

Australian Capital Territory



ANNUAL REPORT

2008-2009

ACT Construction Industry Long Service Leave Authority



Office and Contact Details

Unit 8, National Associations Centre, 71 Constitution Avenue, Campbell, ACT 2612
PO Box 234, Civic Square, ACT 2608

Registrar and Chief Executive – Phil Collins; Deputy Registrar – Goran Josipovic

Phone: (02) 6247 3900; Fax: (02) 6257 5058; Freecall 1800 655 060

Web site: <http://www.actslsb.act.gov.au>

Email: construction@actslsb.act.gov.au

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



ACT CONSTRUCTION INDUSTRY
LONG SERVICE LEAVE AUTHORITY

TRANSMITTAL CERTIFICATE

Mr John Hargreaves MLA
Minister for Industrial Relations
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601


Dear Minister

We are pleased to present to you the 2009 Annual Management Report and Financial Report of the ACT Construction Industry 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 Construction Industry 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 Construction Industry Long Service Leave Authority during the period 1 July 2008 to 30 June 2009 has been included and that it complies with the Chief Minister's Annual Reports Directions.

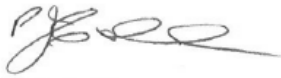
We also hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standard 2, Part 2.4.

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


Sarah Schoonwater
Chair

14 September 2009


Phil Collins
Chief Executive Officer

14 September 2009

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Section A: Performance and Financial Management Reporting

A.1 The Organisation

The ACT Construction Industry Long Service Leave Authority (the Authority) is established under the *Long Service Leave (Building and Construction Industry) Act 1981* (the Act). 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 Department under the auspices of the Office of Industrial Relations.

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

- administer the scheme of long service leave benefits established by the Act;
- make long service leave payments;
- maintain a register of employers, employees and contractors; 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 building and construction industry in the ACT.

It liaises with similar portable long service leave organisations in all States and the Northern Territory and consults with employer and employee organisations involved with the building and construction industry in the ACT.

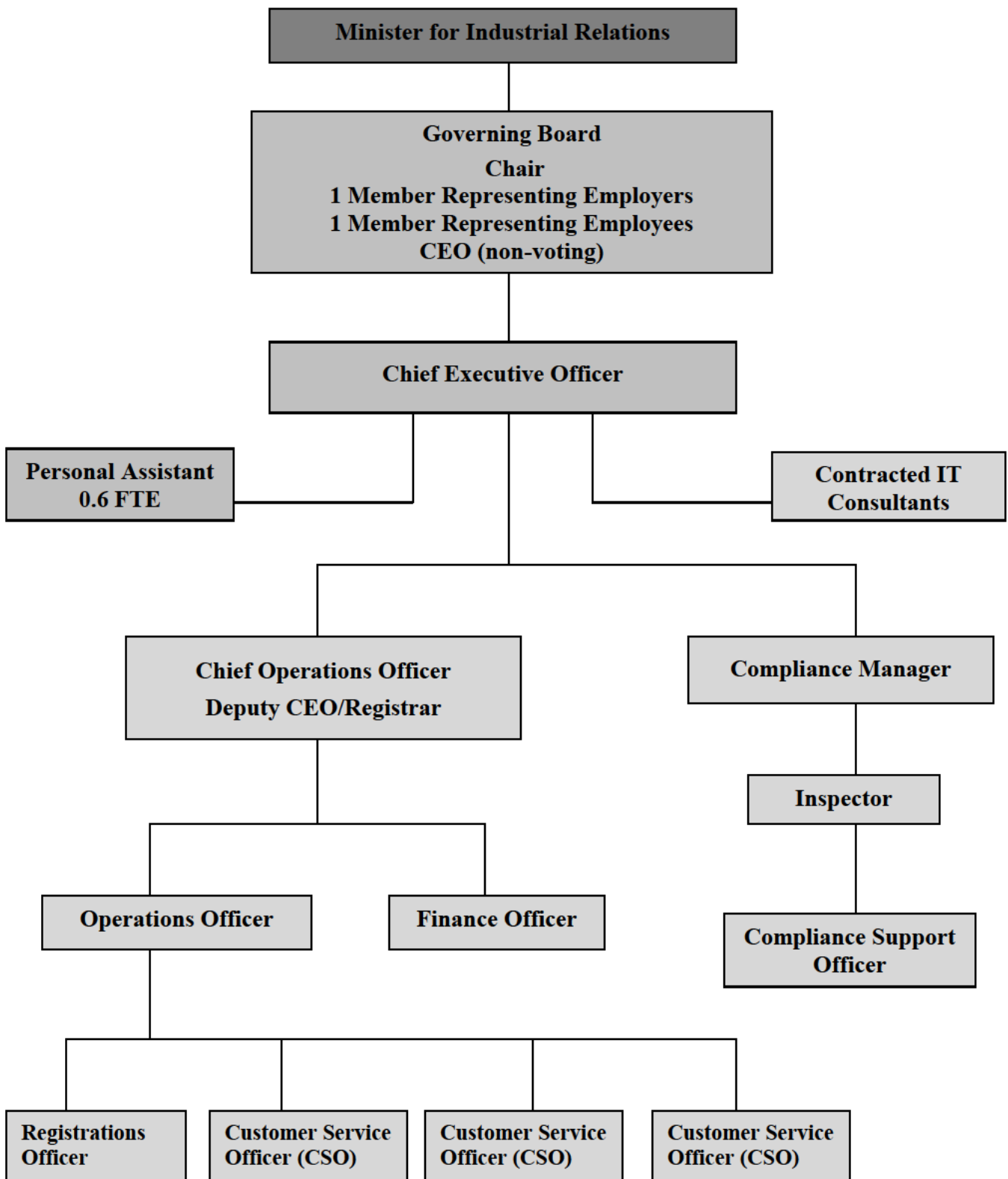
Mission and Values

The ACT Construction Industry Long Service Leave Authority is obligated and committed to providing portable long service leave benefits to all eligible registered building and construction 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.

Registered workers are entitled to 13 weeks long service leave after accruing 10 years of service in the scheme (8.67 weeks prior to 1/1/1997). A pro-rata long service leave payment may be claimed after 5 years of accrued service if the worker has permanently ceased work in the industry and workers who have been credited with at least 55 work days of service in the scheme are also entitled to payment of their accrued benefits if they leave the industry due to permanent incapacity, age retirement (55 years) or death (payment to estate).

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



Note: Staff members administer both Building and Construction Industry and Contract Cleaning Industry Long Service Leave Schemes.

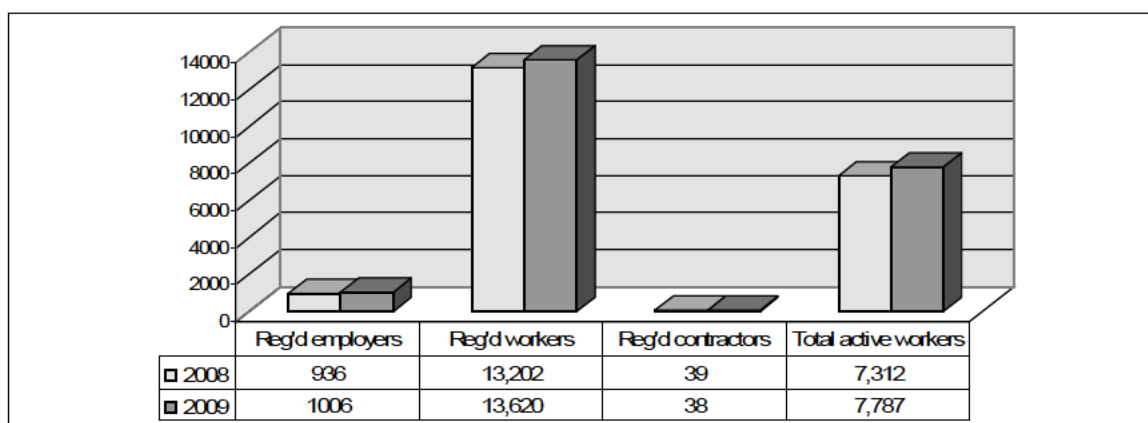
A.2 Overview

Industry Status

Despite the international financial crisis and a general slow down in economic activity throughout Australia, the building and construction industry activity has remained resilient in the ACT during the reporting period, as evidenced by further increases in registration of employers and workers in the scheme. However, 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.

As indicated in Figure 1 below, statistics sourced from employer returns during the year indicate that active employment levels in the construction industry have risen from 7,312 in 2008 to 7,787 this year and that during the year, 70 additional employers were registered in the scheme. The total number of registered employees was 13,620 at 30 June 2009.

Figure 1. Registration Statistics



Payments from the Long Service Leave Fund

There were 525 long service leave benefit payments made to workers during the year (482 in 2008), representing a payment of \$4.07m (\$3.7m in 2008). The Authority has paid a total of \$42.73m in long service leave benefits from the Fund since the commencement of the scheme in 1981.

Claims lodged	2008	2009
• Total claims lodged	507	553
• Withdrawn, cancelled, refused or duplicate	25	28
• Number of payments made	482	525
Criteria under which claims were lodged		
• More than 10 years service	269	295
• Pro-rata (5 years but less than 10 years of credited service and leaving the industry)	88	101
• Ill health, retirement or death (55+ days service)	37	47
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	10	4
• Payments to reciprocal State and Territory schemes	78	78

Compliance and Education

The Authority's compliance personnel regularly visit construction sites to ensure that all relevant work in the ACT is being undertaken by employers and employees who are registered with the scheme. 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 industry and generate a good rapport with our stakeholders. The compliance team also performs a key public relations and education function in assisting newly registered employers with their understanding of the scheme 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

New Board Appointment

On 9 September 2008, the Minister for Industrial Relations (Mr John Hargreaves, MLA) appointed Mr Peter Middleton to be a member of the Long Service Leave (Building and Construction Industry) Governing Board to represent employer organisations.

Review of the Implementation of Legislative Amendments

During the reporting period, the Authority formally reviewed the implementation of the amendments to the *Long Service Leave (Building and Construction Industry) Act 1981* which were passed by the ACT Legislative Assembly on 6 June 2007. The Board noted that all amendments had proved effective, except the provision which allowed workers to take their long service leave as a payment, rather than as leave. Accordingly, the Board has recommended that this amendment be cancelled.

Review of Authority's Information Technology Requirements

In July 2008, the Boards of both the Construction and Cleaning Industry Authorities accepted the recommendations of a report by Delta Management which examined the Authority's current IT framework/database and canvassed a number of potential IT solutions which could be used to significantly improve/automate the Authority's procedures. The key conclusion and recommendation of the report was to evaluate the new long service leave database being developed for TasBuild and identify the additional requirements necessary to cater for the ACT legislative context.

Following a due diligence process conducted on the developers of the TasBuild system, lengthy discussions regarding the system and the differences required by the ACT and the receipt of a fully costed proposal regarding ACT requirements, the Board agreed in-principle to the proposal from Formation Technology pending the:

- receipt of additional information on the functional specifications; and
- outcome of legal advice regarding a possible agreement with TasBuild to acquire the new system.

At the end of the reporting period, the legal advice had not yet been received and a final acquisition decision had not been made by the Board.

Investment Plan

In 2008-09, the Authority gained approval from the (former) ACT Treasurer for a new investment plan. This approval followed an extensive review of the Authority's long term investment strategy, which commenced prior to the current international financial crisis. The plan was prepared with assistance from an asset consultant and in close consultation with the Department of Treasury.

The key features of the plan are:

- an investment objective of 3.5% real return, a marginal increase from the current target of 3.0%;
- a strategic asset allocation (SAA) with a reduction in risk, that is, lower equity exposure than the previously approved investment strategy;
- a passive management approach;
- a reassessment of the Board's current approach to holding direct property, leading to a decision to divest itself of its investment property in the longer term (as market conditions dictate);
- the utilisation of a single fund manager to implement the investment strategy;
- an un-hedged policy for international equity investments; and
- a derivative policy in accordance with the provisions of the *Financial Management Act 1996* and the *Financial Management Investment and Borrowing Guidelines 2005*.

Following the plan's approval, the Boards of both the Construction Industry and Cleaning Industry Long Service Leave Authorities agreed to have their investment funds managed by Treasury's appointed passive manager, Vanguard Investments Australia Ltd. It is intended that the investment funds of the proposed new Community Sector Long Service Leave Scheme would also be managed by Vanguard.

Planning for the proposed new Community Sector Long Service Leave Scheme and the Establishment of a Single Long Service Leave Authority

In the 2008 Budget, the ACT Government announced that a portable long service leave scheme for community organisations would commence during 2009-10. During the reporting period, both the Construction Industry and the Cleaning Industry LSL Authorities worked closely with the Department of Disability, Housing and Community Services (DDHCS) and the Office of Industrial Relations to prepare for the implementation of this new scheme.

To this effect, a Community Sector Long Service Leave Steering Committee was formed to oversee this work.

The Committee held a number of meetings throughout 2008-09 to:

- develop a Project Plan and monitor the achievements of milestones identified within the plan;
- oversee a program of formal and informal community and industry consultation undertaken by the Department;
- assist the Department in defining the scope of the scheme;
- define the attributes and structure of the scheme;
- review an actuary's report commissioned by the Department to identify the operational costs of, and potential liability provisions for, the scheme; and
- assist with the development of drafting instructions for new legislation.

In conjunction with this work, support from the Minister for Industrial Relations was also obtained for the establishment of a single integrated Long Service Leave Authority which would administer the existing schemes, the proposed new Community Sector Scheme and any additional portable long service leave schemes approved by the Government and the ACT Legislative Assembly in the future.

At the end of the reporting period, draft legislation to create a single authority had been introduced into the Legislative Assembly and was due for debate in August 2009. An amendment or schedule to this legislation incorporating the attributes of the proposed new Community Sector Long Service Leave Scheme was also being finalised by the Department of Community Services.

Commissioning and Consideration of the Three Yearly Actuary's Report

In accordance with the legislation, the Authority commissioned a Three Yearly Report by its actuary, which incorporated:

- an investigation of the state and adequacy of the money of the Authority (Construction Scheme);
- a re-assessment of the actuarial valuation assumptions (including demographic and economic factors relating to the scheme);
- a review of the financial and investment assumptions relating to the scheme; and
- projections of the financial position of the scheme over the next 10 years in relation to a number of different macro economic scenarios.

The final actuarial report was reviewed by the Board on 12 February 2009 and a copy was forwarded to the Minister in accordance with the legislation. In this report the actuary recommended an increase in the rate of the levy payable by employers for the current benefits from 1% of wages to 1.5% from 1 July 2009. The Board endorsed the actuary's recommendation for this increase and, in accordance with Section 47(2) of the *Long Service Leave (Building and Construction Industry) Act 1981*, forwarded a letter to the Minister for Industrial Relations on 14 May 2009 recommending the increase. In conjunction with the report, the Board also separately recommended a number of changes to the conditions and entitlements of the scheme.

As at 30 June 2009, the Minister was still considering these recommendations. In the context of this issue it should be noted that (as discussed earlier) legislation was introduced into the Legislative Assembly on 25 June 2009 to establish a single integrated Long Service Leave Authority under one, newly constituted Board. Appointments for this new Board have not yet been confirmed. It is understood that the Minister wishes to discuss the proposed levy increase and other recommendations with the new Board prior to making a final decision on these matters.

Meeting of Long Service Leave Authorities Chief Executive Officers

On 19 March 2009, the Authority hosted the annual meeting of Chief Executive Officers of long service leave authorities/trustee companies from all Australian States and Territories. A key decision taken at the meeting was to seek approval from respective Boards to commission a consultancy to examine opportunities for possible harmonisation of business procedures and scheme attributes across all jurisdictions.

A.4 Outlook

Implementation of a New IT Solution and Improved Business Operations

As identified above, in 2009-10 the Authority will finalise the decision to introduce a new purpose built IT system to manage all activities of long service leave operations. In conjunction with this, existing processes and procedures will be modified as required and documented in a single Procedures Manual.

Implementation of a Single Integrated Authority

Subject to the successful passage of new legislation introduced into the Legislative Assembly in June 2009, the Authority will implement proposals designed to integrate the two existing long service leave authorities, Construction Industry and Cleaning Industry, into one authority with one Governing Board, under one piece of legislation. The structure of the Board will also be revised in accordance with the legislation. A restructure of the existing staff will also be completed to cater for the introduction of the proposed Community Sector Long Service Leave Scheme, which will impose a considerable increased workload on the Authority.

As noted earlier in this report, the new legislation is also designed to cater for the introduction of new portable long service leave schemes, as approved by the Government and Legislative Assembly in the future.

Review of Board Procedures

Subject to the successful passage of new legislation as discussed above, a review of the procedures and processes of the new Governing Board will be undertaken based on the 'Boards and Committees Handbook' released by the ACT Government in the latter part of the reporting period.

Possible Harmonisation of Activities of Long Service Leave Authorities

In 2009-10 the Authority's Board will consider the conclusions and recommendations of a report by KPMG (commissioned by long service leave authorities in all Australian jurisdictions) examining opportunities for possible harmonisation of business procedures and scheme attributes across Australia.

A.5 Management Discussion and Analysis

Objectives of the Authority

The Construction Industry Long Service Leave Authority's primary objective is to administer a statutory scheme which provides for:

- portability of long service leave benefits for registered workers and contractors in the private sector building and construction industry 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 (Building and Construction Industry) Act 1981* (the Act); and
- management of the long service leave fund established under the Act.

Financial Performance

The Authority reported an operating deficit for the year of \$5.21m (deficit of \$11.40m in 2008) and net assets of \$13.86m (\$18.30m plus asset revaluation reserve of \$0.77m in 2008). This negative outcome is primarily due to losses in funds under management with Suncorp Metway Investment Management Limited as a result of the global financial crisis, leading to significant losses in all equity markets. These losses were partly offset by reduced expenditure in supplies and services, mainly due to lower investment charges and less than expected expenditure on consultants. Additionally, in accordance with accounting policy requiring assets to be re-valued only every three years, the Authority's investment property (the Manning Clark Office Building in Tuggeranong) was not re-valued during the reporting period.

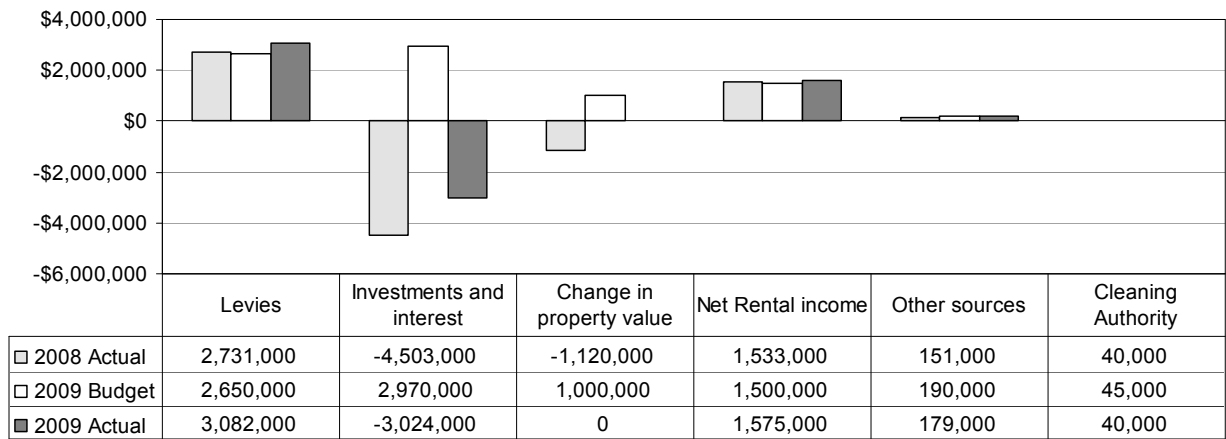
The following financial information is based on the Authority's 2008-09 Statement of Intent, the audited Financial Report for 2008-09, and forward estimates contained in the Authority's 2009-10 Statement of Intent.

Income

Actual – 30 June 2008	\$-1.17m
Budget – 30 June 2009	\$8.33m
Actual – 30 June 2009	\$1.97m

Income was \$-6.37m less than budget primarily due to a negative investment fund return and no property re-valuation as discussed above and illustrated in **Figure 2** below:

Figure 2. Sources of Income



Note: The components of income cannot be illustrated by a pie chart due to the negative numbers involved.

Expenditure

Actual – 30 June 2008	\$10.22m
Budget – 30 June 2009	\$9.23m
Actual – 30 June 2009	\$7.18m

Total expenditure for the year ended 30 June 2009 was \$7.18m (\$10.22m in 2008). This was \$2.05m under budget for the year primarily due to decreased accrued long service leave expense as calculated by the Authority’s actuary and reduced supplies and services expenditure (lower investment charges and lower expenditure on consultants). These reductions were somewhat offset by increases in employee expenses (against the budgeted figure) due to annual leave expense and long service leave expense being added to the Authority’s wages and salaries expenses, including those of a long-time ACT Public Servant who was recruited to the Authority in June 2009. His substantial LSL and Annual Leave liabilities were transferred from his previous ACT Government Department to the Authority but no corresponding cash (asset) transfer took place. This transfer of the provision for Authority staff liabilities took place despite the Authority providing the Chief Minister’s Department (CMD) with a copy of legal advice from the ACT Solicitor General advising that “because the staff members of the Authority are employees of CMD, the Territory will be liable for their long service leave and other leave”. As an internal audit into the relationship between the Authority and CMD, sponsored by CMD and undertaken by the independent risk consulting firm, Protiviti, also failed to resolve this issue, the Authority will pursue this issue further in 2009-10.

Otherwise expenditure on all other items was within reasonable budgetary estimates as detailed in **Figures 3** and **4** below:

Figure 3. Expenditure

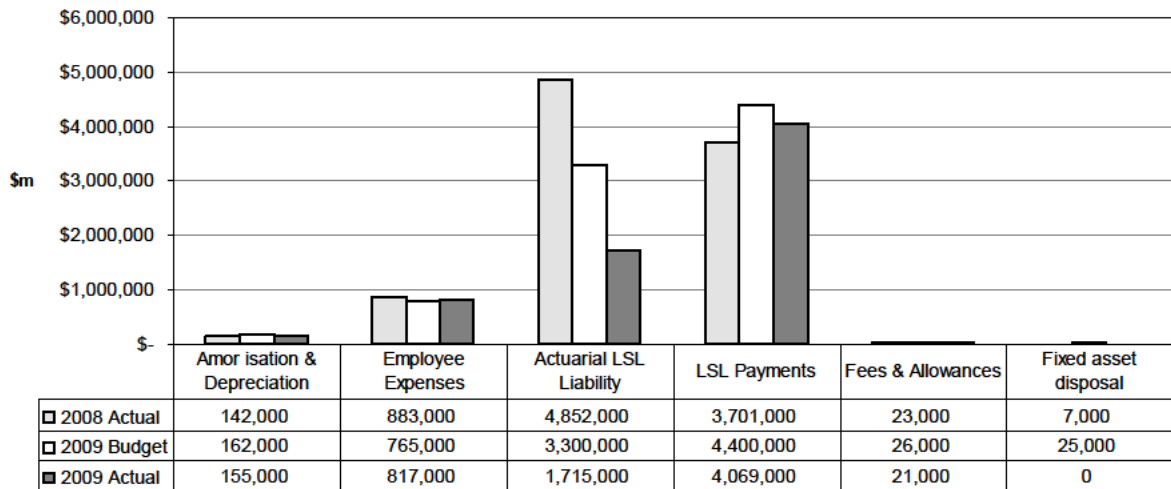
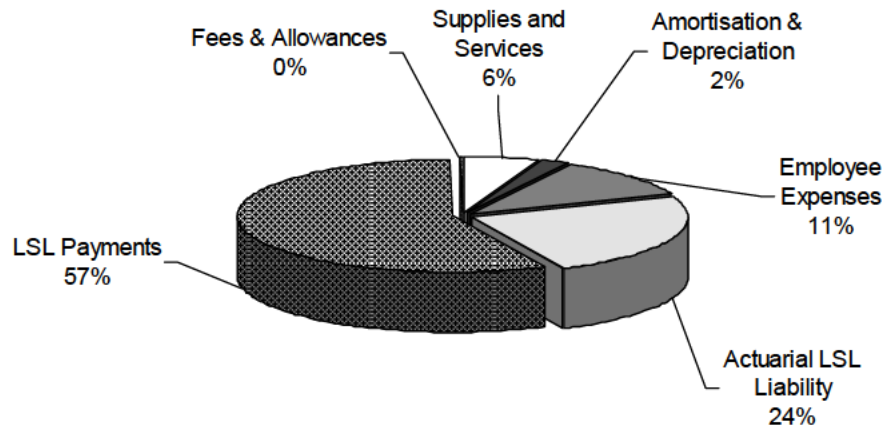


Figure 4. Components of Expenditure

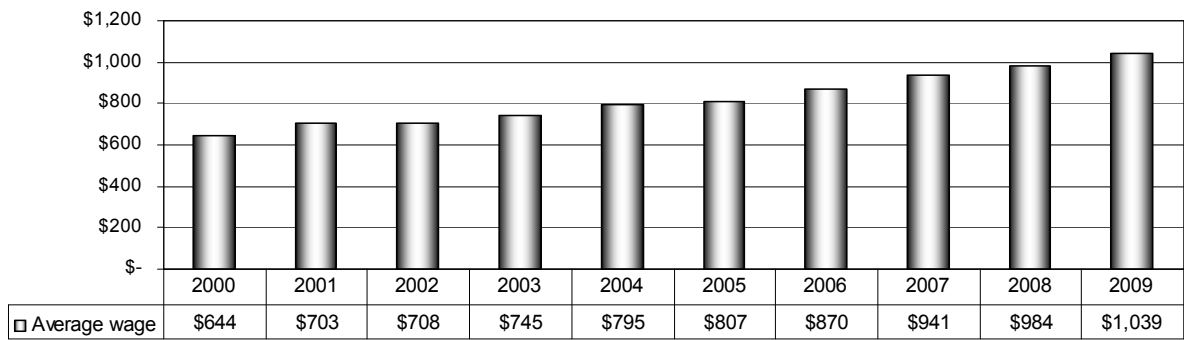


Long Service Leave Payments

In 2008-09 the Authority made 525 long service leave benefit payments totalling \$4.07m to workers in the construction industry (482 payments/\$3.7m in 2008).

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 5** depicts the steady increase in the wage rate of such benefit payments.

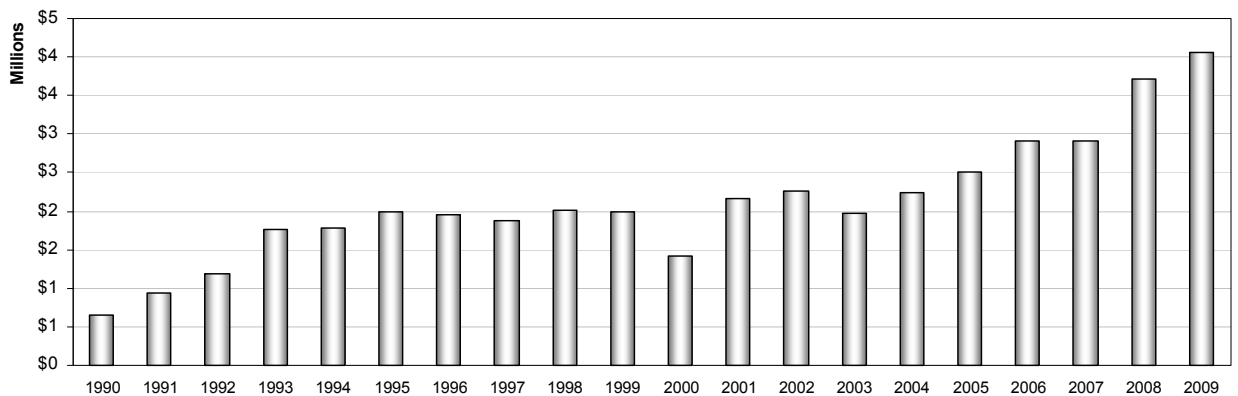
Figure 5. Average Wage for Long Service Leave Payments



The higher average rate of remuneration demonstrates the resilience of the ACT construction industry and the ongoing high demand for skilled labour.

Figure 6 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 \$42.73m in payments to workers.

Figure 6. Long Service Leave Payments (20 years)



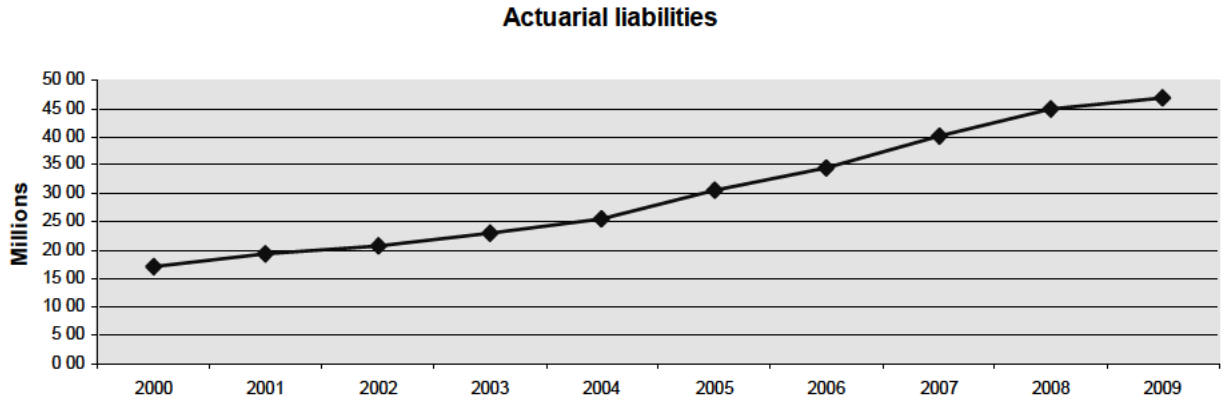
Actuarial Leave Liability

The Authority obtains an annual actuarial report from its actuaries (Bendzulla Actuarial Pty Ltd), who provide a recommended value on long service leave liabilities at the end of each financial year.

The liability increased from \$44.96m in 2007-08 to \$46.67m this year.

Due to the increase in employers becoming registered with the scheme, 1,006 as at 30 June 2009 compared to 936 as at 30 June 2008, the number of workers with service credits in the year increased from 7,851 in the 2008 actuary's report to 8,461 in the current year report. The average wage for active workers also increased from \$856 per week for the previous report to \$897 per week for the current year report, an increase of 4.8%. The increased number of workers, plus the increase in the average weekly wage as calculated by the actuary, contributed to the \$1.81m increase in the actuarial liability as detailed in **Figure 7** below.

Figure 7. Actuarial Liability



In his report on the 2008 full actuarial investigation, the actuary recommended an increase in the rate of the levy payable by employers for the current benefits from 1% of wages to 1.5% from 1 July 2009. The Board endorsed the actuary's recommendation for this increase and, in accordance with Section 47(2) of the *Long Service Leave (Building and Construction Industry) Act 1981*, forwarded a letter to the Minister for Industrial Relations on 14 May 2009 recommending the increase. As at 30 June 2009, the Minister was still considering this recommendation. In the context of this issue it should be noted that legislation was introduced into the Legislative Assembly on 25 June 2009 to establish a single integrated Long Service Leave Authority under one, newly constituted Board. Appointments for this new Board have not yet been confirmed. It is understood that the Minister wishes to discuss the proposed levy increase with the new Board prior to making a final decision on the matter.

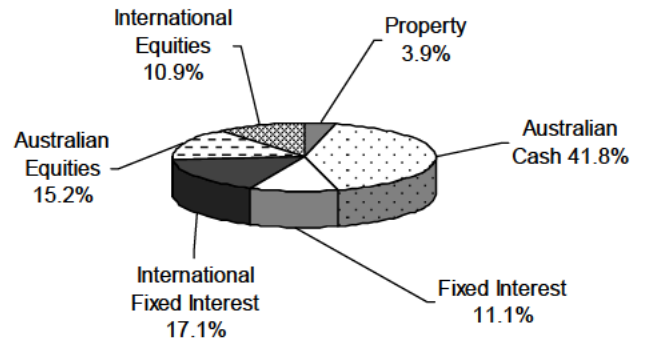
Investment Performance

The Authority out-sources management of its investment portfolio. From 1 July 2008 until 17 February 2009, Suncorp Metway Investment Management Limited managed its investment portfolio, however, following approval by the Treasurer of the Authority's new investment plan (as outlined earlier in this report), Vanguard Investments Australia Ltd assumed this function from 19 March 2009. CB Richard Ellis has responsibility for the Authority's main investment property (Manning Clark Offices – Tuggeranong). Following termination of the Suncorp contract, a total of \$39.00m was transferred to the Vanguard Conservative Index Fund on 19 March 2009.

As at 30 June 2009, Vanguard managed a total of \$40.42m in a diversified portfolio as depicted in **Figure 8**.

Figure 8. Strategic Asset Allocation - Vanguard

Asset Class	Fund Actual	Target Allocation
Property	3.9%	4%
Australian Cash	41.8%	42%
Fixed Interest	11.1%	11%
International Fixed Interest	17.1%	17%
Australian Equities	15.2%	15%
International Equities	10.9%	11%

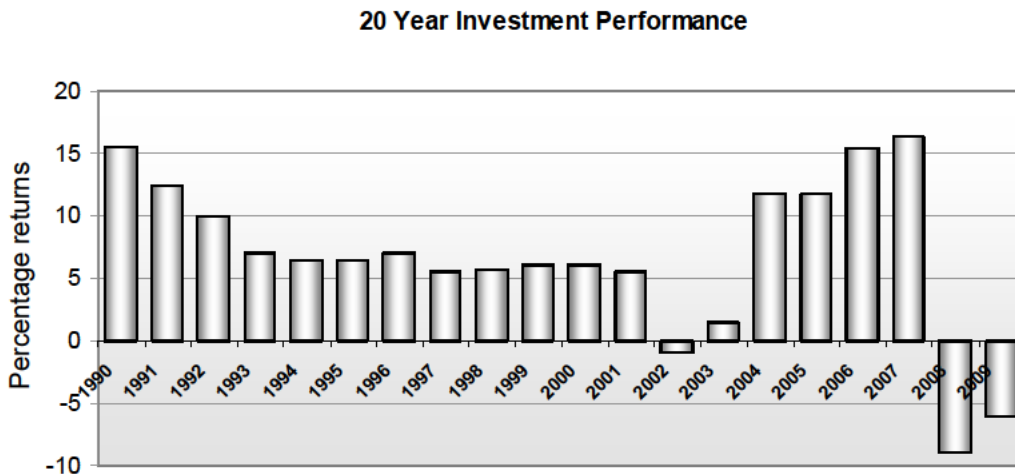


The Authority's investment return for its funds under management with Suncorp Metway Investment Management Limited and Vanguard Investments Australia Ltd for 2008-09, was -6.12%.

The net rental yield on investment properties for the year was 8.67%. Market value of the investment properties as at 30 June 2009 remained the same as at 30 June 2008, \$17.98m.

The overall return (ie, funds under management, rental income and the value of investment property) on the Authority's investment activity for the year ended 30 June 2009 is -5.11%.

Figure 9. Investment Performance - 1990 to 2009



Conclusion

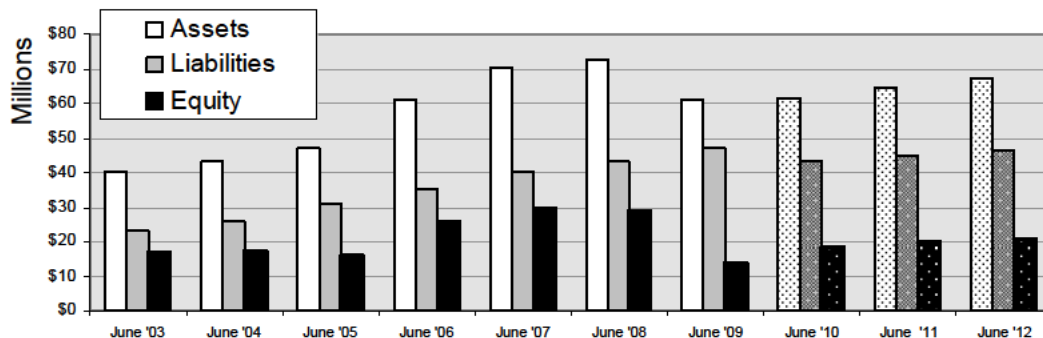
Comparison of 2008 and 2009 Financial Results

The Authority's total assets have reduced from \$64.68m at 30 June 2008, to \$61.09m for the current year.

The Authority's total liabilities have increased from \$45.61m at 30 June 2008, to \$47.24m for the current year.

Total equity has decreased from \$19.07m at 30 June 2008, to \$13.86m as at 30 June 2009.

Figure 10. Assets, Liabilities and Equity Trends (with estimates for 2010 to 2012)



Based on the Actuary's assessment, the Authority is confident that despite the negative investment return this year it remains well positioned to absorb medium term expectations of actuarially determined increases in long service leave liabilities, natural increases in salaries and normal increases in general administration.

The Authority has budgeted for a \$2.00m surplus for the year ended 2009-10 based upon cautious investment returns of 6% in accordance with the Authority's investment plan and increased employer contributions.

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 CONSTRUCTION INDUSTRY
LONG SERVICE LEAVE AUTHORITY**

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

STATEMENT OF RESPONSIBILITY

In my opinion, the financial report is in agreement with the Authority's accounts and records and fairly reflects the financial operations of the Authority for the year ended 30 June 2009, and the financial position of the Authority on that date.



Sarah Schoonwater
Chair


2/July 2009

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In my opinion, the financial report has been presented in accordance with generally accepted accounting principles, and is in agreement with the Authority's accounts and records and fairly reflects the financial operations of the Authority for the year ended 30 June 2009, and the financial position of the Authority on that date.



Phil Collins
Chief Executive Officer

21 July 2009

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	NOTE	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Income				
<i>Revenue</i>				
Contributions from employers and contractors	4	3,082	2,650	2,731
(Loss)/income from investments	5	(3,024)	2,970	(4,525)
Net rental income	6	1,575	1,500	1,549
(Decrease)/increase in value of investment properties	20	-	1,000	(1,120)
Revenue from other sources		179	165	135
Interest revenue		118	-	22
Cost sharing contribution from the Cleaning Industry Long Service Leave Authority		<u>40</u>	<u>45</u>	<u>40</u>
Total Revenue		<u>1,970</u>	<u>8,330</u>	<u>(1,168)</u>
<i>Gains/(losses)</i>				
(Losses) on disposal of non-current assets	7	<u>(5)</u>	<u>-</u>	<u>(7)</u>
Total (losses)		<u>(5)</u>	<u>-</u>	<u>(7)</u>
Total Income		<u>1,965</u>	<u>8,330</u>	<u>(1,175)</u>
Expenses				
Amortisation		115	123	109
Depreciation		40	39	33
Fees and allowances	8	21	26	23
Supplies and services	9	400	575	623
Long service leave benefit claims	23	4,069	4,400	3,701
Accrued long service leave expense	23	1,715	3,300	4,852
Employee expenses	10	<u>817</u>	<u>765</u>	<u>883</u>
Total Expenses		<u>7,177</u>	<u>9,228</u>	<u>10,224</u>
Operating (Deficit)		<u>(5,212)</u>	<u>(898)</u>	<u>(11,399)</u>

The above Operating Statement should be read in conjunction with the accompanying notes.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**BALANCE SHEET
AS AT 30 JUNE 2009**

	NOTE	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Current Assets				
Cash and cash equivalents	14	609	535	1
Receivables	15	825	2,284	1,253
Investments	16	40,417	44,765	44,131
Other assets	17	<u>10</u>	<u>16</u>	<u>12</u>
Total Current Assets		<u>41,861</u>	<u>47,600</u>	<u>45,397</u>
Non-Current Assets				
Property, plant and equipment	18	958	234	997
Intangible assets	19	300	406	317
Investment properties	20	<u>17,975</u>	<u>18,920</u>	<u>17,970</u>
Total Non-Current Assets		<u>19,233</u>	<u>19,560</u>	<u>19,284</u>
Total Assets		<u>61,094</u>	<u>67,160</u>	<u>64,681</u>
Current Liabilities				
Payables	21	304	427	345
Interest-bearing liabilities	22	-	-	71
Provision for long service leave benefits	23	38,097	40,558	38,828
Employee benefits	24	<u>260</u>	<u>-</u>	<u>238</u>
Total Current Liabilities		<u>38,661</u>	<u>40,985</u>	<u>39,482</u>
Non-Current Liabilities				
Provision for long service leave benefits	23	<u>8,574</u>	<u>6,346</u>	<u>6,128</u>
Total Non-Current Liabilities		<u>8,574</u>	<u>6,346</u>	<u>6,128</u>
Total Liabilities		<u>47,235</u>	<u>47,331</u>	<u>45,610</u>
Net Assets		<u>13,859</u>	<u>19,829</u>	<u>19,071</u>
Equity				
Accumulated funds	25	13,092	19,829	18,304
Asset revaluation reserve	25	<u>767</u>	<u>-</u>	<u>767</u>
Total Equity		<u>13,859</u>	<u>19,829</u>	<u>19,071</u>

The above Balance Sheet should be read in conjunction with the accompanying notes.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	NOTE	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Total Equity at the Beginning of the Reporting Period		<u>19,071</u>	<u>20,727</u>	<u>29,703</u>
<i>Accumulated Funds</i>				
Operating (Deficit)	25	(5,212)	(898)	(11,399)
Increase in the Asset Revaluation Reserve	25	<u>-</u>	<u>-</u>	<u>767</u>
Total Income and Expense Recognised Directly in Equity for the Reporting Period		<u>(5,212)</u>	<u>(898)</u>	<u>(10,632)</u>
Total Equity at the End of the Reporting Period		<u>13,859</u>	<u>19,829</u>	<u>19,071</u>
 Adjustment to Prior Year Increase in the Asset Revaluation Reserve				
Increase in the Asset Revaluation Reserve in the 2008 Reporting Period				-
Net Effect of Change in Accounting Policy				<u>767</u>
Restated Increase in the Asset Revaluation Reserve				<u>767</u>

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	NOTE	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Cash flows from operating activities:				
Receipts:				
Contributions from employers and contractors		2,969	2,631	2,456
Interest received		119	15	15
Rental revenue received		1,905	1,500	1,832
Revenue from other sources		236	347	207
Goods and Services Tax input tax credits from the Australian Taxation Office		192	-	190
Goods and Services Tax collected from registered participants and others		216	-	207
Total receipts from operating activities		<u>5,637</u>	<u>4,493</u>	<u>4,907</u>
Payments:				
Payments of long service leave benefits		(4,113)	(4,392)	(3,750)
Payments to suppliers and employees		(1,568)	(1,496)	(1,627)
Goods and Services Tax to remitted to the Australian Taxation Office		(210)	-	(211)
Goods and Services Tax paid to suppliers		(162)	-	(167)
Total payments from operating activities		<u>(6,053)</u>	<u>(5,888)</u>	<u>(5,755)</u>
Net cash (outflow) from operating activities	30	<u>(416)</u>	<u>(1,395)</u>	<u>(848)</u>
Cash flows from investing activities:				
Receipts:				
Proceeds from sale of investment trusts		40,204	1,738	500
Proceeds from sale of plant and equipment		26	25	10
Total receipts from investing activities		<u>40,230</u>	<u>1,763</u>	<u>510</u>
Payments:				
Purchases of investment trusts		(39,000)	-	-
Purchases of property, plant and equipment		(135)	(360)	(204)
Total payments from investing activities		<u>(39,135)</u>	<u>(360)</u>	<u>(204)</u>
Net cash inflow from investing activities		<u>1,095</u>	<u>1,403</u>	<u>306</u>
Net increase/(decrease) in cash and cash equivalents held		679	8	(542)
Cash and cash equivalents at the beginning of the reporting period		<u>(70)</u>	<u>527</u>	<u>472</u>
Cash and cash equivalents at the end of the reporting period	30	<u><u>609</u></u>	<u><u>535</u></u>	<u><u>(70)</u></u>

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 Objectives of the ACT Construction Industry Long Service Leave Authority

Operations and Principal Activities

The ACT Construction Industry Long Service Leave Authority (the Authority) is established under the *Long Service Leave (Building and Construction Industry) Act 1981* (the Act).

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 industry in the ACT; pay long service leave benefits when claimed and maintain 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 industry in the ACT.

NOTE 2 Summary of Significant Accounting Policies

(a) Basis of Accounting

The *Financial Management Act 1996* requires the preparation of annual financial statements (financial report) for Territory Authorities.

The *Financial Management Act 1996* and the *Financial Management Guidelines* issued under the Act, requires that a territory authority's financial report include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Cash Flow Statement for the year;
- (v) a summary of the significant accounting policies adopted for the year; and
- (vi) such other statements as are necessary to fairly reflect the financial operations of the territory authority during the year and its financial position at the end of the year.

This general-purpose financial report has been prepared to comply with 'Generally Accepted Accounting Principles' as required by the *Financial Management Act 1996*. The financial report has been prepared in accordance with:

- (i) Australian Equivalents to International Financial Reporting Standards (AIFRS), comprising accounting standards and accounting interpretations issued by the Australian Accounting Standards Board and the former Urgent Issues Group; and
- (ii) ACT Accounting Policies.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(a) Basis of Accounting (Continued)

The financial report has been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial report has 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.

This financial report is presented in Australian dollars, which is the Authority's functional currency.

The Authority is an individual reporting entity.

(b) The Reporting Period

This financial report states the financial performance, changes in equity and cash flows of the Authority for the year ended 30 June 2009 together with the financial position of the Authority as at 30 June 2009.

(c) Comparative Figures

Budget Figures

The *Financial Management Act 1996* requires the financial report to facilitate a comparison with the Statement of Intent. Budget information has therefore been included in the financial report. The budget figures are sourced from the budget information contained in the Authority's Statement of Intent.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial report, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial report is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

(d) Rounding

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(e) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. 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.

Interest

Interest revenue is recognised using the effective interest rate method.

Investment Revenue

Investment revenue is recognised by the Authority on an accruals 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.

(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) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet. 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 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.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(i) 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 Reserve relating to this class of assets. Where the impairment loss is greater than the balance in the Asset Revaluation Reserve for the relevant class of asset, the difference is expensed in the Operating Statement. Impairment losses for plant and equipment, furniture and fittings, motor vehicles and intangible assets are recognised in the Operating Statement. 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.

(j) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank, cash on hand and demand deposits. 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. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalent line on the Balance Sheet.

(k) Receivables

Accounts receivable (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 Operating Statement.

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.

Other trade receivables arise outside the normal course of selling goods and services to other agencies and to the public. Other receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(k) Receivables (Continued)

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

- (a) becoming aware of financial difficulties of debtors;
- (b) default payments; or
- (c) debts being more than 90 days overdue.

The amount of the allowance is the difference between the receivable's 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 Operating Statement. The allowance for impairment losses are written back against the receivables account when the Authority ceases 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.

(l) Investments

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

Long-term investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on quoted market prices at the reporting date. The quoted market price used is the current bid price.

(m) 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 \$300 is capitalised.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(n) 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 3 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.

(o) 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 Operating Statement. Investment properties are not depreciated.

Investment properties are revalued every 3 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.

(p) Intangible Assets

The Authority's Intangible Assets are comprised of internally developed and externally acquired computer software for internal use.

This computer software is recognised and capitalised when:

- (a) it is probable that the expected future economic benefits that are attributable to the computer software will flow to the Authority;
- (b) the cost of the computer software can be measured reliably; and
- (c) the acquisition cost is equal to or exceeds \$300.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(p) Intangible Assets (Continued)

Internally generated computer 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. Computer software is amortised on a diminishing value basis over its useful life, over a period not exceeding 5 years.

Intangible assets are measured at cost.

(q) 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.

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

Class of Asset	Depreciation/Amortisation Method	Depreciation Rates
Buildings	Straight Line	2.5%
Furniture and fittings	Diminishing Value	7.5%-30%
Motor Vehicles	Diminishing Value	18.75%
Plant and Equipment	Diminishing Value	7.5%-32%
Intangibles	Diminishing Value	30%-40%

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

(r) 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 being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

Payables include Long Service Leave Claims Owing to Registered Scheme Participants and Other Creditors and Accruals.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(r) Payables (Continued)

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 and relating 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 had not been received by period-end.

(s) Leases

The Authority enters into operating 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 Operating Statement on a straight-line basis over the term of the lease.

(t) Employee Benefits

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

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period. Annual leave and long service leave that falls due wholly within the next 12 months is measured based on the amount of remuneration anticipated to be paid when the leave is taken. Annual leave and long service leave that does not fall due wholly within the next 12 months are measured at present value.

Annual leave and long service leave liabilities are disclosed as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. However, where there is an unconditional right to defer settlement of the liability for at least 12 months, annual leave and long service leave have been classified as a non-current liability in the Balance Sheet.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(u) Long Service Leave Benefits

(i) *Long Service Leave Benefits Expense*

Employees and contractors who are registered with the Authority accrue 13 weeks (i.e. 3 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 5 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) *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 balance date. The liability is calculated 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 Balance Sheet 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 Balance Sheet.

(v) Income Tax

As a public authority constituted under a law of the ACT, the income of the Authority is exempt from income tax under section 50-25 of the *Income Tax Assessment Act 1997*.

(w) Insurance

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(x) Critical Accounting Estimates and Judgements

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

(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 data and the current profile of the registered workers. The assumptions include:

- the rates at which workers of different ages might leave the scheme due to
 - retirement, ranging from 7% for workers aged 55 to 59 years to 100% for workers aged 75 or over;
 - death, such rates being in accordance with the latest rates for Australian males published by the Commonwealth Government Actuary;
 - incapacity, ranging from 0.04% for workers aged 20 years to 1.07% for workers aged 65 (2007-08: the rates of exit due to retirement, death and incapacity were combined and ranged from 0.15% for workers aged 20 years to 100% for workers aged 65);
- the rates at which workers with varying years of service might leave the industry, ranging from 30% for workers with less than 1 year of service to 4% for workers with 21 or more years of service (2007-08: ranging from 14% for workers with less than 1 year of service to 4% for workers with 21 or more years of service);
- the rates at which workers with varying years of service might take their long service leave benefits, ranging from 5% for workers with more than 9 years service at the balance date to 70% for workers with 30 years service (unchanged from 2007-08);
- an appropriate discount rate of 4.7% per annum (2007-08: 6.1% per annum);
- increases in future rates of pay due to inflation of 3.0% in the 2009-10 year and 4.0% per annum thereafter (2007-08: 4.0% per annum for all years);
- increases in future rates of pay due to service and promotion, over and above the inflationary allowances above, ranging from 12% for those aged 18 to 0% for those aged 36 and over (2007-08: same rates apply);
- the probabilities that different categories of active workers who do not have any service credits in the previous year may again commence receiving service credits, varying from 0% to 100% (2007-08: the rates at which such workers may ultimately be paid their accrued benefit, varying from 0% to 90%); and

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2 Summary of Significant Accounting Policies (Continued)

(x) Critical Accounting Estimates and Judgements (Continued)

(i) *Accrued Long Service Leave Benefits (Continued)*

- that “inactive” workers (those who are believed to have left the scheme or have not worked in the industry in the ACT for more than 4 years) will be paid their vested entitlements at the balance date at a wage rate equal to the average rate for workers who received a service credit in the previous year (2007-08: the liability for “inactive” workers was based on rates at which such members might be paid benefits for their service credits, such rates varying from 0.1% for those last employed in 1982 to 100% for those employed in the current year).

(ii) *Valuation of Investment Properties, Land and Buildings*

Investment properties, land and buildings are valued every 3 years by a registered valuer. The fair value represents a market value which is the amount an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction. As such, the valuation represents an estimate of market value by the registered valuer, based on the valuer’s knowledge of the current market conditions for properties of that nature.

(iii) *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 fair value of the investments have been determined by reference to the unit price of each unit trust which is determined by reference to the fair value of the underlying assets.

(iv) *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.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 3 Change in Accounting Policy

Change in Measurement of Property, Plant and Equipment

As a result of the move towards Generally Accepted Accounting Practice / Government Finance Statistics (GAAP/GFS) harmonisation and the introduction of AASB 1049 'Whole of Government and General Government Sector Financial Reporting', the ACT Government must report all property, plant and equipment and intangible assets at fair value for the whole of government and the general government sector financial reports by 1 July 2008. The Authority has made the decision to adhere to the ACT Accounting Policy to enhance the relevance of the financial report. The Authority has changed its accounting policy in respect of the valuation methodology used for land and buildings. These assets, which were previously measured at cost, are now measured at fair value. As a result of this change in accounting policy, the Authority has adjusted the 2007-08 comparative figures in this year's financial report. The adjustment has resulted in an increase in property, plant and equipment by \$767,000 and an increase in the asset revaluation reserve of \$767,000.

	Actual 2008 \$'000	Change in Accounting Policy Adjustment \$'000	Corrected Actual 2008 \$'000
Balance Sheet Extract			
Non-Current Assets			
Property, plant and equipment	230	767	997
Total Non-Current Assets	18,517	767	19,284
Total Assets	63,914	767	64,681
Statement of Changes in Equity Extract			
Total Equity at the Beginning of the Reporting Period	29,703	-	29,703
<i>Accumulated Funds</i>			
Operating (Deficit)	(11,399)	-	(11,399)
Increase in the Asset Revaluation Reserve	-	767	767
Total Income and Expense Recognised Directly in Equity for the Reporting Period	(11,399)	767	(10,632)
Total Equity at the End of the Reporting Period	18,304	767	19,071

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 3 Change in Accounting Policy (Continued)

Impact of Accounting Standards Issued but yet to be Applied

A number of Australian Accounting Standards have been issued or revised by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations 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 pronouncements will have no material financial impact on the Authority in future reporting periods.

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.

	2009 \$'000	2008 \$'000
<i>Revenue</i>		
Contributions from Employers and Contractors¹	<u>3,082</u>	<u>2,731</u>

¹The increase in revenue is due to increases in the number of employers registered with the scheme and higher wages in the industry.

NOTE 5 (Loss)/Income from Investments

Gains or losses on trust investments is comprised of dividends and distributions, realised gains and losses and unrealised gains and losses resulting from movements in the fair value of the underlying assets.

(Losses) on trust investments	<u>(3,024)</u>	<u>(4,525)</u>
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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.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009	2008
	\$'000	\$'000
NOTE 6 Net Rental Income		
Net rental income is the net of rental income from investment properties and the related operating costs. All investment properties are used to generate rental income.		
Rental revenue from investment properties		
Manning Clark Offices	1,905	1,848
National Association Centre, Suite 5	<u>17</u>	<u>16</u>
	<u>1,922</u>	<u>1,864</u>
Less expenses for Manning Clark Offices:		
Management fees	19	19
General expenses	12	12
Light and power	118	78
Insurance	17	17
Rates and land tax	82	74
Repairs and maintenance	<u>99</u>	<u>115</u>
	<u>347</u>	<u>315</u>
Net Rental Income	<u>1,575</u>	<u>1,549</u>

NOTE 7 Other (Losses)

Other losses tend to be one off, unusual transactions that are not part of the Authority's core activities. Other losses are distinct from other revenue, as other revenue arises from the core activities of the Authority.

Proceeds on sale of property, plant and equipment	26	10
Written down value of assets sold	<u>(31)</u>	<u>(17)</u>
Total Other (Losses)	<u>(5)</u>	<u>(7)</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009	2008
	\$'000	\$'000
NOTE 8 Fees and Allowances		
Board members' fees	<u>21</u>	<u>23</u>
NOTE 9 Supplies and Services		
Audit fees	25	20
Accounting fees	36	33
Actuarial charges	19	30
Advertising	20	26
Consultants	44	101
Investment charges	87	251
Printing and stationery	28	27
Other	<u>141</u>	<u>135</u>
Total Supplies and Services	<u>400</u>	<u>623</u>
NOTE 10 Employee Expenses		
Wages and salaries	757	682
Annual leave expense	13	99
Long service leave expense	<u>47</u>	<u>102</u>
Employee Expenses	<u>817</u>	<u>883</u>
	Number	Number
Full-time equivalent employees	<u>10</u>	<u>10</u>

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's Department. 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 cost-shares the employee expenses with the ACT Cleaning Industry Long Service Leave Authority on an 85/15 basis. Full-time equivalents therefore equate to approximately 10 (2007-08: 10) staff members.

The administrative on-costs were charged to the Authority at the following rates:

- 2.5% (2007-08: 2.5%) for 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.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 11 Act of Grace Payments

There were no Act of Grace payments during the financial year pursuant to section 130 of the *Financial Management Act 1996*.

NOTE 12 Waivers, Impairment Losses and Write-Offs

There were no waivers granted under section 131 of the *Financial Management Act 1996* during the financial year.

	2009	2008
	\$'000	\$'000
Impairment Losses from Receivables		
Employer and contractor receivables	<u>19</u>	<u>9</u>
Total Impairment Losses	<u>19</u>	<u>9</u>
Write-offs of Receivables		
Employer and contractor receivables	<u>3</u>	<u>3</u>
Total Write-offs	<u>3</u>	<u>3</u>

NOTE 13 Auditor's Remuneration

Auditor's remuneration consists of fees charged by the ACT Auditor-General's Office for financial audit services provided to the Authority. No other services were provided by the ACT Auditor-General's Office.

Audit fees paid to the ACT Auditor-General's Office	<u>25</u>	<u>20</u>
Total Audit Fees	<u>25</u>	<u>20</u>

NOTE 14 Cash and Cash Equivalents

The Authority had demand deposits held directly with the Commonwealth Bank that earned an average floating interest rate of 4.67% (2007-08: 7.10%)

Cash at bank ¹	608	-
Cash on hand	<u>1</u>	<u>1</u>
	<u>609</u>	<u>1</u>

¹ The cash at bank has increased compared to the prior year due to the timing of the payments made, the receipt of revenue as cash and of cash draw downs from the investments held.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009	2008
	\$'000	\$'000
NOTE 15 Receivables		
Employer and contractor receivables	78	50
Less: Allowance for impairment losses	<u>(25)</u>	<u>(9)</u>
	53	41
Other trade receivables	25	16
Accrued industry contributions ¹	745	673
Accrued investment income ²	2	517
Goods and Services Tax receivable	<u>-</u>	<u>6</u>
	<u>825</u>	<u>1,253</u>

¹ There is an increase compared to the prior year which is due to an increase in activity in the building and construction industry.

² The decrease in accrued income is a result of the change in the Authority's investment manager. The new investment manager tends to retain all income within the investment trust rather than distributing the income to investors. Accordingly, accrued investment income for 2009 relates only to interest income.

Ageing of Receivables

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
Not impaired					
Receivables	772	12	25	16	825
Impaired					
Receivables	-	-	-	25	25
2008					
Not impaired					
Receivables	1,212	25	9	7	1,253
Impaired					
Receivables	-	-	-	9	9

The Authority does not hold any collateral for receivables that are overdue or determined to be impaired.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009	2008
	\$'000	\$'000
NOTE 15 Receivables (Continued)		
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the		
Beginning of the Reporting Period	9	11
Additional allowance recognised	19	8
Write-off of receivables	(3)	-
Reduction in allowance resulting from a write		
back against the receivables	-	(10)
Allowance for Impairment Losses at the		
 End of the Reporting Period	<u>25</u>	<u>9</u>

The carrying amount of financial assets that are past due or impaired, whose terms have been renegotiated is nil (2007-08: nil).

Classification of ACT Government/Non-ACT Government Receivables

Receivables with Non-ACT Government Entities

Net employer and contractor receivables	53	41
Net other trade receivables	25	16
Accrued industry contributions	745	673
Accrued investment income	2	517
Goods and Services Tax receivable	-	6
Total Receivables with Non-ACT		
 Government Entities	<u>825</u>	<u>1,253</u>
Total Receivables	<u>825</u>	<u>1,253</u>

NOTE 16 Investments

Investment trusts at fair value	<u>40,417</u>	<u>44,131</u>
Total Investments	<u>40,417</u>	<u>44,131</u>

The purpose of the investment in the investment trusts is to hold it for a period of longer than 12 months. The total carrying amount of the investment trusts has been measured at fair value.

NOTE 17 Other Assets

Prepayments	<u>10</u>	<u>12</u>
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ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 18 Property, Plant and Equipment

Property, plant and equipment includes the following classes of assets – land, buildings, furniture and fittings, plant and equipment and motor vehicles. Property, plant and equipment do not include investment property.

- *Land* includes land held by the Authority.
- *Buildings* includes 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 of items of furniture and fittings.
- *Motor vehicles* consists only of motor vehicles.

	2009	2008
	\$'000	\$'000
Land at fair value*	179	179
Buildings at fair value*	711	711
Less: Accumulated depreciation	<u>(18)</u>	<u>-</u>
Total Buildings	<u>693</u>	<u>711</u>
Furniture and fittings at cost	49	48
Less: Accumulated depreciation	<u>(23)</u>	<u>(20)</u>
Total Furniture and Equipment	<u>26</u>	<u>28</u>
Plant and equipment at cost	227	237
Less: Accumulated depreciation	<u>(193)</u>	<u>(190)</u>
Total Plant and Equipment	<u>34</u>	<u>47</u>
Motor vehicles at cost	31	42
Less: Accumulated depreciation	<u>(5)</u>	<u>(10)</u>
Total Motor Vehicles	<u>26</u>	<u>32</u>
Total Property, Plant and Equipment	<u>958</u>	<u>997</u>

Valuation of Land and Buildings

*An independent valuation of the land and buildings (Units 6–8, National Associations Centre, Campbell) was obtained at 30 June 2008. The basis of valuation was fair market value and was performed by Mr P Street FAPI of Jones Lang LaSalle.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 18 Property, Plant and Equipment (Continued)

Reconciliation of Property, Plant and Equipment

The following table shows the movement of property, plant and equipment during 2008-09.

	Land \$'000	Buildings \$'000	Furniture & Fittings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	179	711	28	47	32	997
Additions	-	-	1	-	31	32
Disposals	-	-	-	-	(31)	(31)
Depreciation	-	(18)	(3)	(13)	(6)	(40)
Carrying Amount at the End of the Reporting Period	<u>179</u>	<u>693</u>	<u>26</u>	<u>34</u>	<u>26</u>	<u>958</u>

The following table shows the movement of property, plant and equipment during 2007-08.

	Land \$'000	Buildings \$'000	Furniture & Fittings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	115	9	32	57	56	269
Additions	-	-	-	11	-	11
Disposals	-	-	-	(1)	(16)	(17)
Depreciation	-	(1)	(4)	(20)	(8)	(33)
Revaluation increments	64	703	-	-	-	767
Carrying Amount at the End of the Reporting Period	<u>179</u>	<u>711</u>	<u>28</u>	<u>47</u>	<u>32</u>	<u>997</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 19 Intangible Assets

The Authority has internally generated software and externally purchased software. The internally generated computer software consists of a large software system, while the externally purchased computer software consists of a number of software licences.

	2009	2008
	\$'000	\$'000
Computer Software		
<i>Internally Generated Computer Software</i>		
Computer software at cost	1,096	999
Less: Accumulated amortisation	<u>(832)</u>	<u>(740)</u>
<i>Total Internally Generated Computer Software</i>	<u>264</u>	<u>259</u>
<i>Externally Purchased Computer Software</i>		
Computer software at cost	116	115
Less: Accumulated amortisation	<u>(80)</u>	<u>(57)</u>
<i>Total Externally Purchased Computer Software</i>	<u>36</u>	<u>58</u>
Total Computer Software	<u>300</u>	<u>317</u>

Reconciliation of Intangible Assets

The following table shows the movement of each class of intangible asset, distinguishing between internally generated and externally purchased intangibles, from the beginning to the end of the current reporting period.

	Internally Generated Computer Software \$'000	Externally Purchased Computer Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	259	58	317
Additions	97	1	98
Amortisation	<u>(92)</u>	<u>(23)</u>	<u>(115)</u>
Carrying Amount at the End of the Reporting Period	<u>264</u>	<u>36</u>	<u>300</u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 19 Intangible Assets (Continued)

The following table shows the movement of each class of intangible asset, distinguishing between internally generated and externally purchased intangibles, from the beginning to the end of the previous reporting period.

	Internally Generated Computer Software \$'000	Externally Purchased Computer Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	244	4	248
Additions	104	74	178
Amortisation	(89)	(20)	(109)
Carrying Amount at the End of the Reporting Period	259	58	317

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 20 Investment Properties

The investment properties are held primarily for rental income. There are no restrictions on investment properties or any restrictions on the income generated.

There are no contractual obligations to construct, purchase or develop investment properties. Further, the Authority does not have any contractual obligation for the repair, maintenance or enhancement of the investment properties.

	2009	2008
	\$'000	\$'000
National Association Centre, Suite 5 at fair value	170	170
Manning Clarke Offices at fair value	<u>17,805</u>	<u>17,800</u>
Total Investment Properties	<u>17,975</u>	<u>17,970</u>

An independent valuation of the investment properties was obtained at 30 June 2008. The basis of valuation was fair market value and was performed by Mr P Street FAPI of Jones Lang LaSalle.

All investment properties are held to generate rental income. Rental income derived, and direct operating expenses of investment properties are shown in the Operating Statement 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. The minimum lease payments resulting from the leasing of investment properties that are as follows

Within one year	828	1,849
Later than one year but not later than 5 years	18	770
Later than 5 years	<u>-</u>	<u>-</u>
	<u>846</u>	<u>2,619</u>

Reconciliation of Investment Properties

The following table shows the movement of investment properties during 2008-09 and 2007-08.

Carrying Amount at the Beginning of the Reporting Period	17,970	19,070
Acquisitions	5	20
(Decrease) in value of investment properties	<u>-</u>	<u>(1,120)</u>
Carrying Amount at the End of the Reporting Period	<u>17,975</u>	<u>17,970</u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009	2008
	\$'000	\$'000
NOTE 21 Payables		
Current Payables		
Long service leave claims owing to registered scheme participants	100	143
Other creditors and accruals	182	202
Goods and Services Tax payable	<u>22</u>	<u>-</u>
Total Current Payables	<u>304</u>	<u>345</u>
Payables are aged as follows:		
Not overdue	<u>304</u>	<u>345</u>
Total Payables	<u>304</u>	<u>345</u>
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Other creditors and accruals	<u>28</u>	<u>22</u>
Total Payables with ACT Government Entities	<u>28</u>	<u>22</u>
Payables with Non-ACT Government Entities		
Long service leave claims owing to registered scheme participants	100	143
Other creditors and accruals	153	180
Goods and Services Tax payable	<u>23</u>	<u>-</u>
Total Payables with Non-ACT Government Entities	<u>276</u>	<u>323</u>
Total Payables	<u>304</u>	<u>345</u>
NOTE 22 Interest-Bearing Liabilities		
The interest rate payable on the bank overdraft held with Commonwealth Bank in 2007-08 was 16.62%.		
Bank overdraft	<u>-</u>	<u>71</u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009	2008
	\$'000	\$'000
NOTE 23 Provision for Long Service Leave Benefits		
Current		
Long service leave benefits for registered scheme participants	<u>38,097</u>	<u>38,828</u>
Non-Current		
Long service leave benefits for registered scheme participants	<u>8,574</u>	<u>6,128</u>
Reconciliation of the Provision for Long Service Leave Benefits		
Provision for Long Service Leave Benefits at the Beginning of the Reporting Period	44,956	40,104
Long service leave benefit claims	(4,069)	(3,701)
Increase in provision for long service leave benefits	<u>5,784</u>	<u>8,553</u>
Accrued long service leave expense	<u>1,715</u>	<u>4,852</u>
Provision for Long Service Leave Benefits at the End of the Reporting Period	<u>46,671</u>	<u>44,956</u>

This provision was estimated by Bendzulla Actuarial Pty Ltd – Consulting Actuaries. The Authority commissions a comprehensive actuarial review every three years together with an annual review. The last triennial review was completed as at 30 June 2009.

Actuarial assessments of accrued long service benefits indicate that the timing of the actual payments is such that \$5.4 million (2007-08: \$3.7million) will be paid in the 12 months following the balance date, with the balance being paid in later years.

NOTE 24 Employee Benefits

Current Employee Benefits

Annual leave	111	99
Long service leave	149	102
Accrued salaries	<u>-</u>	<u>37</u>
Total Current Employee Benefits	<u>260</u>	<u>238</u>

Non-Current Employee Benefits

Long service leave	<u>-</u>	<u>-</u>
Total Employee Benefits	<u>260</u>	<u>238</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009	2008
	\$'000	\$'000
NOTE 24 Employee Benefits (Continued)		
For Disclosure Purposes Only		
Estimated Amount Payable within 12 Months		
Annual leave	83	74
Long service leave	-	-
Accrued salaries	-	37
Total Estimated Employee Benefits Payable within 12 Months	83	111
Estimated Amount Payable after 12 Months		
Annual leave	28	25
Long service leave	149	102
Total Estimated Employee Benefits Payable after 12 Months	177	127
Total Employee Benefits	260	238

NOTE 25 Equity

Accumulated funds	13,092	18,304
Asset revaluation reserve	767	767
Total Equity	13,859	19,071
Reconciliation of Accumulated Funds		
Balance at the Beginning of the Reporting Period	18,304	29,703
Operating (deficit)	(5,212)	(11,399)
Balance at the End of the Reporting Period	13,092	18,304
Reconciliation of Asset Revaluation Reserve		
Balance at the Beginning of the Reporting Period	767	-
Increment in land and buildings due to revaluation	-	767
Balance at the End of the Reporting Period	767	767

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 26 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 report.

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.

Nearly all of the Authority's financial assets and liabilities are held in non-interest bearing arrangements. The Authority's bank balances are relatively small compared to other balance sheet items, and have variable interest rates, and accordingly are not significantly exposed to interest rate risks. This means that the Authority is not significantly exposed to movements in market interest rates. There has been no change in interest rate risk exposure or processes for managing this risk since last year.

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 provision 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. Fixed interest investments are entered into with a selected group of counterparties, all of which have Standard & Poor's credit ratings of AA or better for long-term investments and A1+ for short-term investments.

The Authority's exposure to liquidity 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 encounter difficulties in meeting obligations associated with financial liabilities.

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 financial 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.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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NOTE 26 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.

The Authority's exposure to price risk has changed since the previous reporting period partly as a result of the global financial crisis and a new investment plan which was developed in conjunction with the ACT Treasury. 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. In accordance with this plan, there was a change in investment manager and the funds are now invested in the Vanguard Conservative Index Fund to limit its exposure to price risk.

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	
	2009 \$'000	2008 \$'000	Profit/Equity		Profit/Equity	
			2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial Assets						
Investments	40,417	44,131	8,083	8,826	(8,083)	(8,826)

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 26 Financial Instruments (Continued)

Fair Value of Financial Assets and Liabilities

The carrying value of the Authority's financial assets and financial liabilities at the end of the reporting period are:

	Carrying Amount 2009 \$'000	Fair Value 2009 \$'000	Carrying Amount 2008 \$'000	Fair Value 2008 \$'000
Financial Assets				
Cash and cash equivalents	609	609	1	1
Receivables	825	825	1,253	1,253
Investments	40,417	40,417	44,131	44,131
Total Financial Assets	41,851	41,851	45,385	45,385
Financial Liabilities				
Payables	304	304	345	345
Interest-bearing liabilities	-	-	71	71
Total Financial Liabilities	304	304	416	416

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 by maturity period as at 30 June 2009. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less except for accrued long service leave benefit, which will mature into the future on a rolling basis. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Floating Interest Rate		Non-Interest Bearing		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial Assets						
Cash and cash equivalents	608	-	1	1	609	1
Receivables	-	-	825	1,253	825	1,253
Investments	-	-	40,417	44,131	40,417	44,131
Total Financial Assets	608	-	41,243	45,385	41,851	45,385
Weighted average interest rate	4.67%	7.10%				
Financial Liabilities						
Payables	-	-	304	345	304	345
Interest-bearing liabilities	-	71	-	-	-	71
Total Financial Liabilities	-	71	304	345	304	416
Weighted average interest rate	-	16.62%				
Net Financial Assets					41,547	44,969

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 26 Financial Instruments (Continued)

	2009	2008
	\$'000	\$'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	40,417	44,131
Loans and receivables	825	1,253
Financial Liabilities		
Financial liabilities measured at amortised cost	304	345

The Authority does not have any financial assets in the 'Available for Sale' category or the 'Held to Maturity' category and financial liabilities in the 'Fair Value Through the Profit and Loss' category and as such these categories are not included above.

(Losses) on Each Category of Financial Asset and Financial Liability

(Losses) on Financial Assets

Financial assets at fair value through the profit and loss designated upon initial recognition	(3,024)	(4,525)
Loans and receivables	(19)	(3)

Gains/(Losses) on Financial Liabilities

Financial liabilities measured at amortised cost	-	-
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NOTE 27 Commitments

Commitments Payable

The Authority has no commitments for capital or other amounts payable.

Commitments Receivable

The future minimum lease payments for non-cancellable operating leases expected to be received are as follows:

One year or less	912	2,140
Later than one year and not later than five years	20	891
Later than five years	<u>-</u>	<u>-</u>
Total operating lease commitments receivable	<u>932</u>	<u>3,031</u>

Operating leases are non-cancellable and comprises the lease of the Manning Clark Offices and National Association Centre, Suite 5. All amounts shown in the commitment note are inclusive of GST.

NOTE 28 Contingent Liabilities

There were no contingent liabilities as at 30 June 2009 (2008: None).

NOTE 29 Events Occurring After Balance Date

There were no events occurring after the balance date, which would affect the financial report as at 30 June 2009.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 30 Cash Flow Statement

(a) Reconciliation of Cash and Cash Equivalents at the end of the year in the Cash Flow Statement to the equivalent items in the Balance Sheet

	2009	2008
	\$'000	\$'000
Total cash and cash equivalents recorded in the Balance Sheet	609	1
Bank overdraft	<u>-</u>	<u>(71)</u>
Cash and cash equivalents at the end of the reporting period as recorded in the Cash Flow Statement	<u>609</u>	<u>(70)</u>

(b) Reconciliation of Net Cash (Outflow) from Operating Activities to the Operating (Deficit)

Operating (deficit)	(5,212)	(11,399)
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Add/(Less) Items Classified as Investing or Financing

Net loss on disposal of non-current assets	5	7
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Add/(Less) Non-Cash Items

Depreciation and amortisation	155	143
Accrued long service leave liability	1,715	4,852
Decrease in the value of investment property	-	1,120
Loss on equity trusts and non-cash management fees	<u>2,510</u>	<u>2,933</u>

Cash before Changes in Operating Assets and Liabilities	<u>(827)</u>	<u>(2,344)</u>
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Change in Operating Assets and Liabilities:

(Increase) in employer and contractor debtors	(12)	(23)
(Increase) in other debtors	(9)	(16)
Decrease in accrued income	470	1,339
Decrease in prepayments	2	2
(Decrease) in the provision for long service leave benefits	(43)	(49)
Increase in the employee benefits	22	202
(Decrease)/increase in other creditors and accruals	<u>(19)</u>	<u>41</u>

Net Changes in Operating Assets and Liabilities	<u>411</u>	<u>1,496</u>
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Net Cash (Outflow) from Operating Activities	<u>(416)</u>	<u>(848)</u>
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(c) Non-Cash Financing and Investing Activities

There are no non-cash financing or operating activities.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 31 Related Party Transactions

Ms S Schoonwater was appointed as Chair of the Board from 1 January 2006 until 31 December 2009 and served for the full 2008-09 financial year. Ms K Sattler was appointed as the employees' representative on 18 February 2008, and served for the full financial year. Mr P Middleton was appointed as the employers' representative on 10 September 2008 and served for the remainder of the financial year. Mr G Shaw was appointed on 18 February 2008 as an acting member of the Board to represent employer organisations and served for the full financial year. No appointment has been made for an acting member of the board to represent employee organisations. Board members are appointed for three year terms except Mr Middleton, who was appointed until 30 June 2009.

Key Management Personnel Compensation

Mr PJ Collins was appointed CEO and Registrar on 29 January 2008 and served for the full financial year. The CEO 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 2007-2010. 85% of his salary is met by the Construction Industry Long Service Leave Authority with the balance paid by the Cleaning Industry Long Service Leave Authority under a Cost Sharing Agreement.

Ms S Schoonwater'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 Board members' personal superannuation funds. No superannuation is paid to members whose remuneration is, by choice, paid directly to a Union.

There were no other transactions with related parties.



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial report

I have audited the financial report of the ACT Construction Industry Long Service Leave Authority (the Authority) for the year ended 30 June 2009. The financial report is comprised of the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial report

The Governing Board of the Authority is responsible for the preparation and fair presentation of the financial report 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 for the accounting policies and estimates used in the preparation of the financial report.

The auditor's responsibility

My responsibility is to express an independent audit opinion on the financial report of the Authority based on my audit as required by the *Financial Management Act 1996*.

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

I formed the audit opinion by performing audit procedures to obtain evidence about the amounts and disclosures in the financial report. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial report, 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 report or to evaluate the prudence of decisions made by the Authority.

Electronic presentation of the audited financial report

Those viewing an electronic presentation of this financial report 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 this report. If users of the report 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 report to confirm the accuracy of this electronically presented information.

Independence

I followed applicable independence requirements of Australian professional ethical pronouncements in conducting the audit.

Audit opinion

In my opinion, the financial report of the Authority for the year ended 30 June 2009:

- (i) is presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Authority as at 30 June 2009 and the results of its operations and its cash flows for the year then ended.

This audit opinion should be read in conjunction with the above information.



Tu Pham
Auditor-General
20 August 2009

ACT Construction Industry Long Service Leave Authority

Statement of Performance

For the Year Ended 30 June 2009

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 2009 and also fairly reflects the judgements exercised in preparing them.



Sarah Schoonwater
Chairperson
ACT Construction Industry Long Service Leave Authority

9 September 2009

A.7 Statement of Performance

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Non-Financial Performance Measures

Objective	Activity	2009 Target	2009 Result	Variance from Target	Notes
1. Ensure that the Authority complies with all relevant legislation including the Long Service Leave (Building and Construction Industry) Act 1981 and the Financial Management Act 1996.	Implement agreed recommendations of the review of IT system and business processes	31-12-08	24-07-08	5 months and 7 days early	1
2. Identify opportunities to improve administrative operations in the Authority	Implement the agreed findings of the review of the Authority's staffing structure	31-12-08	11-12-08	20 days early	2
	Provide training to staff using the Authority's IT system/Long Service Leave database	01-01-09	01-01-09	0	3
	Review the implementation of amendments to the Act to simplify administration and compliance, improve benefits to registered workers in the industry, and annually review thereafter	Reviewed by 01-03-09	20-02-09	8 days early	4
	Monthly review by Board of profit and loss statement. Internal Audit Plan implemented	Monthly review: Internal Auditors Report	Completed	0	5

The above non-financial performance measures should be read in conjunction with the accompanying notes.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

Non-Financial Performance Measures – Continued

Objective	Activity	2009 Target	2009 Result	Variance from Target	Notes
3. Ensure that the Authority manages its assets prudentially	Implement the agreed recommendations of the review of the Authority's investment strategy	30-06-09	11-09-08	9 months and 19 days early	6
	Achieve an annual net return on funds under management which, when averaged over the medium-long term (5 years), exceeds 3% above CPI	CPI plus 3% over 5 years	Not achieved Investment return over last 5 years was 4.39% Average of CPI over last 5 years was 3.03%	(27%)	7
4. Ensure the maximum number of eligible employers and workers are registered in the Scheme	Annually visit at least 50 employers in the industry to ensure compliance with the Act	50	63	26%	8
	Visit at least 25 construction sites to ensure all sub contractors are registered and to give an opportunity for workers to enquire about their long service leave entitlements	25	88	252%	9
	All Group Training Organisations will be visited annually with the objective of addressing 1 st year industry apprentices and trainees	5	5	0	10

The above non-financial performance measures should be read in conjunction with the accompanying notes.

**ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009**

Notes to the Statement of Performance

1. The key recommendations of the Delta Management review were to:
 - examine the potential to utilise the Information Management System being developed for the Tasmanian equivalent of the Long Service Leave Authority (TasBuild); and
 - develop more detailed process maps of operational and administrative procedures.

The Authority has worked closely with TasBuild throughout the development of its new Information Management System which commenced operations in late June 2009. At the end of the reporting period, the Board was awaiting legal advice regarding a proposal to modify the TasBuild system for ACT requirements and enter into an arrangement with TasBuild regarding a new system.

The Authority has reviewed its operational administrative procedures and has developed detailed process maps and policies to ensure all staff comply with procedures.

2. A new staffing structure for the Authority was approved by the Board on 11 December 2008. The new structure created a Chief Operations Officer for which recruitment was completed on 11 June 2009. The additional position of an ASO4 was created for the proposed new Community Sector Scheme. The Board has endorsed recruitment for this position once the enabling legislation for this new scheme has been passed by the ACT Legislative Assembly.
3. All Authority staff have been trained on the existing IT/database system. Appropriate training will be provided on the proposed new system if and when that eventuates.
4. The Chief Executive Officer of the Authority reviewed the implementation of amendments to the *Long Service Leave (Building and Construction Industry) Act 1981* (June 2007) and provided a report to the Board which it endorsed at its meeting on 20 February 2009. A number of proposed changes to the *Long Service Leave (Building and Construction Industry) Act 1981* have been forwarded to the Minister for Industrial Relations for consideration. The Minister has advised the Board that these changes will be considered in 2010 on the understanding that new legislation to create a single integrated Authority under one Board and one piece of legislation is passed by the ACT Legislative Assembly.
5. The Authority's monthly profit and loss statement was reviewed by the Board at all meetings during the reporting period. The Board (acting in the capacity of an Audit Committee) also endorsed an Internal Audit Report, prepared by RSM Bird Cameron, on 22 May 2009.
6. On 11 September 2008, the Authority gained approval from the then ACT Treasurer for a new investment plan. This approval followed an extensive review of the Authority's long term investment strategy, which commenced prior to the current international financial crisis. The plan was prepared with assistance from an asset consultant and in close consultation with the Department of Treasury.

**ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009**

Notes to the Statement of Performance - continued

Following the plan's approval, the Boards of both the Construction Industry and Cleaning Industry Long Service Leave Authorities agreed to have their investment funds managed by Treasury's appointed passive manager (Vanguard Investments Australia Ltd).

7. Due to the impact of the global financial crisis on investment markets, the Authority incurred a loss on its investments of 6.12% for the 2008-09 financial year. Due to this year's loss and the loss sustained in 2007-08 (due to similar economic circumstances) the Authority has not achieved its objective of CPI plus 3% over the most recent 5-year period.
8. Inspectors from the Authority visited 63 employers for the purpose of ensuring they complied with the relevant legislation regarding their registration with the Authority.
9. Site visits by inspectors were above target due to an increased focus on compliance work within the Authority.
10. ACT Group Training Organisations as well the Canberra Institute of Technology were visited with the objective of addressing 1st year construction industry apprentices and registering them in the scheme. A total of 20 presentations to apprentice classes were made during the reporting period.



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the statement of performance

I have reviewed the statement of performance of the ACT Construction Industry Long Service Leave Authority (the Authority) for the year ended 30 June 2009.

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 for the systems and procedures to measure the results reported in the statement of performance.

The auditor's responsibility

My responsibility is to provide a report of factual findings that expresses an independent review opinion on the statement of performance of the Authority as required by the *Financial Management Act 1996* and the *Financial Management (Statement of Performance Scrutiny) Guidelines 2008*.

I have reviewed the statement of performance of the Authority to report on whether any matters came to my attention which indicates that the statement of performance is not fairly presented in accordance with the *Financial Management Act 1996*.

This review was conducted in accordance with the Australian Auditing Standards applicable to review engagements. A review is primarily limited to inquiries of the representatives of the Authority, analytical and other review procedures and the examination of other available evidence. As review procedures do not provide all of the evidence that would be required in an audit, the level of assurance provided is less than given in an audit. I have not performed an audit and have not expressed an audit opinion 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.

I have not expressed an opinion on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

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 this statement. If users of this report 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

I followed applicable independence requirements of Australian professional ethical pronouncements in conducting this review.

Review opinion

Based on my procedures, no matters have come to my attention which indicate that the statement of performance of the Authority for the year ended 30 June 2009 does not fairly present the performance of the Authority in accordance with the *Financial Management Act 1996*.



Tu Pham
Auditor-General
10 September 2009

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 2008-09 the Authority performed well in achieving its non-financial objectives by:

- implementing a new investment strategy;
- continuing the implementation of the agreed recommendations of a Business Analyst Review of its IT system, business processes and staffing arrangements; and
- progressing planning for the introduction of a new Community Sector Long Service Leave Scheme as announced by the ACT Government in its 2008 Budget.

In addition, in undertaking its core business of day-to-day management of the Construction Industry Portable Long Service Leave Scheme, the Authority again operated with greater efficiency than the previous year. As the figures below indicate, a similar number of Authority staff completed a greater work load in the reporting period than in 2007-08 in terms of:

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

However, it should be noted that the Authority’s workload may vary from year to year 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) of \$1.40m were slightly less than budget (2008 Actual \$1.63m; 2008 Budget \$1.53m) due to reduced investment management fees and less expenditure on consultants.

The disappointing aspect of 2008-09, as was the case in 2007-08, was that the Authority again sustained a substantial operating deficit and decrease in equity. This was due to the negative return of the Authority’s funds under management. However, as highlighted in the Management Discussion and Analysis Report, this is only the third year in the last 20 years that an investment loss has been recorded. It should also be stressed that the conditions affecting the national and global equities market continued to be extremely abnormal and, of course, beyond the control of the Authority or its investment managers.

Operational Statistics

		<u>June 2008</u>	<u>June 2009</u>	<u>% Variation</u>
i.	Employers (active)	936	1,006	7.48
ii.	Employees (currently registered)	13,202	13,620	3.17
iii.	Employees (currently active)	7,312	7,787	6.5
iv.	LSL claims paid	482	525	8.92
v.	LSL payments	\$3.71m	\$4.10m	9.68
vi.	Levy & other non investment income	\$2.92m	\$3.32m	13.55
vii.	Investment income (excl property)	-\$4.50m	-\$2.91m	35.42
viii.	Overall Investment return	-9.11%	-5.12%	43.80
ix.	Operating Costs	\$1.67m	\$1.39m	-16.64
x.	Total operating surplus/equity	-\$11.39m	-\$5.21m	54.24

Notes:

- i. The number of registered employers continues to increase due to the:
 - continuing resilient state of the construction 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.
- ii. The number of registered workers continues to increase at a high rate due to the:
 - continuing resilient state of the construction industry; and
 - increase in the number of employer registrations.
- iv. The increase in the number of long service claims paid and the higher level of payments is considered to be a result of:
- v.
 - a) legislative changes allowing workers to access payments for LSL without having to actually take leave and the introduction of a retiring age of 55; and
 - b) workers taking the opportunity to access their long service leave or payment in uncertain economic times.
- vi. The levy income has increased due to the increase in employers and employees in the scheme and the higher ordinary weekly wages of industry workers.
- vii. Investment income was adversely affected by substantial falls in the Australian and global equities markets due to the on-going international financial crisis; however, the 2008-09 figure was mitigated by a change in the Authority's investment strategy in accordance with its investment plan.
- ix. Operating Costs include employee expenses, supplies and services expenses, amortisation and directors' fees and allowances. The decrease in 2008-09 was primarily due to reduced investment fees and expenditure on consultants.

Section B – Consultation and Scrutiny Reporting

B.1 Community Engagement

The Authority did not undertake any major community consultation during the year. However, it consulted and engaged with its key stakeholders (employers and employees in the ACT building and construction industry) through activities such as:

- visits to building sites;
- visits to employers' premises to provide information and assistance in completing returns;
- presentations to Group Training Organisations;
- specific written communication and meetings with employer and employee representatives (from a range of unions) on the issues of the proposed increase in employer levy contributions, in accordance with the recommendations of the actuary, and changes to employee conditions and entitlements;
- 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;
- meetings between the Authority and the CEOs of the MBA and HIA and ACT Property Council; and
- meeting with the President and Operations Manager of the ACT Chapter of the National Electrical and Communication Association.

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

The Authority administers the *Long Service Leave (Building and Construction Industry) Act 1981*. 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 2008-09. The agreed Internal Audit Work Plan was implemented to test these controls.

To ensure that the Authority can meet its long service leave payment liabilities, annual actuarial reviews of the fund's liabilities are undertaken. Conservative budgeting, rigorous administration cost minimisation and maintenance of an appropriate industry levy ensures the ongoing 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. 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's Department.

Board Meetings

Attendance at Board Meetings is summarised as follows:

Name of Member	Position	Duration	Meetings attended
Sarah Schoonwater	Independent Chair	1 July 2008-30 June 2009	9
Kim Sattler	Member	1 July 2008-30 June 2009	8
Peter Middleton	Member	9 September 2008-30 June 2009	7
Graeme Shaw	Member (alternate)	1 July 2008-30 June 2009	1
Phil Collins	CEO/Registrar/ Member (non voting)	1 July 2008-30 June 2009	10

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.

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/Register 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 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 (Building & Construction Industry) Act 1981;
- 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 2009.

C.5 Internal Accountability

The Board consists of a chair; a member representing employee organisations; a member and deputy (or ‘acting’) representing employer organisations. Currently there is no deputy (or ‘acting’ member) for employees.

The Registrar of the Authority is a non-voting member of the Board.

The Chair was appointed by the Minister for Industrial Relations on 1 January 2006 for a 3 year term until 31 December 2009. Ms Schoonwater and Ms Sattler were appointed by the Minister on 18 February 2008 to hold office for 3 years expiring on 17 February 2011. Mr Middleton was appointed on 9 September 2008 until 30 June 2009.

Policies relating to the appointment, functions, powers, constitution, resignation, meetings and protection of the Board are specified in Part 2 of the *Long Service Leave (Building and Construction Industry) Act 1981* 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

Board member	Position	Meetings attended
<p>Ms S Schoonwater</p> <ul style="list-style-type: none"> ▪ Secretary ACT Branch Construction, Forestry, Mining & Energy Union ▪ Director Building & Construction Industry Training Fund Authority ▪ Director Australian Construction Industry Redundancy Trust 	Chairperson	9
<p>Ms K Sattler</p> <ul style="list-style-type: none"> ▪ 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
<p>Mr P Middleton</p> <ul style="list-style-type: none"> ▪ 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 from 9 September 2008-30 June 2009	7

<p>Mr GE Shaw</p> <ul style="list-style-type: none"> ▪ Managing Director – Shaw Projects P/L (Property Development and Vineyard/Winery Operator) ▪ Former Managing Director – G.E. Shaw and Associates P/L (Construction and Property Development) ▪ Director of Construction Company – Matrix P/L ▪ Member of ACT MBA 	<p>Member representing employer organisations (Acting)</p>	<p>1</p>
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Registrar/CEO: Mr P Collins
Deputy Registrar: Mr G Wright (to 10 June 2009)
Mr G Josipovic (from 11 June 2009)

Due to the small size of the Board it does not have any sub-committees. The Board met approximately monthly with 10 meetings for the year, and a Planning Meeting in January 2009.

All matters are dealt with by the Board as a whole. When considering Internal Audit Reports by RSM Bird Cameron, the Board acted in the capacity of an Audit Committee chaired by a member other than the normal Chair in accordance with the Board’s Internal Audit Charter. The Board members have access to independent legal and professional advice as required. The Board is consulted on the *Long Service Leave (Building and Construction Industry) Act 1981* 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 by Duesbury’s Nexia based on information provided by the Authority’s Financial Manager and Chief Executive Officer 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 is reviewed by the Board on a yearly basis. 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 in a 360° management style of feedback and support. This is successfully managed on a day-to-day and 1:1 basis.

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 both the ACT Construction and

Cleaning Industry Long Service Leave Authorities. Approximately 15% of staff salaries and time is allocated to administration of the ACT Contract Cleaning Industry Long Service Leave Scheme.

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's Department.

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's Department.

Staff Profile as at 30 June 2009

The Authority employs 11.6 Full Time Equivalent Permanent staff, but for a time during the reporting period also employed a Temporary staff member to cover for Permanent staff absences. The profile below was provided to the Authority by Shared Services:

FTE & Headcount

	Male	Female
FTE by Gender	4	7.65
Headcount by Gender	4	8
% of Workforce	33.3%	66.7%

Employment Type

Permanent	Temporary	Casual
12	0	0

Classifications

Classification Group	Female	Male	Total
Administrative Officers	8	1	9
Senior Officers	0	3	3
TOTAL	8	4	12

Employment Category by Gender

Employment Category	Female	Male	Total
Casual	0	0	0
Permanent Full-time	7	4	11
Permanent Part-time	1	0	1
Temporary Full-time	0	0	0
Temporary Part-time	0	0	0
TOTAL	8	4	12

Average Length of Service by Gender by age-group

Average Length of Service	Female	Male	Total
0-2	6	1	7
2-4			0
4-6			0
6-8		1	1
8-10		1	1
10-12			0
12-14	1		1
14+ years	1	1	2

Total Average Length of Service by Gender

Gender	Average length of service
Female	4.53
Male	7.97
Total	5.68

Age Profile

Age Group	Female	Male	Total
<20			0
20-24			0
25-29			0
30-34			0
35-39	2	1	3
40-44		1	1
45-49	3		3
50-54	1	1	2
55-59	1	1	2
60-64	1		1
65-69			0
70+			0

Agency Profile

Branch/Division	FTE	Headcount
Long Service Leave Board	11.65	12
Total	11.65	12

Agency Profile by Employment Type

Branch/Division	Permanent	Temporary
Long Service Leave Board	12	0
Total	12	0

Equity & Workplace Diversity

Indigenous Status	Indigenous %	English as a Second Lang (ESL)	ESL %	Staff with a Disability	Disability %	Women	Women %	Total Paid Headcount
0	0	4	33.3	0	0	8	66.7	12

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:

- Sponsored Training for First-Time and Front-Line Managers – 1 participant
- Certificate IV in Government (Financial Services) through Canberra Institute of Technology – 1 participant
- Spread Sheet Training – 2 participants
- MYOB Course – 3 participants
- First Aid Training – 1 participant

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 CMD 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*.

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 2009	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 2009	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 2009	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 2009
Individual and Group SEAs	SOGA	\$120,000 - 125,000
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 in 1990 as part of its long-term investment strategy, are leased to the ACT Government Department of Education and Training on a second 10 year lease agreement which expires on 1 December 2009. The Department has sub-leased the building to Medicare Australia from April 2008, with the Authority's approval. The Authority has signed a Heads of Agreement with Medicare to extend the lease until December 2013 and negotiations on the new lease were progressed during the period.

The offices are situated on 9,457m² 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 2008 where the building's market value was assessed at \$17.8m. The property is valued *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 owns Unit 5 of the National Associations Centre, 71 Constitution Ave, Campbell, ACT (an area of 50m²) which is leased to the *Building & Construction Training Fund Authority*. A valuation was conducted as at 30 June 2008 where the building's market value was assessed at \$170,000. The property is valued *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 an APPX database which has been fully depreciated, two servers, 12 computer workstations and 1 laptop.

Asset Movement

During the year the Authority's two motor vehicles were traded in and two new (smaller) cars were purchased. Apart from these purchases, the only assets added to the register were minor items of furniture.

2. Asset Maintenance and Upgrades

Buildings:

Capital Expenditure - \$9,590

Repairs and Maintenance - \$67,117

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 \$890,000 in accordance with recommended Accounting Standards.

Staff are accommodated in individual offices or at workstations. Each complies with the minimum requirement of 15m² 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 2009.

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 \$19,297 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

The Authority terminated its 3 year investment management agreement with **Suncorp Metway Investment Management Limited** for management of its funds on 16 February 2009. It then appointed Vanguard Australia as its investment manager on 19 March 2009. The Authority paid Suncorp on a fee for service basis based upon a quarterly percentage of funds under management. Total fee was \$87,466. It also paid Vanguard a substantially reduced fee of 0.0775% per annum of the total invested funds. This equated to approximately \$31,000 per annum based on a passive management investment strategy.

Computer Consultancy

The Authority maintains an ongoing 'fee for service' arrangement with **AJ May & Associates Pty Ltd** and **RP Computer Services** for provision of computer programming, development, support, and maintenance services. During the year ended 30 June 2009 the Authority paid them \$96,720 based upon an annually reviewed and agreed hourly rate for services supplied.

Accounting Services

Since the commencement of the scheme in 1981 all specialist accounting advice, preparation of annual financial statements, budgets and statement of intent has been provided by **Duesburys Nexia**. They are remunerated on a fee for service basis and were paid \$35,500 for all such accounting services throughout the year. Until 11 June 2009, the Authority did not have the expertise or resources within its staffing to enable it to fulfil these roles and functions. However, the recruitment of a Chief Operations Officer with accounting qualifications and substantial accounting experience within the ACT Government will enable this function to be performed in-house from 2009-10.

Actuarial Services

The Authority's actuary (**Bendzulla Actuarial Services Pty Ltd**) has a 3 year contractual agreement to 30 June 2008 with an option for a 2 year extension. Their primary role is to provide actuarial reviews and reports when due as well as provide other advice upon request. In 2008/09 the actuary also provided a 3 yearly report to the Authority as noted earlier in this report. A total of \$19,416 was paid for the annual review, the 3 yearly report and additional advice and analysis.

External Auditors

Auditing services were provided to the Authority by the **Auditor-General's Department** for a cost of \$25,000 (all accrued). This sum also included fees payable by the ACT Auditor-General to **Price Waterhouse Coopers** for provision of a peer actuarial review.

Governance Arrangements and Internal Audit

RSM Bird Cameron developed a 3 Year Internal Audit Program and provided Internal Auditing Services for 2008-09 and was paid \$4,200 for these services.

Business Analyst Services

The Authority awarded **Delta Management** an additional contract to undertake due diligence on Formation Technology Pty Ltd (the company developing the IT system for TasBuild) and provide advice on the proposal by Formation to modify and enhance the TasBuild system for ACT requirements. The cost of this consultancy was \$6,375.

Formation Technology was contracted to develop a:

- Gap Analysis document reflecting the differences between the new IT system developed for TasBuild and the IT requirements for the Authority; and a
- Comprehensive proposal to build a multi-scheme IT system for the Authority.

They were paid a total of \$37,246 for these services.

Recruitment Services

The Authority engaged the recruitment company **Ford Kelly** to undertake the recruitment of a new Chief Operations Officer. The cost of this consultancy was \$9,720. Hays Specialist Recruitment Services were also paid \$19,172 for wages for a part-time staff member at the ASO3 equivalent for part of the reporting period's timeframe.

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 - NRMA Graduating Apprentice and Industry Encouragement Awards	Awards presented at Ceremony in July 2008	\$2,000
2	ACT OH&S Commission	Safe Work ACT Awards	Awards presented at Ceremony in October 2008	\$2,500

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's Department 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

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 2006-2009.

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	2008-09	
	General			
A	Occupancy – office staff full-time equivalent	Numeric (FTE)	11.6	
	Occupancy – total staff full-time equivalent (including non-office)	Numeric (FTE)	11.6	
B	Area office space – net lettable area	Square metres (m ²)	320	
	Area non-office space – net lettable office area	Square metres (m ²)	-	
	Stationary energy use			
	Electricity use (total)	Kilowatt hours	47,008	
X	Electricity use (office)	Kilowatt hours	47,008	
Y	Renewable energy use (GreenPower)	Kilowatt hours	10,812	
	Percentage of renewable energy used (Y / X x 100)	Percentage	23	
	Gas use (total)	Megajoules	-	
	Gas use (office)	Megajoules	-	
C	Total office energy use	Megajoules	169,229	
	Intensities (office)			
	Energy intensity per office FTE (C / A)	Megajoules/ FTE	14,589	
	Energy intensity per square metre (C / B)	Megajoules/ m ²	529	
	Transport Energy		Office	Other
D	Total number of vehicles	Numeric	3	-
	Transport fuel (Petrol)	Kilolitres	5.4	-
	Transport fuel (Diesel)	Kilolitres	-	-
	Transport fuel (LPG)	Kilolitres	-	-
	Transport fuel (CNG)	Kilolitres	-	-
	Transport fuel (Aviation)	Kilolitres	-	-
E*	Total transport energy use	Gigajoules	184	-
	Water consumption			
	Water use (total)	Kilolitres	161	
F	Water use (office)	Kilolitres	161	
	Intensities (office)			
	Water use per office FTE (F / A)	Kilolitres / FTE	13.9	
	Water use per square metre floor area (F / B)	Kilolitres / m ²	0.5	
	Waste			
	Estimate of waste to landfill (Co-mingled)	Litres or cubic metres	0.75	
G	Estimate of putrescible waste (Food and organic matter)	Litres or cubic metres	0.375	
H	Estimate of waste paper to landfill (Paper)	Litres or cubic metres	0.72	
I	Reams of paper used (carryover stock + total year order - remainder)	Reams	215	
J	Total of waste paper recycled	Litres or cubic metres	4.5	
K	Total waste greenhouse gas emissions	Tonnes CO ₂ -e	5.06	
	Resource Efficiency			
	Estimate of putrescible waste per FTE (G / A)	Litres or m ³ / FTE	0.03	
	Total office paper used per FTE (I / A)	Reams / FTE	18.5	
	Percentage of paper recycled (J / (J+ H) x 100)	Percentage	86	
	Estimate of total co-mingled office waste per FTE (K / A)	Litres or m ³ / FTE	0.4	
	Office Greenhouse Gas Emissions			
*	Direct greenhouse gas emissions (Scope 1)	Tonnes CO ₂ -e	NA	
*	Indirect greenhouse gas emissions (Scope 2)	Tonnes CO ₂ -e	42.14	
*	Other indirect greenhouse gas emissions (Scope 3)	Tonnes CO ₂ -e	7.95	
L*	Total office greenhouse gas emissions (All Scopes)	Tonnes CO ₂ -e	50.09	
	Transport Greenhouse Gas Emissions			
*	Direct greenhouse gas emissions (Scope 1)	Tonnes CO ₂ -e	12.32	
*	Indirect greenhouse gas emissions (Scope 2)	Tonnes CO ₂ -e	NA	
*	Other indirect greenhouse gas emissions (Scope 3)	Tonnes CO ₂ -e	0.98	
M*	Total transport greenhouse gas emissions (All Scopes)	Tonnes CO ₂ -e	13.30	

Greenhouse Gas Intensities			
	Office greenhouse gas emissions per person (L / A)	Tonnes CO ₂ -e / FTE	4.32
	Office emissions per square metre (L / B)	Tonnes CO ₂ -e / m ²	0.16
	Transport greenhouse gas emissions per person (M / A)	Tonnes CO ₂ -e / FTE	1.15

* = calculated with information entered into OSCAR

C.22 ACT Women's Plan 2004-2009

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.

Attachment 1: Abbreviations and acronyms

- AAMI Australian Associated Motor Insurers Ltd
- AASB Australian Accounting Standards Board
- ACT Australian Capital Territory
- ACT Australian Capital Territory
- ACTTAB Australian Capital Territory Totalizator Agency Board
- AIFRS Australian Equivalents to International Financial Reporting Standards
- BSCAA Building Service Contractors Association of Australia
- CBA Commonwealth Bank of Australia
- FMA Financial Management Act 1996
- FTE Full Time Equivalent
- GAAP Generally Accepted Accounting Standards
- HIA Housing Industry Association
- IFRS International Financial Reporting Standards
- LSL Long Service Leave
- MBA Master Builders Association
- MLA Member of the Legislative Assembly
- MYOB Mind Your Own Business – Accounting software
- NSW New South Wales
- SAA Strategic Asset Allocation
- SMIML Suncorp Metway Investment Management Limited
- UIG Urgent Issues Group

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