Special Employment Agreement
- UIG Urgent Issues Group

Attachment 2: Alphabetical Index

	Page
Abbreviations and acronyms	99
Aboriginal and Torres Strait Islander Reporting	96
ACT Multicultural Strategy	95
ACT Strategic Plan for Positive Ageing 2010-2014	98
ACT Women's Plan 2004 - 2009	98
Alphabetical Index	100
Analysis of Agency Performance	79
Capital Works	93
Commissioner for the Environment	95
Community engagement	83
Community Grants/Assistance/Sponsorship	94
Compliance Index	101
Ecologically Sustainable Development	96
Financial Report	20
Fraud Prevention	84
Freedom of Information	85
Government Contracting	93
Highlights	11
HR Performance	87
Human Rights Act 2004	95
Internal & External Scrutiny	83
Internal Accountability	86
Learning and Development	90
Legislative Assembly Committee Inquires and Reports	83
Legislative Report	83
Management Discussion and Analysis	13
Model Litigant Guidelines	98
Outlook	12
Overview	6
Public Interest Disclosure	85
Risk Management and Internal Audit	84
Staffing Profile	88
Statement of Performance	74
Strategic Asset Management	92
Strategic Bushfire Management Plan (SBMP)	92
Strategic Indicators	79
Table of Contents	3
Territory Records	95
The Organisation	4
Transmittal Certificate	2
Triple Bottom Line Report	82
Workplace Health & Safety	91
Workplace Relations	91

Attachment 3: Compliance Index

	Page
Transmittal Certificate	2
Section A - Performance and Financial Management Reporting	4
A.1 The Organisation	4
A.2 Overview	6
A.3 Highlights	11
A.4 Outlook	12
A.5 Management Discussion and Analysis	13
A.6 Financial Report	20
A.7 Statement of Performance	74
A.8 Strategic Indicators	79
A.9 Analysis of Agency Performance	79
A.10 Triple Bottom Line Report	82
Section B - Consultation and Scrutiny Reporting:	83
B.1 Community Engagement	83
B.2 Internal & External Scrutiny	83
B.3 Legislative Assembly Committee Inquires and Reports	83
B.4 Legislative Report	83
Section C - Other Reporting	84
C.1 Risk Management and Internal Audit	84
C.2 Fraud Prevention	84
C.3 Public Interest Disclosure	85
C.4 Freedom of Information	85
C.5 Internal Accountability	86
C.6 HR Performance	87
C.7 Staffing Profile	88
C.8 Learning and Development	90
C.9 Workplace Health and Safety	91
C.10 Workplace Relations	91
C.11 Strategic Bushfire Management Plan	92
C.12 Strategic Asset Management	92
C.13 Capital Works	93
C.14 Government Contracting	93
C.15 Community Grants/Assistance/Sponsorship	94
C.16 Territory Records	95
C.17 Human Rights Act 2004	95
C.18 Commissioner for the Environment	95
C.19 ACT Multicultural Strategy	95
C.20 Aboriginal and Torres Strait Islander Reporting	96
C.21 Ecologically Sustainable Development	96
C.22 ACT Women's Plan 2004-2009	98
C.23 Model Litigant Guidelines	98
C.24 ACT Strategic Plan for Positive Ageing 2010-2014	98