

Australian Capital Territory



ANNUAL REPORT

2009-2010

ACT Long Service Leave Authority



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



ACT LONG SERVICE LEAVE AUTHORITY

TRANSMITTAL CERTIFICATE

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

Dear Minister

We are pleased to present to you the 2010 Annual Report and Financial Report of the ACT Long Service Leave Authority (the Authority).

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

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

We hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of the ACT Long Service Leave Authority during the period 1 July 2009 to 30 June 2010 has been included and that it complies with the Chief Minister's Annual Reports Directions.

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

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

Yours sincerely



Glenys Roper
Chair

15 September 2010



Phil Collins
Chief Executive Officer

15 September 2010

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Section A: Performance and Financial Management Reporting

A.1 The Organisation

The ACT Long Service Leave Authority (the Authority) was established under the *Long Service Leave (Portable Schemes) Act 2009* (the Act). The Authority combines the previous Construction Industry Long Service Leave Authority and the Contract Cleaning Industry Authority. As the new Authority has been in existence for only six (6) months, this report covers that period but will also include information relating to the Construction Industry Scheme and the Contract Cleaning Industry Scheme over the last 12 months.

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

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

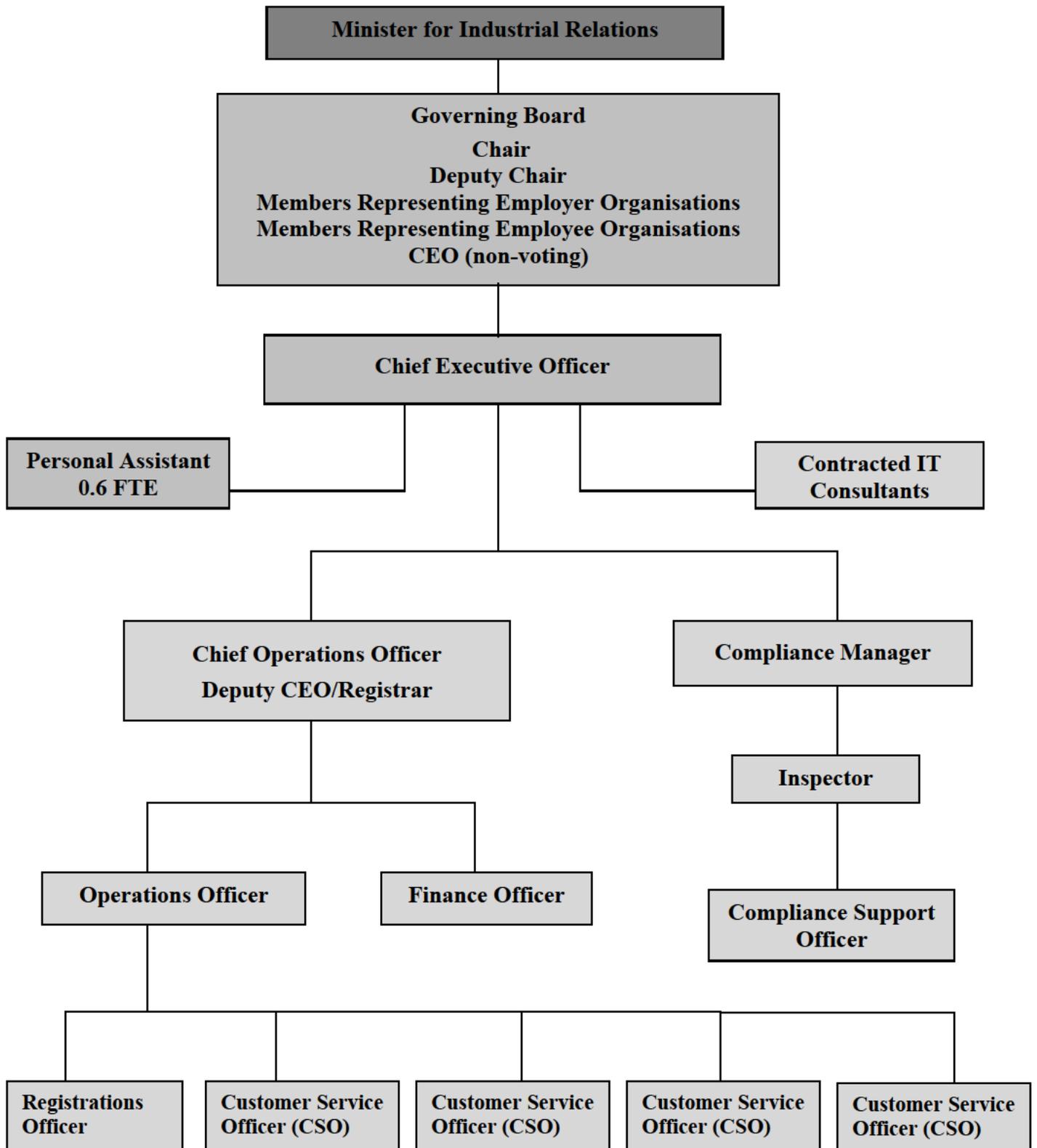
The Authority liaises with similar portable long service leave organisations in all States and the Northern Territory and consults with relevant employer and employee organisations in the ACT.

Mission and Values

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

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

Organisational Structure/Chart



A.2 Overview

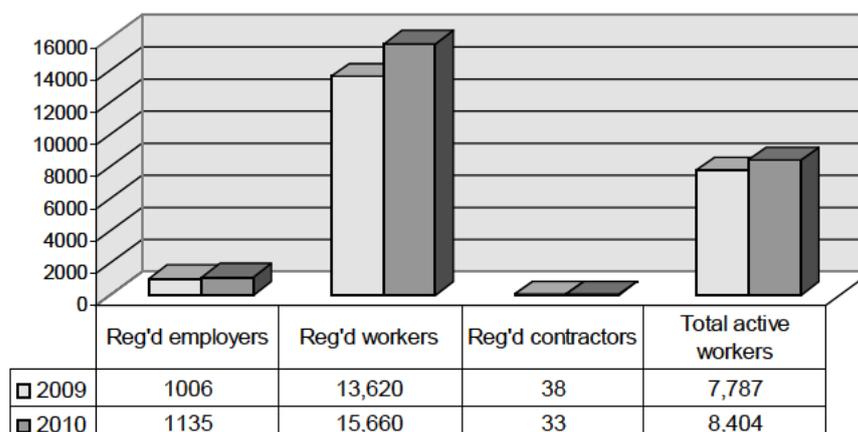
Authority Performance

Construction Scheme Registrations

Consistent with the ongoing recovery from the international financial crisis and an increase in economic activity throughout Australia, the 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, as in previous years, this increase in registration also reflects the sustained efforts of the Authority to ensure that as many as possible of the eligible employers and workers within the industry are registered and that employers are paying the required levy.

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 7,787 in 2009 to 8,404 this year and that during the year, 129 additional employers were registered in the scheme. The total number of registered employees was 15,660 at 30 June 2010.

Figure 1. Construction Registration Statistics

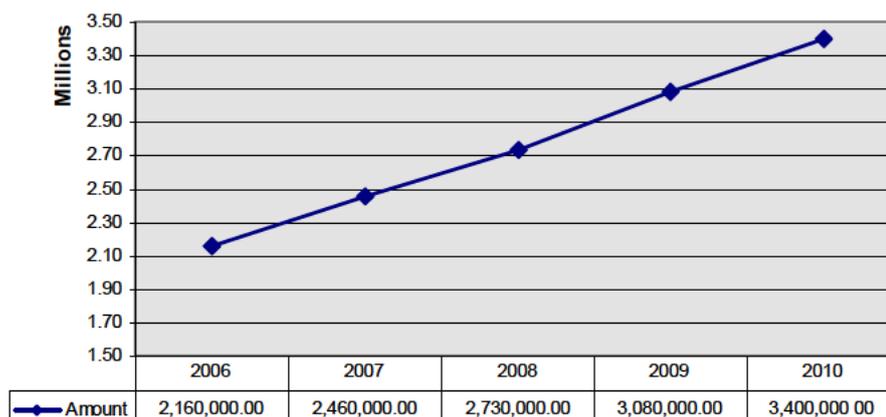


Note: Increase in registered workers includes 807 workers who were previously recorded as unregistered with temporary numbers.

Construction Scheme Levy Contributions

Construction industry employers paid the Authority a total of \$3.40m in levy contribution payments based on 1% of employee wages (except apprentices whose service is recorded but no levy payment is required). A total of \$3.08m was paid in 2008-2009. This 10.39% increase in payments this year is due to an increase in wages in the industry, increased activity and continuing efforts by the Authority to ensure that all eligible employers in the industry are registered with the Authority and paying the appropriate levy.

Figure 2 Construction Levy Contribution Payments by Employers



Construction Scheme Benefit Payments

There were 533 long service leave benefit payments made to workers during the year (525 in 2009), representing a payment of \$4.49m (\$4.07m in 2009). The scheme has paid a total of \$47.22m in long service leave benefits from the Fund since the commencement of the scheme in 1981.

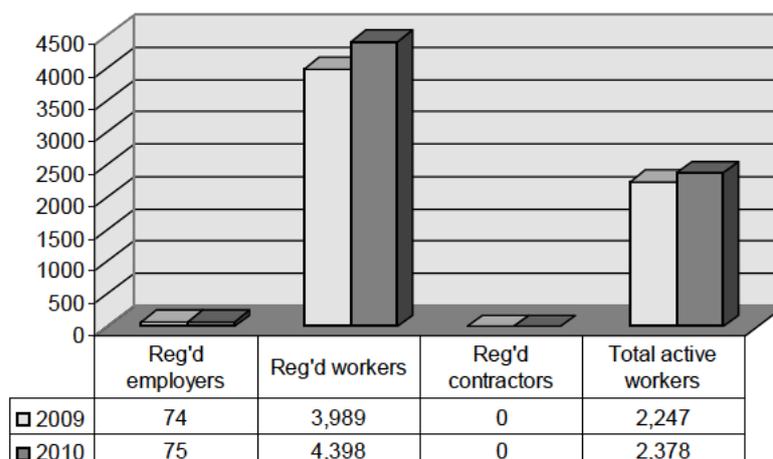
Claims lodged	2009	2010
• Total claims lodged	553	581
• Withdrawn, cancelled, refused or duplicate	28	48
• Number of payments made	525	533
Criteria under which claims were lodged		
• More than 10 years service	295	280
• Pro-rata (5 years but less than 10 years of credited service and leaving the industry)	101	115
• Ill health, retirement or death (55+ days service)	47	66
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	4	12
• Payments to reciprocal State and Territory schemes	78	60

Cleaning Scheme Registrations

The Cleaning scheme achieved the 10 year mark as at 23 June 2010. As in recent years the ACT cleaning industry has remained extremely stable during 2009-2010 in terms of the number of employers and active employees.

Statistics sourced from employer returns during the year indicate that active employment levels in the contract cleaning industry have decreased slightly during the reporting period. The number of registered employers has stabilised.

Figure 3. Cleaning Registration Statistics

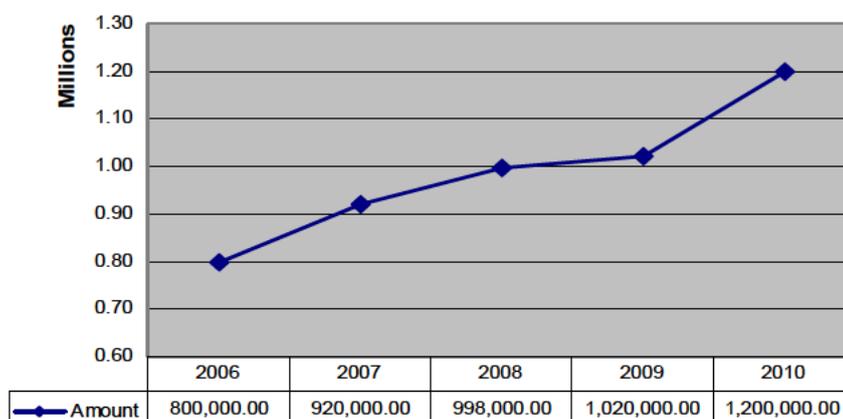


Note: Increase in registered workers includes 535 workers who were previously recorded as unregistered with temporary numbers.

Cleaning Scheme Levy Contributions

Cleaning industry employers paid the Authority a total of \$1.20m in levy contributions during the reporting period (\$1.02m in 2009). The 17.65% increase is due to increased wages in the industry, increased activity and continuing efforts by the Authority to ensure that all eligible employers in the industry are registered with the Authority and paying the appropriate levy.

Figure 4 Cleaning Levy Contribution Payments by Employers



Cleaning Scheme Benefit Payments

There were 102 long service leave benefit payments made to workers during the year (107 in 2009), representing a payment of \$0.27m (\$0.26m in 2009). Now that the scheme is past the 10 year mark, and employees can claim an entitlement without leaving the industry, it is expected that benefit payment claims will increase in future years.

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

Claims lodged	2009	2010
• Total claims lodged	121	115
• Withdrawn, refused or duplicate	14	13
• Number of payments made	107	102
Criteria under which claims were lodged		
• More than 10 years' service	0	0
• Pro-rata (5 years but less than 10 years of credited service)	22	26
• Ill health, retirement or death (55+ days service)	55	45
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	30	31
• Payments to reciprocal state schemes	0	0

Compliance and Education

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

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

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

A.3 Highlights

New Ministerial Appointment

Ms Katy Gallagher was appointed the Minister for Industrial Relations on 1 December 2009.

New Board Appointment

With the establishment of the new Authority on 1 January 2010, the Minister for Industrial Relations appointed a new Board as follows.

Chair – Ms Glenys Roper

Deputy Chair – Mr Peter Matthews

Members representing employee organisations – Ms Kim Sattler and Ms Sarah Schoonwater

Member representing employer organisations – Mr Peter Middleton

Notes:

1. Ms Schoonwater resigned from the Board with effect 18 January 2010 and as at the reporting date has not been replaced.
2. An additional member, representing employer organisations, will be appointed with effect 1 July 2010.

Implementation of a Single Integrated Authority

Following the successful passage of new legislation referred to above, the Authority undertook a number of actions 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. These actions included:

- Integration of financial reporting (the 2010-2011 Statement of Intent included financial statements for the Authority as a whole and the separate schemes);
- Integration of monthly Board reports;
- the finalisation of a new organisational structure;
- the recruitment of an additional Customer Service Officer (with prime responsibility for the new Community Sector scheme); and
- a move to a single logo and associated stationery and signage.

In addition, the new Board of the Authority agreed upon revised procedures and processes to give equal weight to consideration of specific issues for each scheme. The Board also ensured that all its activities and deliberations were consistent with the principles and procedures as documented in the ACT Government “Boards and Committees Handbook”.

Planning for the new Community Sector Long Service Leave Scheme

An amendment to the *Long Service Leave (Portable Schemes) Act 2009* establishing the new Community Sector Long Service Leave scheme was passed in the ACT Legislative Assembly on 9 December 2009. During the reporting period, the Authority worked closely with the Department of Disability, Housing and Community Services (DDHCS) and the Office of Industrial Relations (OIR) to prepare for the implementation of this new scheme. Following passage of the legislation the Authority undertook the following activities during the reporting period:

- **Project Action Plan** – A detailed project plan has been developed by the Authority for the introduction of the scheme.
- **Identification of Employers** – As at 30 June 2010, with the help of DDHCS and the use of other resources, the Authority has identified and communicated via e-mail with approximately 300 potential employers in the sector.
- **Presentations to and feedback from Employers** – As at 30 June 2010, 132 employer organizations have attended briefings by the Authority's CEO in 22 small-group briefing sessions. Feedback on specific queries has been provided to individual employers or groups/associations. At their request, a number of larger employers have been given individual presentations. Presentations have also been delivered to employers in seminars run by ACTCOSS covering a variety of issues affecting the Community Sector. The Authority also spoke at a Joint Community Government Reference Group meeting in May.
- **Employer Registrations** – As at 30 June 2010, 147 employers have submitted Registration Application forms to the Authority. (The Authority intends to formally write to all employers that it has identified as being eligible for the scheme but have not submitted an application for registration by early August 2010). Initial submission of employee information and levy payment for the July to September quarter will not be required until at least the end of October 2010.
- **Presentations to Employees** – The Authority has liaised with Unions ACT to organize presentations to groups of employees in the sector. As at 30 June 2010, 5 presentations had been undertaken.
- **Process Improvement** – The Authority has reviewed and revised its registration and returns processes, including the associated forms, to ensure they are as 'user-friendly' as possible. It is intended that all registration and return data will be entered directly into the Authority's new IT system, Leave Track.
- **New Telephone System** – The Authority has purchased a new telephone system to increase line capacity, ensuring that all calls are answered promptly by staff who can respond to queries regarding the new scheme.
- **New Website** – The Authority has developed a new website to reflect the integration of the old authorities and to incorporate detailed information about the new scheme.
- **Staff Recruitment** – An additional staff member with prime responsibility for assisting Community Sector employers and employees with the implementation of the new scheme commenced with the Authority on 24 June 2010 following a normal recruitment process. However, all Authority staff have been trained to assist with the implementation of the scheme.

- **Advertisements in the Canberra Press** – The Authority placed a quarter page advertisement/information piece in the Canberra Times Community Care Supplement on 24 May 2010 and in the Chronicle on 25 May 2010. The advertisements included information for employers and employees.

Implementation of a New IT Solution and Improved Business Operations

Following an extensive review of a number of IT systems in various portable long service leave authorities around Australia, the Authority signed a contract with Formation Technology to build a new database system for the Authority, loosely based on a similar system recently implemented in the Tasmanian long service leave authority (TasBuild). During the reporting period the Authority has worked closely with Formation Technology on the development of the system (Leave Track) which is due for testing and implementation by mid December 2010. The Community Sector database will be sufficiently completed to allow the processing of employers' returns and payments by November 2010.

A.4 Outlook

Implementation of the new Community Sector Scheme

As noted above, the new Community Sector Portable Long Service Leave Scheme will commence on 1 July 2010. Although significant preparation for the implementation of this scheme was undertaken during the current reporting period, considerable work will be undertaken in 2010-11 to implement the scheme and ensure that all eligible employers and employees are registered with the scheme and employees provide quarterly information and payments to the Authority.

Transition to new Leave Track Data Management System

As noted above, Leave Track is expected to be fully implemented across three schemes by December 2010. However, it is intended that returns for the Community Sector scheme will be forwarded electronically to the relevant employers in late September 2010 through Leave Track. Likewise employer return submissions and levy payments will be undertaken through a weblink and processed directly into Leave Track.

Returns and payments for the Construction and Cleaning schemes will be forwarded electronically (or in paper format) to employers through Leave Track in mid December 2010. Current Construction and Cleaning employers who continue to use paper based returns will be encouraged to transition to electronic returns in 2011.

Finalisation of the Appointment of an Actuary for a New Three Year Term

At the end of the reporting period, tender submissions for a new three year actuarial contract for the three schemes were being examined by the Authority's Tender Evaluation Team. The Authority's Governing Board is expected to finalise this appointment in July 2010.

A.5 Management Discussion and Analysis

Note : As the Long Service Leave Authority was established from 1 January 2010, comparable figures can not be included. However, trend data for the respective Construction and Cleaning Schemes is provided where relevant.

Objectives of the Authority

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

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

Financial Performance

The Authority reported an operating deficit for the six months from 1 January to 30 June 2010 of \$0.86m and net assets of \$8.29m. This negative outcome is primarily due to losses on investments under management with Vanguard Australia Pty Ltd as a result of the subdued investment climate during this six (6) month period. These losses were partly offset by increases in other revenue including contributions from employers and income distributions from funds under management as well as reduced expenditure in long service leave benefit claims and the accrued long service leave expense provision.

The following financial information is based on the Authority's 2009-10 Statement of Intent for 1 January to 30 June 2010, the audited Financial Statements for 1 January to 30 June 2010, and forward estimates contained in the Authority's 2010-11 Statement of Intent.

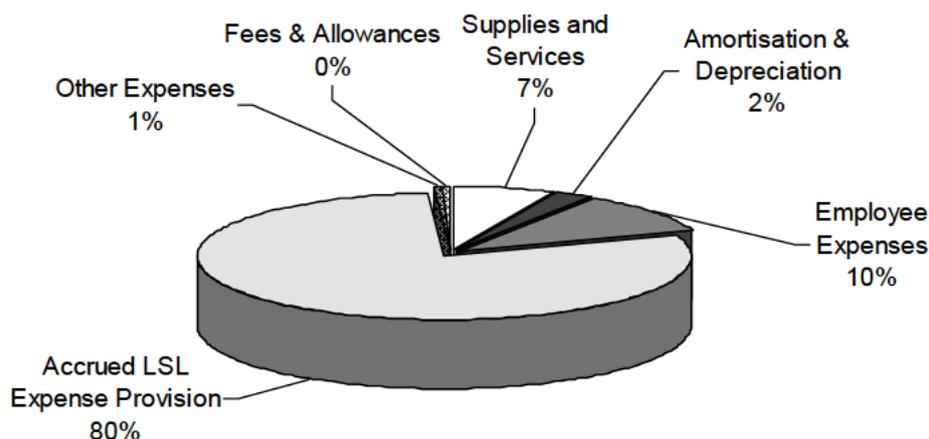
Note: It incorporates multiple scheme information as well as scheme specific information where identified.

Income

Budget – 30 June 2010	\$5.42m
Actual – 30 June 2010	\$4.03m

Income was \$1.39m less than budget primarily due to a negative investment fund return as discussed above and illustrated in **Figure 5** below:

Figure 7. Components of Expenditure



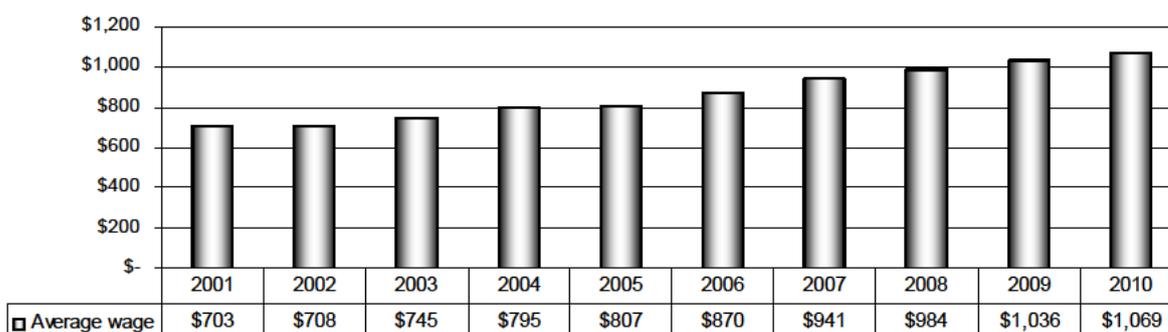
Long Service Leave Payments

Construction Scheme

In 2009-10 the Authority made 581 long service leave benefit payments totalling \$4.54m to workers in the construction industry.

The rate at which workers are paid their long service leave benefit is based upon the average of their earnings during the 6 months or 12 months immediately prior to making a claim for the benefit, whichever is the higher. **Figure 8** depicts the steady increase in the wage rate of such benefit payments.

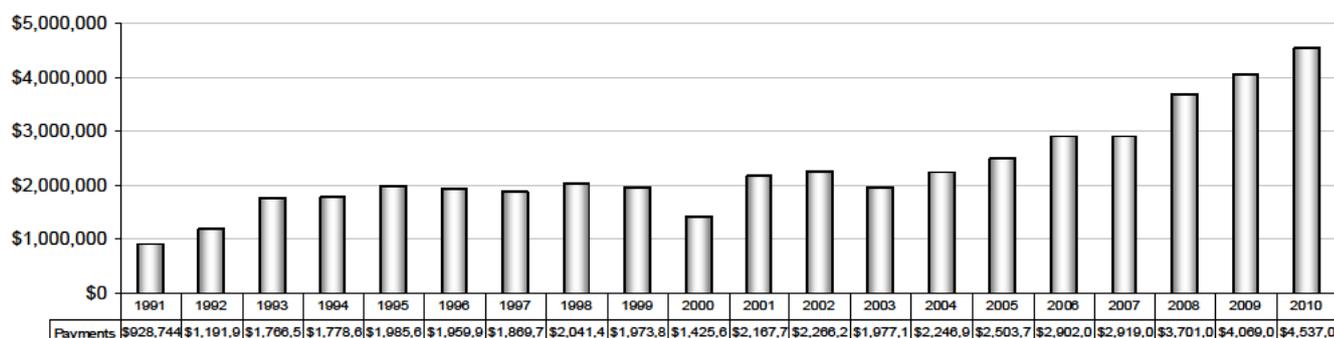
Figure 8. Average Wage for Construction Long Service Leave Payments



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

Figure 9 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 \$47.68m in payments to workers.

Figure 9. Construction Long Service Leave Payments (20 years)

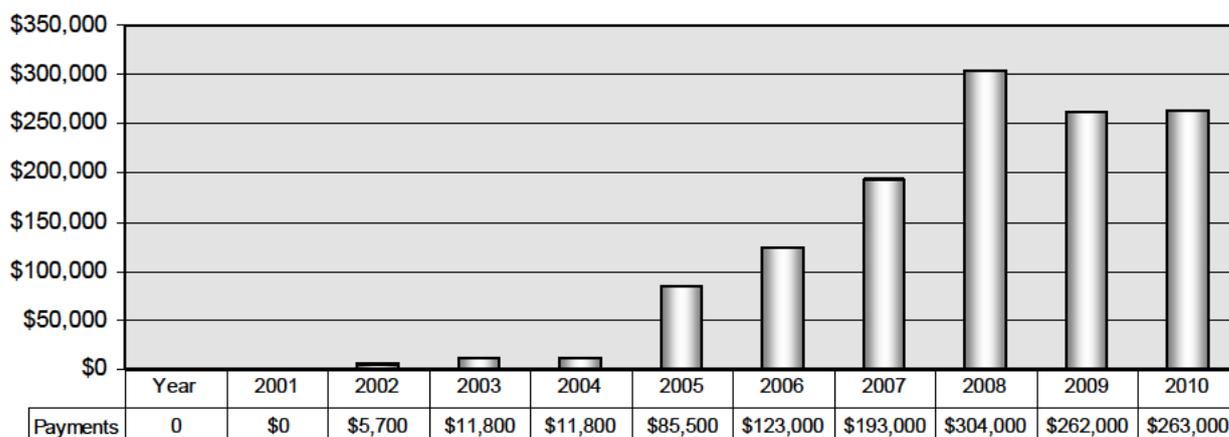


Cleaning Scheme

Total long service leave payments of \$0.26m were made during the year. These payments represent the total sum of all payments made directly to individual claimants and to registered employers who sought reimbursement of long service leave benefits paid directly to their employees.

Figure 10 shows the annual sum of long service leave benefit payments made to cleaning industry workers from the fund since commencement of the scheme in 2000. To date the scheme has paid \$1.00m in employer refunds and payments to workers.

Figure 10. Cleaning Long Service Leave Payments



Actuarial Leave Liability

The combined or multi-scheme actuarial liabilities of the Authority are \$61.03m. Specific scheme liabilities are discussed below.

Construction Scheme

The Authority obtains an annual 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, for both schemes.

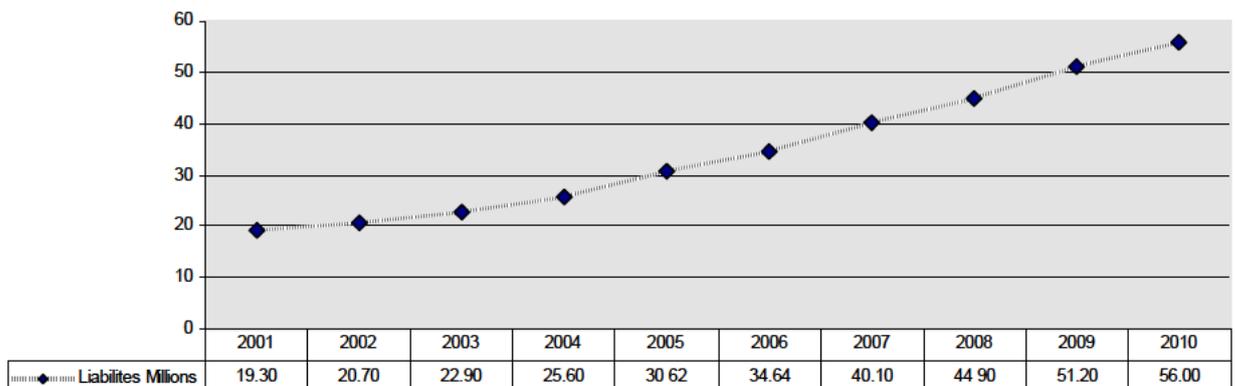
A peer review by a second actuary, Cumpston Sergeant, of the 2009-2010 Construction Actuarial report for the period 1 July 2009 to 31 December 2009, identified an error in the calculation of the liability as at 30 June 2009. This error totalled \$3.22m. In addition, the peer review also identified that a provision for the “cost of meeting the obligation” should also have been included in the 2008-2009 report. This cost relates to determining the allowance for settlement costs of all existing claims if the Authority/scheme were as to cease operations for whatever reason. The total provision for 10 years, being the projected run off period for the Construction scheme liabilities, was \$1.58m. Consequently, the overall liability for the Construction scheme as at 30 June 2009 was increased by \$4.53m to a total of \$51.2m.

The total liability as at 30 June 2010 was \$56.0m, an increase of \$4.8m on the amended 30 June 2009 figure. Of this \$4.8m total increase for the financial year, \$1.7m is identified for the six (6) month period from 1 January 2010 to 30 June 2010, as noted in the Statement of Comprehensive Income.

The increase in liability is due to an increased number of employees in the scheme and increased wages in the industry during the period 1 July 2009 to 30 June 2010.

The increase in the actuarial liability is detailed in **Figure 11** below.

Figure 11. Actuarial Liability



In his report on the 2008 full actuarial investigation provided to the Authority in February 2009, 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 then Minister for Industrial Relations deferred a decision on this recommended increase pending advice from the new Board of the integrated Authority. After seeking updated financial projections from the Actuary, in March 2010, the new Board wrote to the Minister for Industrial Relations requesting an increase in the levy from 1% to 1.25% as recommended in the Actuary’s amended financial projections. As at 30 June 2010 this matter had not been fully resolved.

Cleaning Scheme

As was the case with the Construction Industry above, the peer review actuary, Cumpston Sergeant, identified that a provision for the “cost of meeting the obligation” should also have been included in the 2008-2009 report. The total provision for 10 years, being the projected run off period for the Cleaning scheme liabilities, was \$0.19m. Consequently, the overall liability for the Cleaning scheme at 30 June 2009 was increased by \$1.9m to a total of \$4.48m.

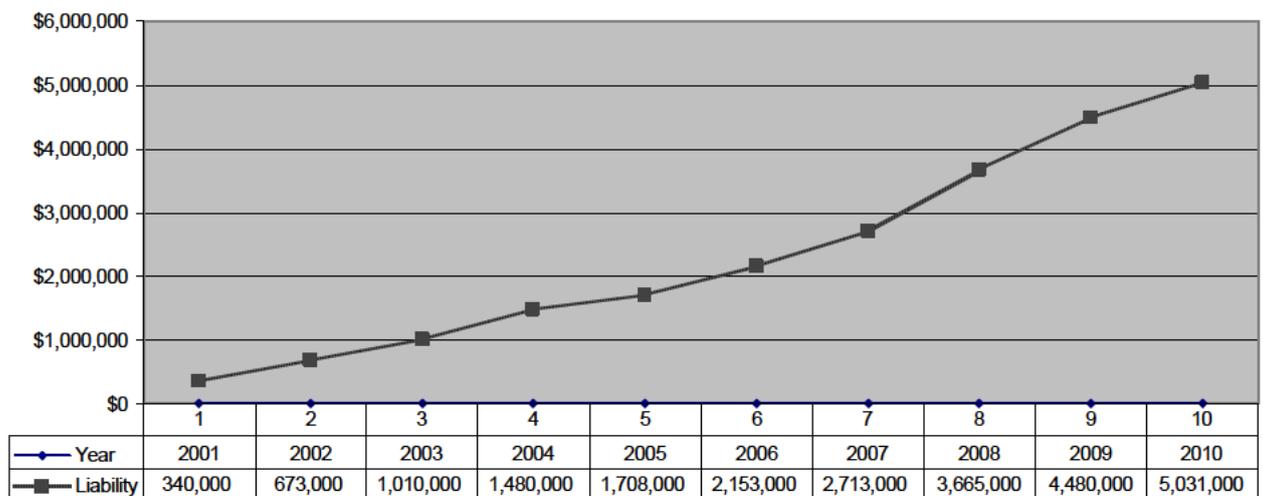
The total liability at 30 June 2010 was \$5.03m, an increase of \$0.55m on the amended 30 June 2009 figure. Of this \$0.55m total increase for the financial year, \$0.20m is identified for the six (6) month period from 1 January 2010 to 30 June 2010, as noted in the Statement of Comprehensive Income.

The increase in liability is due to an increase in wages following an agreement reached between employers and employees and the scheme passing its 10 year mark which therefore allows long term employees to make a claim for their accrued entitlement.

The increase in the actuarial liability is detailed in **Figure 12** below.

In the actuaries report of his evaluation of liabilities he confirmed the adequacy of the current rate of contributions of 2% of wages.

Figure 12. Actuarial Liability



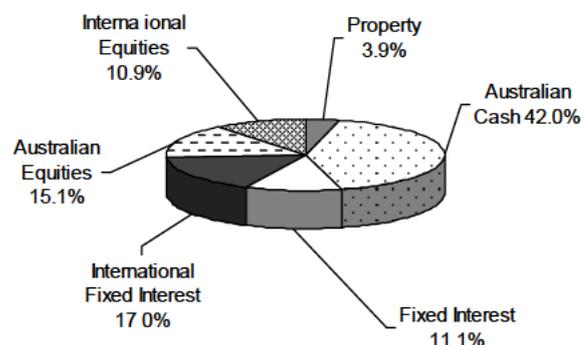
Investment Performance

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

As at 30 June 2010, Vanguard managed a total of \$43.24m for Construction and \$4.37m for Cleaning in diversified portfolios as depicted in **Figure 13**.

Figure 13. Strategic Asset Allocation - Vanguard

Asset Class	Fund Actual	Target Allocation
Property	3.9%	4%
Australian Cash	42%	42%
Fixed Interest	11.1%	11%
International Fixed Interest	17%	17%
Australian Equities	15.1%	15%
International Equities	10.9%	11%

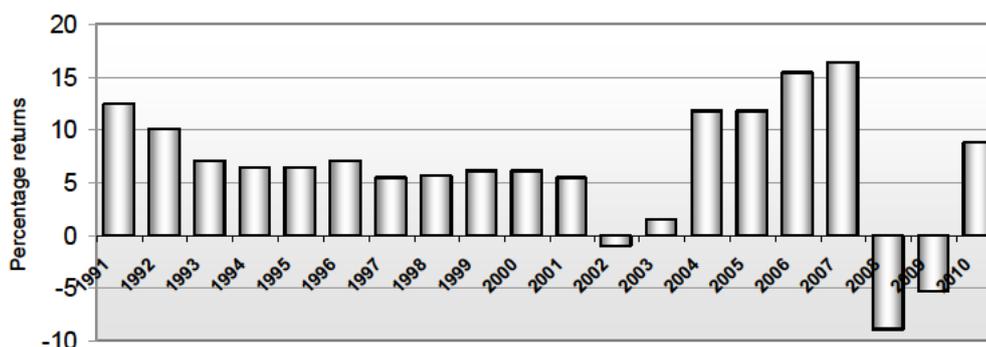


The Authority's investment return for its funds under management with Vanguard Investments Australia Ltd for the six months from 1 July 2009 to 31 December 2009, was 8.10% for Construction and 8.10% for Cleaning. The return for the full 2009-10 financial year was 8.80% for Construction and 8.80% for Cleaning.

The net rental yield on investment properties for the year was 8.59%. Market value of the investment properties as at 30 June 2010 remained the same as at 30 June 2009, \$17.98m (see figure 14 below).

Figure 14. Investment Performance - 1991 to 2010

20 Year Investment Performance



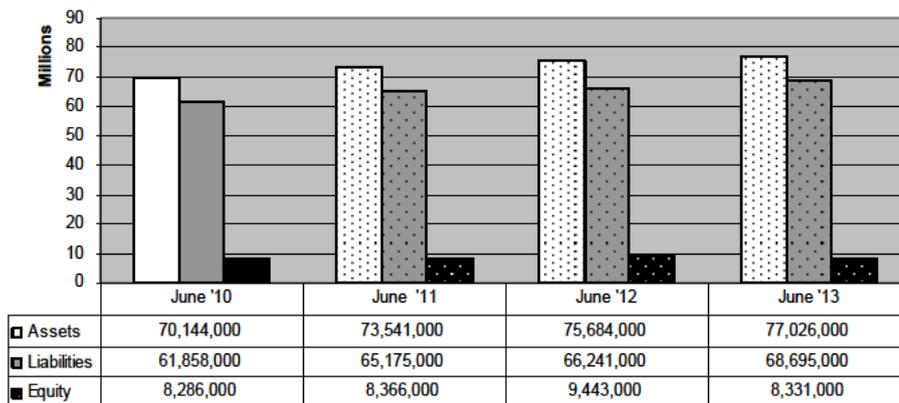
Comparison of 2009 and 2010 Financial Results

Total assets as at 30 June 2010 were \$70.14m, total liabilities \$61.86m leaving total equity at \$8.29m.

As noted earlier, as the (integrated) Authority has only been in existence since 1 January 2010, it is not possible to compare results in a previous financial year.

Trends associated with assets, liabilities and equity are depicted in **Figure 15** below.

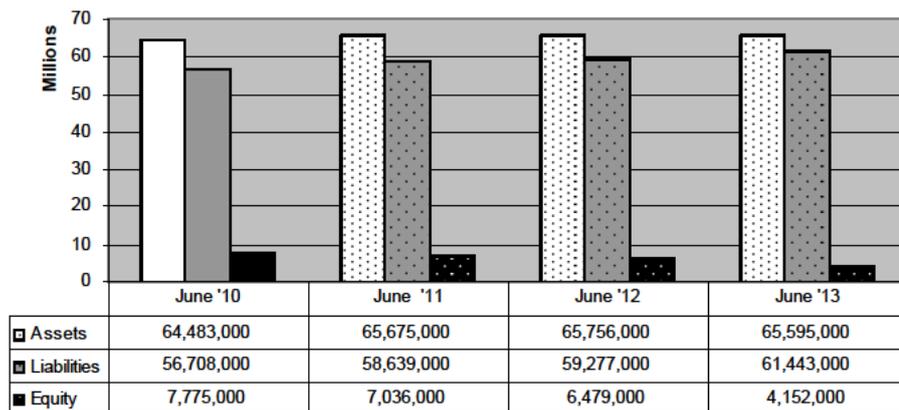
Figure 15. Authority Assets, Liabilities and Equity Trends
(with estimates for 2011 to 2013)



Construction Scheme

Total assets as at 30 June 2010 were \$64.48m, total liabilities \$56.71m leaving total equity at \$7.77m.

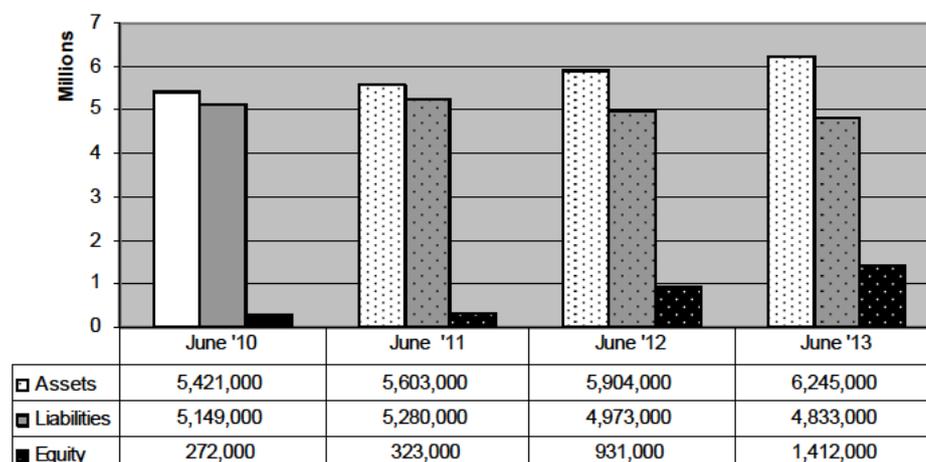
Figure 16. Assets, Liabilities and Equity Trends (with estimates for 2011 to 2013)



Cleaning Scheme

Total assets as at 30 June 2010 were \$5.42m, total liabilities \$5.15m leaving total equity at \$0.27m.

Figure 17. Assets, Liabilities and Equity Trends (with estimates for 2011 to 2013)



A.6 Financial Report

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

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

ACT LONG SERVICE LEAVE

AUTHORITY

Financial Statements

For the Period From 1 January 2010 to 30 June 2010

ACT LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Authority's accounts and records and fairly reflects the financial operations of the ACT Long Service Leave Authority for the period from 1 January 2010 to 30 June 2010 and the financial position of the ACT Long Service Leave Authority as at 30 June 2010.



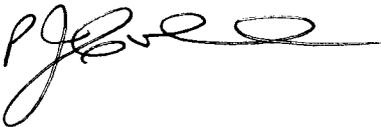
Glenys Roper
Chair
ACT Long Service Leave Authority

14 September 2010

ACT LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Statement by the Chief Executive Officer

In my opinion, the financial statements of the ACT Long Service Leave Authority have been prepared in accordance with generally accepted accounting principles, are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the period from 1 January 2010 to 30 June 2010 and the financial position of the Authority as at 30 June 2010.



Phil Collins
Chief Executive Officer
ACT Long Service Leave Authority

15 September 2010

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Comprehensive Income
For the Period From 1 January 2010 to 30 June 2010

		Actual	Original
		2010	Budget
		\$'000	2010
		\$'000	\$'000
Income	Note		
	No		
Contributions from Employers and Contractors	4	2,311	2,200
(Losses)/Gains from Investments	5	(1,022)	1,965
Net Rental Income	6	838	775
Interest Revenue	7	28	16
Other Revenue	8	1,805	468
Resources Received Free of Charge		72	-
Total Income		4,032	5,424
Expenses			
Employee Expenses	9	513	524
Fees and Allowances	10	22	26
Supplies and Services	11	322	240
Amortisation	12	98	80
Depreciation	13	22	20
Accrued Long Service Leave Expense	26	3,882	5,425
Other Expenses	14	5	-
Waivers, Impairment Losses and Write-offs	15	31	15
Total Expenses		4,895	6,330
Operating (Deficit)		(863)	(906)
Total Comprehensive (Deficit)		(863)	(906)

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

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Financial Position
As at 30 June 2010

	Note No	Actual 2010 \$'000	Original Budget 2010 \$'000
Current Assets			
Cash and Cash Equivalents	17	1,449	1,320
Receivables	18	1,739	1,200
Investments	19	47,614	46,906
Other Assets	20	6	8
Total Current Assets		50,808	49,434
Non-Current Assets			
Intangible Assets	21	205	365
Investment Properties	22	17,975	18,500
Property, Plant and Equipment	23	946	950
Capital Works in Progress	24	210	-
Total Non-Current Assets		19,336	19,815
Total Assets		70,144	69,249
Current Liabilities			
Payables	25	439	380
Provision for Long Service Leave Benefits	26	50,447	50,687
Finance Lease		10	-
Employee Benefits	27	359	380
Total Current Liabilities		51,255	51,447
Non-Current Liabilities			
Provision for Long Service Leave Benefits	26	10,584	5,538
Finance Lease		19	-
Total Non-Current Liabilities		10,603	5,538
Total Liabilities		61,858	56,985
Net Assets		8,286	12,264
Equity			
Accumulated Funds		7,519	12,264
Asset Revaluation Surplus	28	767	-
Total Equity		8,286	12,264

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

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Changes in Equity
For the Period From 1 January 2010 to 30 June 2010

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

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

ACT LONG SERVICE LEAVE AUTHORITY
Statement of Cash Flows
For the Period From 1 January 2010 to 30 June 2010

	Note No	Actual 2010 \$'000	Original Budget 2010 \$'000
Cash Flows from Operating Activities			
Receipts			
Contributions from Employers and Contractors		2,289	2,258
Interest Received		28	16
Rental Revenue Received		838	775
Revenue from Other Sources		79	481
Other Receipts		320	-
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		142	-
Goods and Services Tax Input Tax Credits from Registered Participants and Others		123	-
Total Receipts from Operating Activities		3,819	3,530
Payments			
Payments of Long Service Leave Benefits		(1,981)	(2,500)
Payments to Suppliers and Employees		(808)	(708)
Goods and Services Tax to Remitted to the Australian Taxation Office		(115)	-
Goods and Services Tax Paid to Suppliers		(120)	-
Total Payments from Operating Activities		(3,024)	(3,208)
Net Cash Inflows from Operating Activities	34	795	322
Cash Flows from Investing Activities			
Receipts			
Proceeds from Sale of Investments		-	725
Total Receipts from Investing Activities		-	725
Payments			
Purchase of Investments		-	(237)
Purchase of Property, Plant and Equipment		(169)	(490)
Total Payments from Investing Activities		(169)	(727)
Cash Flows from Financing Activities			
Receipts			
Transfer of Cash Balances from the Cleaning and Construction Industry Long Service Leave Authorities		823	1,000
Total Receipts from Financing Activities		823	1,000
Net Cash Inflows from Financing Activities		823	1,000
Net Cash Inflows from Investing Activities		654	998
Net Increase in Cash and Cash Equivalents Held		1,449	1,320
Cash and Cash Equivalents at the Beginning of the Reporting Period		-	-
Cash and Cash Equivalents at the End of the Reporting Period	34	1,449	1,320

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

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ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 1 Objectives of the ACT Long Service Leave Authority

Operation and Principal Activities

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

The Authority's primary function is to administer a statutory scheme which provides for portability of long service leave benefits for registered workers in the Building and Construction, Contract Cleaning, and Community Sector industries in the ACT, paying long service leave benefits when claimed and 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, contract cleaning and community sector industries in the ACT.

The Authority's Financial Statements are a consolidation of the Cleaning and Construction Schemes Statements. Funding for the introduction of the Community Sector Scheme has been received in the reporting period for the commencement on 1 July 2010 of the Community Sector Scheme.

Note 2 Summary of Significant Accounting Policies

(a) Basis of Accounting

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

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

- (i) a Statement of Comprehensive Income for the reporting period;
- (ii) a Statement of Financial Position at the end of the reporting period.
- (iii) a Statement of Cash Flows for the reporting period;
- (iv) a Statement of Changes in Equity for the reporting period;
- (v) a summary of the significant accounting policies adopted for the reporting period; and
- (vi) such other statements as are necessary to fairly reflect the financial operations of the Authority during the reporting period; and its financial position at the end of the reporting period.

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

- (i) Australian Accounting Standards and accounting interpretations issued by the Australian Accounting Standards Boards and the former Urgent Issues Group; and
- (ii) ACT Accounting Policies.

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

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

The Authority is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the period from 1 January 2010 to 30 June 2010, together with the financial position of the Authority as at 30 June 2010.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

(c) Comparative Figures

Budget Figures

To facilitate a comparison with the Statement of Intent, as required by the *Financial Management Act 1996*, budget information has been presented in the financial statements. Budget numbers in the financial statements are sourced from the budget information contained in the Authority's Statement of Intent for 2009-10.

Prior Year Comparatives

As the Authority commenced operations on 1 January 2010, no prior year comparatives are disclosed in the financial statements.

(d) Rounding

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

(e) Revenue Recognition

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

Interest

Interest revenue is recognised using the effective interest rate method.

Investment Income

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

Employer Contributions

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

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) Resources Received Free of Charge

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

(i) Waivers of Debt

Debts that are waived during the year under Section 131 of the *Financial Management Act 1996* are expensed during the reporting period in which the right to payment was waived. Further details of waivers are disclosed at Note 15 – *Waivers, Impairment Losses and Write-offs*.

(j) Taxation

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

(k) Current and Non-Current Items

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

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

(l) Impairment of Assets

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

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

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

(m) Cash and Cash Equivalents

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

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

(n) Receivables

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

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

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

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

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

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

(o) Investments

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

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

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

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

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

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

Property, plant and equipment with a minimum value of \$300 is capitalised.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

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

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

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

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

Land and buildings are revalued every 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.

(r) Investment Properties

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

Investment properties are revalued every 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.

(s) Intangible Assets

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

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

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

Capitalised software has a finite useful life. Software is amortised on a diminishing value basis at a rate of 50%. The useful life for intangible assets was reassessed to two years as the Authority is in the process of purchasing a new IT system.

Intangible assets are measured at cost.

(t) Depreciation and Amortisation of Non-Current Assets

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

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

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

Class of Asset	Depreciation/Amortisation Method	Depreciation Rates
	Method	Useful life
Buildings	Straight Line	40 Years
Furniture and fittings	Diminishing Value	7.5%-30%
Motor Vehicles	Diminishing Value	18.75%
Motor Vehicle Leased	Straight Line	25.00%
Plant and Equipment	Diminishing Value	7.5%-32%
Intangibles	Diminishing Value	30%-50%

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

(u) Payables

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

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

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

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

(v) Leases

The Authority enters into operating leases from time to time.

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

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

(w) Employee Benefits

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

Accrued Salaries

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

Annual and Long Service Leave

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

Annual and long service leave including applicable on-costs that do not fall due wholly within the next 12 months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. At 30 June 2010, the discount factor used to calculate the present value of these future payments is 92.9%.

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

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

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

(x) Long Service Leave Benefits

(i) Construction Industry Long Service Leave Expense

Employees and contractors in the construction industry who are registered with the Authority accrue 13 weeks (i.e. 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) Cleaning Industry Long Service Leave Expense

Employees and contractors in the cleaning industry who are registered with the Authority accrue 8.67 weeks (i.e. 2 months) long service leave after 10 years of service in the cleaning industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating 5 years of service in the scheme if the worker ceases employment with the purpose of leaving the industry permanently. A further benefit is available upon accrual of 55 days of service in the scheme in certain cases of permanently leaving the industry due to illness, injury or at retirement age (55 years), and death.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

(x) Long Service Leave Benefits - Continued

(iii) Accrued Long Service Leave Benefits Liability

The provision for accrued long service leave benefits is estimated as the present value of all expected future payments which arise from the service of eligible workers up to the reporting date. The liability is 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 Statement of Financial Position where the Authority does not have an unconditional right to defer the settlement of the liability for at least 12 months. Where there is an unconditional right to defer settlement of the liability, for more than 12 months, the liability is classified as non-current in the Statement of Financial Position.

(y) Insurance

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

(z) Superannuation

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

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

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

(aa) Significant Accounting Judgements and Estimates

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

(i) Accrued Long Service Leave Benefits - Construction Industry

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 participants. 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 rate 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;

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 2 Summary of Significant Accounting Policies - Continued

(aa) Significant Accounting Judgements and Estimates - Continued

- 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.
- 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;
- a discount rate of 4.9% per annum (30 June 2009: 4.7% per annum);
- increases in future rates of pay due to inflation of 3.0% in the 2010 calendar year and 4.0% per annum thereafter;
- 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; and
- that 10% of registered workers who do not have any service credits in the previous year will again commence receiving service credits and that the other 90% will be paid a pro-rata entitlement where eligible;

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

(ii) Accrued Long Service Leave Benefits - Cleaning Industry

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 participants. The assumptions include:

- the rates at which workers of different ages might leave the scheme due to retirement, death and incapacity (unchanged from 2008-09)
- the rates at which workers with varying years of service might leave the industry, ranging from 30% workers with less than 1 year of service to 3% for workers with 4 or more years of service (unchanged from 2008-09);
- the rate at which workers with varying years of service might take their long service leave benefits (unchanged from 2008-09);
- an appropriate discount rate of 5.0% per annum (2008-09: 5.3% per annum);
- increase in future rates of pay due to inflation of 5.5% per annum in the period from 1 July 2010 to 30 June 2012 year and 4.0% per annum thereafter (unchanged from 2008-09); and
- no allowance is necessary for increased in future rates of pay due to length of service or promotion, over and above the inflationary allowance above.

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

(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.

(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.

(v) Useful Lives of Intangible Assets

The Authority has made a significant estimate in determining the useful lives of its intangible assets. The estimation of useful lives has been based on the Authority purchasing a new IT system for its operations and has estimated that the useful lives of the current IT system to be 2 years. The useful lives are assessed on an annual basis and any adjustments are made when considered necessary. For further details see Note 12 - *Amortisation*.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 3 Impact of Accounting Standards Issued But Yet to be Applied

Impact of Accounting Standards Issued But Yet to be Applied

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

- AASB 1 First-time Adoption of Australian Accounting Standards (application date 1 January 2010);
- AASB 2 Share Based Payments (application date 1 January 2010);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2010);
- AASB 8 Operating Segments (application date 1 January 2010);
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2010);
- AASB 107 Statement of Cash Flows (application date 1 January 2010);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);
- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 112 Income Taxes (application date 1 January 2011);
- AASB 117 Leases (application date 1 January 2010);
- AASB 118 Revenue (application date 1 January 2010);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 124 Related Party Disclosures (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 February 2010);
- AASB 133 Earnings per Share (application date 1 January 2011);
- AASB 136 Impairment of Assets (application date 1 January 2010);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2010);
- AASB 1023 General Insurance Contracts (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 January 2013);
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (application date 1 July 2010);
- AASB Interpretation 2 Members' shares in Co-operative Entities and Similar Instruments (application date 1 January 2010);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011).
- AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (application date 1 January 2011);
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (application date 1 January 2010);
- AASB Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia (application date 1 Jan 2011); and
- AASB Interpretation 1052 Tax Consolidation Accounting (application date 1 Jan 2011).

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

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.

	30-Jun \$'000
Contributions from Employers and Contractors	
- <i>Construction Industry</i>	1,688
- <i>Cleaning Industry</i>	623
Total Contributions from Employers and Contractors	2,311

Note 5 (Losses) from Investments

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

	30-Jun \$'000
(Losses) from Investments	
(Losses) from Investments	
- <i>Construction Industry</i>	(928)
- <i>Cleaning Industry</i>	(94)
Total (Losses) from Investments	(1,022)

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 LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 6 Net Rental Income

	2010
	\$'000
Net Rental Income	<u>1,020</u>
Rental Revenue from Investment Properties	
Manning Clarke Offices	1,011
National Association Centre, Suite 5	9
Total Rental Revenue from Investment Properties	<u>1,020</u>
Rental Expenses from Investment Properties	
Management Fees	10
General Expenses	3
Light and Power	61
Insurance	7
Rates and Land Tax	48
Repairs and Maintenance	53
Total Rental Expenses from Investment Properties	<u>182</u>
Net Rental Income	<u><u>838</u></u>

Note 7 Interest Revenue

	2010
	\$'000
Interest Revenue	
- <i>Construction Industry</i>	14
- <i>Cleaning Industry</i>	12
- <i>Community Sector</i>	2
Total Interest Revenue	<u><u>28</u></u>

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 8 Other Revenue

	2010 \$'000
Revenue from Other Sources	
Investment Income and Rebate of Management Fees	
- <i>Construction Industry</i>	1,269
- <i>Cleaning Industry</i>	128
	1,397
Income from Penalties	
- <i>Construction Industry</i>	25
- <i>Cleaning Industry</i>	2
	27
Reciprocal Agreement Income*	
- <i>Construction Industry</i>	52
	52
Other Revenue	320
Write Back from Receivables	9
Total Revenue from Other Sources	1,805

* Long Service Leave Income received from employee entitlements from other Territory and States.

Note 9 Employee Expenses

	2010 \$'000
Wages and Salaries	508
Annual Leave Expense	(6)
Long Service Leave Expense	11
Total Employee Expenses	513

	Number
Full-Time Equivalent Employees	12.5

The Authority's staff are permanent officers of the ACT Public Service attached to the Industrial Relations and Public Sector Management Group of the Chief Minister'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 administrative on-costs were charged to the Authority for annual leave, long service leave, and superannuation contributions for the staff at varying rates depending upon which superannuation scheme the staff member joined.

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 10 Fees and Allowances

	2010
	\$'000
Board Member's Fees	22
Total Fees and Allowance Expenses	22

Note 11 Supplies and Services

	2010
	\$'000
Accounting Fees	5
Actuarial Charges	16
Advertising	8
Audit Fees	45
Body Corporate Fees	17
Consultants and Contractors	53
Computer Consumables	3
Insurance	11
Legal fees *	72
Printing and Stationery	8
Postage	6
Motor Vehicle	8
Rates and Taxes	14
Repairs and Maintenance	5
Staff Training	5
Telephone	10
Other	36
Total Supplies and Services	322

* Fees for the formation of the ACT Long Service Leave Authority and the ACT Long Service Leave (*Portable Schemes*) Act 2009 . These services were received free of charge from the ACT Government Solicitor.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 12 Amortisation

	2010 \$'000
Amortisation	
Internally Generated Software	90
Externally Generated Software	8
Total Amortisation	98

Note 13 Depreciation

	2010 \$'000
Depreciation	
Buildings and Improvements	11
Plant and Equipment	11
Total Depreciation	22

Note 14 Other Expenses

Losses tend to be a one off, unusual transactions that are not part of the Authority's core activities. The Authority has disposed of two items from the asset register.

	2010 \$'000
(Losses) on Disposal of Non-Current Assets	
Written Down Value of Assets Disposed	5
Total Other (Losses)	5

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 15 Waivers, Impairment Losses and Write-Offs

Under Section 131 of the *Financial Management Act 1996* the Treasurer may, in writing, waive the right to payment of an amount payable to the Authority. A waiver is the relinquishment of a legal claim to a debt over which the Authority has control.

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

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

	2010
	\$'000
Waivers, Impairment Losses and Write-Offs	31
Total Waivers, Impairment Losses and Write-Offs	31

	Number	2010
		\$'000
Waivers and Write-Offs of Employee and Contractor Receivables		
Waivers of Penalty Payment	62	6
Irrecoverable Debts (Write-Offs)	1	1
Total Waivers and Write-Offs	63	7

Impairment Losses

Impairment Losses from Receivables

Trade Receivables and Other Trade Receivables	11	24
Total Impairment Losses from Receivables	11	24
Total Waivers, Impairment Losses and Write-Offs	74	31

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 16 Auditor's Remuneration

Auditor's remuneration consists of financial audit services provided to the Authority by the ACT Auditor-General's Office. Auditor's remuneration is included in Note 12 – *Supplies and Services*. No other services were provided by the ACT Auditor-General's Office.

	2010 \$'000
Audit Services	
Audit Fees Paid to the ACT Auditor-General's Office	45
Total Audit Fees	45
Total Auditor's Remuneration	45

Note 17 Cash and Cash Equivalents

The Authority holds a bank account with the Commonwealth Bank, as part of whole-of-government banking arrangements. As part of these arrangements, the Authority earns interest on deposits, at a rate equivalent to 15 basis points below the Reserve Bank's target cash rate. The bank account earned a floating interest rate between 3.60% and 4.35% (2.85% and 3.6% in 2009).

	2010 \$'000
Cash at Bank	
- <i>Construction Industry</i>	583
- <i>Cleaning Industry</i>	633
- <i>Community Sector</i>	232
Cash on Hand	1
Total Cash	1,449

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 18 Receivables

	2010 \$'000
Employer and Contractor Receivables	112
Employer and Contractor Receivables	112
Less: Allowance for Impaired Receivables	(59)
Total Employer and Contractor Receivables	53
Other Receivables	23
Trade Receivables	23
Total Other Receivables	23
Accrued Revenue	1,663
Accrued Industry Contributions	1,141
Accrued Investment Income	522
Total Accrued Revenue	1,663
Total Receivables	1,739
Reconciliation of the Allowance for Impaired Receivables	
Allowance for Impaired Receivables at the Beginning of the Reporting Period	43
Write-Off of Receivables	1
Write Back of Receivables	(9)
Additional Allowance Recognised	24
Allowance for Impaired Receivables at the End of the Reporting Period	59
Classification of Government/Non-Government Receivables	
Receivables with Non-ACT Government Entities	1,739
Net Employer and Contractor Receivables	53
Other Receivables	23
Accrued Industry Contributions	1,141
Accrued Interest Income	522
Total Receivables with Non-ACT Government Entities	1,739
Total Receivables	1,739

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 18 Receivables - Continued

Ageing of Receivables

	Past Due			Total
	Less than 30 Days	30 to 60 Days	Greater than 60 Days	\$'000
	\$'000	\$'000	\$'000	
Jun-10				
Not Impaired				
Receivables	14	18	81	113
Impaired				
Receivables	-	-	59	59

Note 19 Investments

	2010 \$'000
Investments	
Investment Trusts at Fair Value	
- <i>Construction Industry</i>	43,239
- <i>Cleaning Industry</i>	4,375
Total Investments	47,614

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 20 Other Assets

	2010 \$'000
Other Assets	
Prepayments	
- <i>Construction Industry</i>	4
- <i>Cleaning Industry</i>	1
- <i>Community Sector</i>	1
	6
Total Other Assets	6

Note 21 Intangible Assets

There were no additions for this reporting period.

	2010 \$'000
Intangible Assets	
<i>Internally Purchased Software- Construction</i>	
Computer Software at Cost	1,096
Less : Accumulated Amortisation	(964)
Total Internally Purchased Software - Construction Industry	132
<i>Internally Purchased Software- Cleaning</i>	
Computer Software at Cost	361
Less : Accumulated Amortisation	(310)
Total Internally Purchased Software - Cleaning Industry	51
Total Internally Purchased Software - Authority	183
<i>Externally Purchased Software</i>	
Computer Software at Cost	116
Less : Accumulated Amortisation	(94)
Total Externally Purchased Software	22
Total Intangible Assets	205

Reconciliation of Intangible Assets

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

	Internally Developed Software \$'000	Externally Developed Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	273	30	303
Amortisation	(90)	(8)	(98)
Carrying Amount at the End of the Reporting Period	183	22	205
Total Intangible Assets	183	22	205

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 22 Investment Properties

	2010
	\$'000
Non-Current Investments	
National Associations Centre, Suite 5	170
Manning Clarke Offices	17,805
Total Non-Current Investments	17,975
Total Investments	17,975
 Reconciliation of Investment Properties	
Carrying Amount at the Beginning of the Reporting Period	17,975
Acquisitions	-
Carrying Amount at the End of the Reporting Period	17,975

An independent valuation of the investment properties was obtained at 30 June 2008. The basis of valuation was fair valuation was fair market value revaluation 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 Statement of Comprehensive Income and in Note 6: *Net Rental Income*.

Leasing Investment Properties

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

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 23 Property, Plant and Equipment

Land includes leasehold land held by the Authority.

Buildings include office buildings belonging to the Authority.

Plant and equipment held includes office and computer equipment and other mechanical and electronic equipment.

Furniture and fittings consists only items of furniture and fittings

Motor vehicles consists only of motor vehicles.

	2010
	\$'000
Land	
Land at Fair Value	179
Total Land Assets	179
Buildings	
Buildings at Fair Value	711
Less: Accumulated Depreciation	(36)
Total Written-Down Value of Buildings	675
Total Written-Down Value of Land and Buildings	854
Plant and Equipment	
Plant and Equipment at Cost	216
Less: Accumulated Depreciation	(197)
Total Written-Down Value of Plant and Equipment	19
Furniture and Fittings	
Furniture and Fittings at Cost	50
Less: Accumulated Depreciation	(26)
Total Written-Down Value of Furniture & Fittings	24
Motor Vehicles	
Motor Vehicles at Cost	31
Less: Accumulated Depreciation	(10)
Motor Vehicle Finance Lease	30
Less: Accumulated Depreciation	(2)
Total Written-Down Value of Motor Vehicles	49
Total Written-Down Value of Property, Plant and Equipment	946
Valuation of Non-Current Assets	

Mr P Street FAPI of Jones Lang LaSalle, an independent valuer, performed the valuation of the land and buildings. The latest valuation was performed as at 30 June 2008.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 23 Property, Plant and Equipment - Continued

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

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 24 Capital Works in Progress

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

	2010 \$'000
Capital Works in Progress	210
Total Capital Works in Progress	210

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress for the period from 1 January 2010 to June 2010. 30

Carrying Amount at the Beginning of the Reporting Period	-
Transfer of Capital Works in Progress from Construction Industry	42
Long Service Leave Authority	
Additions	168
Carrying Amount at the End of the Reporting Period	210

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 25 Payables

	2010 \$'000
Current Payables	<u> </u>
Long Service Leave Claims Owing to Registered Scheme Participants	
- <i>Construction Industry</i>	191
- <i>Cleaning Industry</i>	22
	<u>213</u>
Other Creditors and Accruals	
- <i>Construction Industry</i>	168
- <i>Cleaning Industry</i>	35
	<u>203</u>
Goods and Services Tax Payable	
- <i>Construction Industry</i>	15
- <i>Cleaning Industry</i>	8
	<u>23</u>
Total Current Payables	<u>439</u>
Total Payables	<u><u>439</u></u>
Payables are aged as follows:	
Not Overdue	439
Total Payables	<u>439</u>
Payables with ACT Government Entities	
Other Creditors and Accruals	69
Total Payables with ACT Government Entities	<u>69</u>
Payables with Non-ACT Government Entities	
Long Service Leave Claims Owing to Registered Scheme Participants	213
Other Creditors and Accruals	134
Goods and Services Tax Payable	23
Total Payables with Non-ACT Government Entities	<u>370</u>
Total Payables	<u><u>439</u></u>

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 26 Provision for Long Service Leave Benefits

	2010
	\$'000
Current Provision for Long Service Leave Benefits	
Long Service Leave Benefits for Registered Scheme Participants	50,447
Total Current Provision for Long Service Leave Benefits	50,447
Non-Current Provision for Long Service Leave Benefits	
Long Service Leave Benefits for Registered Scheme Participants	10,584
Total Non-Current Provision for Long Service Leave Benefits	10,584
Total Provision for Long Service Leave Benefits	61,031

Reconciliation of the Provision for Long Service Leave Benefits

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

	2010
	\$'000
Carrying Amount at the Beginning of the Reporting Period	59,130
Long Service Leave Benefit Claims	(1,981)
Accrued Long Service Leave Expense	3,882
Carrying Amount at the End of the Reporting Period	61,031

This provision was estimated by Bendzulla Actuarial Pty Ltd – Consulting Actuaries. The Authority commissions a comprehensive actuarial review of the scheme every three years, together with an annual review of the provision. The last triennial review was completed as at 30 June 2008. The next triennial review is scheduled for the triennium ending 30 June 2011.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 27 Employee Benefits

	2010 \$'000
Current Employee Benefits	359
Annual Leave	152
Long Service Leave	199
Accrued Salaries	8
Total Current Employee Benefits	359
Total Employee Benefits	359

Estimate of when Leave is Payable for Disclosure Purposes Only	
Estimated Employee Benefits Payable within 12 Months	
Annual Leave	99
Long Service Leave	44
Accrued Salaries	8
Total Estimated Employee Benefits Payable within 12 Months	151
Estimated Employee Benefits Payable after 12 Months	
Annual Leave	53
Long Service Leave	155
Total Estimated Employee Benefits Payable after 12 Months	208
Total Estimated Employee Benefits	359

Note 28 Asset Revaluation Surplus

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

	2010 \$'000
Asset Revaluation Surplus	767
Balance at the Beginning of the Reporting Period	767
Balance at the End of the Reporting Period	767

**Note 29 Statement of Financial Position and Statement of Comprehensive Income
for Long Service Leave Schemes**

ACT CONSTRUCTION INDUSTRY SCHEME
Statement of Comprehensive Income
For the Period From 1 January 2010 to 30 June 2010

	Actual	Budget
	2010	2010
	\$'000	\$'000
Income		
Contributions from Employers and Contractors	1,688	1,650
Gains/(Losses) from Investments	(928)	1,850
Net Rental Income	838	775
Interest Revenue	14	10
Other Revenue	1,354	137
Cost Sharing Contribution from the Cleaning Industry Long Service Leave Authority	24	-
Total Income	2,990	4,422
Expenses		
Employee Expenses	380	450
Fees and Allowances	14	15
Supplies and Services	179	190
Amortisation	73	54
Depreciation	22	20
Long Service Leave Benefit Claims	1,843	2,350
Accrued Long Service Leave Expense	1,700	2,600
Other Losses	5	-
Waivers, Impairment Losses and Write-offs	31	6
Total Expenses	4,247	5,685
Operating (Deficit)	(1,257)	(1,263)
Total Comprehensive (Deficit)	(1,257)	(1,263)

**Note 29 Statement of Financial Position and Statement of Comprehensive Income
for Long Service Leave Schemes - Continued**

ACT CONSTRUCTION INDUSTRY SCHEME

Statement of Financial Position

As at 30 June 2010

	Actual 2010 \$'000	Budget 2010 \$'000
Current Assets		
Cash and Cash Equivalents	584	500
Receivables	1,371	900
Investments	43,239	42,752
Other Assets	4	7
Total Current Assets	45,198	44,159
Non-Current Assets		
Intangible Assets	154	213
Investment Properties	17,975	18,500
Property, Plant and Equipment	946	950
Capital Works in Progress	210	-
Total Non-Current Assets	19,285	19,663
Total Assets	64,483	63,822
Current Liabilities		
Payables	374	320
Provision for Long Service Leave Benefits	46,417	46,237
Employee Benefits	306	330
Total Current Liabilities	47,097	46,887
Non-Current Liabilities		
Provision for Long Service Leave Benefits	9,583	5,058
Finance Lease	28	-
Total Non-Current Liabilities	9,611	5,058
Total Liabilities	56,708	51,945
Net Assets	7,775	11,877
Equity		
Accumulated Funds	7,008	11,110
Asset Revaluation Surplus	767	767
Total Equity	7,775	11,877

**Note 29 Statement of Financial Position and Statement of Comprehensive Income
for Long Service Leave Schemes - Continued**

**ACT CLEANING INDUSTRY SCHEME
Statement of Comprehensive Income
For the Period From 1 January 2010 to 30 June 2010**

	Actual 2010 \$'000	Budget 2010 \$'000
Income		
Contributions from Employers and Contractors	623	550
Losses/Gains from Investments	(94)	115
Interest Revenue	12	6
Other Revenue	131	11
Total Income	671	682
Expenses		
Asset Rental Charge	19	-
Employee Expenses	66	74
Fees and Allowances	3	11
Supplies and Services	65	50
Amortisation	25	26
Long Service Leave Benefit Claims	138	150
Accrued Long Service Leave Expense	201	325
Waivers, Impairment Losses and Write-offs	-	9
Total Expenses	517	645
Operating Surplus	154	37
Total Comprehensive Surplus	154	37

ACT CLEANING INDUSTRY SCHEME

Statement of Financial Position

As at 30 June 2010

	Actual 2010 \$'000	Budget 2010 \$'000
Current Assets		
Cash and Cash Equivalents	633	500
Receivables	362	300
Investments	4,375	4,154
Other Assets	1	1
Total Current Assets	5,371	4,955
Non-Current Assets		
Intangible Assets	51	152
Total Non-Current Assets	51	152
Total Assets	5,421	5,107
Current Liabilities		
Payables	65	60
Provisional for Long Service Leave Benefits	4,030	4,450
Employee Benefits	53	50
Total Current Liabilities	4,148	4,560
Non-Current Liabilities		
Provisional for Long Service Leave Benefits	1,001	480
Total Non-Current Liabilities	1,001	480
Total Liabilities	5,149	5,040
Net Assets/(Liabilities)	272	67
Equity		
Accumulated Funds	272	67
Total Equity	272	67

ACT COMMUNITY SECTOR INDUSTRY SCHEME
Statement of Comprehensive Income
For the Period From 1 January 2010 to 30 June 2010

	<u>Actual 2010 \$'000</u>
Income	
Interest Revenue	2
Other Revenue	320
Total Income	<u>322</u>
Expenses	
Asset Rental Charge	5
Employee Expenses	67
Fees and Allowances	5
Supplies and Services	5
Total Expenses	<u>82</u>
Operating Surplus	<u><u>240</u></u>
Total Comprehensive Surplus	<u><u>240</u></u>

ACT COMMUNITY SECTOR INDUSTRY SCHEME

Statement of Financial Position

As at 30 June 2010

	Actual 2010 \$'000
Current Assets	
Cash and Cash Equivalents	232
Investments	7
	1
Total Current Assets	240
Total Assets	240
Net Assets	240
Equity	240
Total Equity	240

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 30 Financial Instruments

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

Interest Rate Risk

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

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

Sensitivity Analysis

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

Credit Risk

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

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

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

Liquidity Risk

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

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

Long service leave owing to registered scheme participants and other creditors and accruals are generally of a short-term nature. The Authority manages the liquidity risk related to these 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.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 30 Financial Instruments - Continued

Price Risk

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

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

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

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

Sensitivity Analysis

	Carrying Amount	+20% Price Movement	-20% Price Movement
		Profit/Equity	Profit/Equity
	2010	2010	2010
	\$'000	\$'000	\$'000
Financial Assets			
Investments	47,614	9,523	(9,523)

Currency Risk

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 30 Financial Instruments - Continued

Fair Value of Financial Assets and Liabilities

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

	Carrying Amount	Fair Value
	2010	2010
	\$'000	\$'000
Financial Assets		
Cash at Bank	1,449	1,449
Investments	47,614	47,614
Receivables	1,739	1,739
Total Financial Assets	50,802	50,802
Financial Liabilities		
Payables	439	439
Total Financial Liabilities	439	439

The following table sets out the Authority's maturity for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2010. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Floating Interest Rate	Non -Interest Bearing	Total
	2010	2010	2010
	\$'000	\$'000	\$'000
Financial Assets			
Cash	1,449	-	1,449
Investments	-	47,614	47,614
Receivables	-	1,739	1,739
Total Financial Assets	1,449	49,353	50,802
Weighted Average Interest Rate	3.95%		
Financial Liabilities			
Payables	-	439	439
Total Financial Liabilities	-	439	439
Net Financial Assets			50,363

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 30 Financial Instruments - Continued

	2010
	\$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability	
Financial Assets	
Financial assets at fair value through the profit and loss designated upon initial recognition	47,614
Loans and Receivables	1,739
Financial Liabilities	
Financial Liabilities Measured at Amortised Cost	439

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

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

	2010
	\$'000
Gains/(Losses) on Financial Assets	
Financial assets at fair value through the profit and loss designated upon initial recognition	(1,022)
Loans and Receivables	(24)
Gains/(Losses) on Financial Liabilities	
Financial Liabilities Measured at Amortised Cost	-

Fair Value Hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either derived from prices directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

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

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 30 Financial Instruments - Continued

Fair Value Hierarchy - Continued

Jun-10

	<u>Classification According to Fair Value Hierarchy</u>			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets at Fair Value through the Statement of Comprehensive Income				
Investments	47,614	-	-	47,614
	47,614	-	-	47,614

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

Note 31 Commitments

Capital commitments mainly for the purchase of the new Authority IT system Leave Track, contracted at reporting date that has not been recognised as a liability is as follows:

Capital Commitments - Internally Generated Software Payable:	2010
Within One Year	\$'000
	210
Total Capital Commitments - Internally Generated Software	210
Total Capital Commitments	210

Note 32 Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no contingent liabilities as at the reporting date.

Contingent Assets

There were no contingent assets as at the reporting date.

Note 33 Events Occurring after Balance Date

There were no events occurring after balance date for the reporting period, which would affect the financial statements for the period 1 January 2010 to 30 June 2010.

ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 34 Cash Flow Reconciliation

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

	2010 \$'000
Total Cash and Cash Equivalents Recorded in the Statement of Financial Position	1,449
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	1,449

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

Operating (Deficit)	(863)
Add/(Less) Items Classified as Investing or Financing	
Net Loss on Disposal of Non-Current Assets	5
Add/(Less) Non-Cash Items	
Accrued Long Service Leave Liability	1,901
Depreciation	22
Amortisation of Intangibles	98
(Gain)/Loss on Equity Trusts and Non-Cash Management Fees	(375)
Cash before Changes in Operating Assets and Liabilities	788
Changes in Operating Assets and Liabilities	
(Increase) in Receivables	(13)
Decrease in Prepayments	33
(Decrease) in Other Creditors and Accruals	(26)
Increase in Employee Benefits	13
Net Changes in Operating Assets and Liabilities	7
Net (Inflows) from Operating Activities	795

(c) Non-Cash Financing and Investing Activities

The Authority has entered into a Finance Lease with the purchase of a motor vehicle

Acquisition of Motor Vehicle by means of Finance Lease	29
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ACT LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 January 2010 to 30 June 2010

Note 35 Related Party Transactions

Ms G Roper was appointed as Chair of the Board from 1 January 2010 and served for the full reporting period. Mr P Mathews was appointed as the Deputy Chair 1 January 2010 and served for the full reporting period. Ms K Sattler was appointed as the employees representative on 1 January 2010, and served for the full reporting period. Mr P Middleton was appointed as the employers' representative on 1 January 2010 and served for the full reporting period. No appointment has been made for an acting member of the board to represent employee organisations.

Key Management Personnel Compensation

Mr P J Collins was appointed CEO and Registrar and served for the full reporting period. 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 Scheme with the balance paid by the Cleaning Industry Scheme under a Cost Sharing Agreement.

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

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

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

There were no other transactions with related parties.



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

ACT LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial statements

I have audited the financial statements of the ACT Long Service Leave Authority (the Authority) for the period from 1 January 2010 to 30 June 2010. The financial statements are comprised of the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes.

Responsibility for the financial statements

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

The auditor's responsibility

My responsibility is to express an independent audit opinion on the financial statements 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 statements are free of material misstatement.

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

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

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

Electronic presentation of the audited financial statements

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

Independence

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

Audit opinion

In my opinion, the financial statements of the Authority for the period from 1 January 2010 to 30 June 2010:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Authority as at 30 June 2010 and the results of its operations and its cash flows for the period from 1 January 2009 to 30 June 2010.

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



Bernie Sheville
Director, Financial Audits
16 September 2010

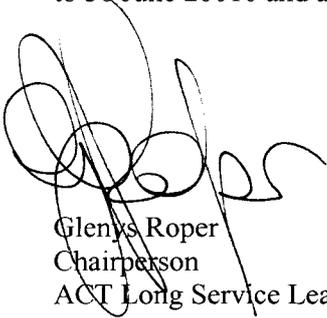
ACT Long Service Leave Authority

Statement of Performance

For the Period from 1 January 2010 to 30 June 2010

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 period 1 January 2010 to 30 June 2010 and also fairly reflects the judgements exercised in preparing them.

A handwritten signature in black ink, appearing to read 'Glenys Roper', is written over the typed name and title.

Glenys Roper
Chairperson
ACT Long Service Leave Authority

15 September 2010

ACT LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE PERIOD FROM 1 JANUARY 2010 to 30 JUNE 2010

Non-Financial Performance Measures

Objective	Indicator/Activity	2010 Target	2010 Result	Variance from Target	Notes
1. Ensure the maximum number of eligible employers and their employees are registered with the Authority	Percentage of employer registrations completed within 10 working days of receipt of correctly completed and verified application form.	90%	93.1%	3.4%	1
	Number of visits to construction sites or employer premises to ensure that all employers working in the covered industry are registered with the Authority	50	90	80%	2
	Percentage of eligible unregistered contract cleaning businesses, identified through a Yellow Pages review contacted and registered with the Authority	100%	100%	0%	3
2. Ensure that employers' contribution levies are collected efficiently and effectively	Percentage of employer returns and payments submitted by due date (3 working days after the end of the month following the relevant quarter)	80%	82.7%	3.4%	4
3. Ensure that payments to employees contractors and reimbursement to employers are made in accordance with the Act;	Percentage of payments completed within 10 working days of receipt of a correctly completed and verified claim form.	90%	100%	11.1%	5
4. Ensure that long service leave funds are invested to ensure a long-term surplus of assets over liabilities	Annual net return on funds under management	3.5% above CPI average over 5 years	Not Achieved	(36.91)%	6
		6.53%	4.12%		

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

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

Notes to the Statement of Performance

1. The Authority registered 189 employers during the period 1 January to 30 June 2010. The Authority registered 176 employers within the 10 working days of receipt of a correctly completed registration form.
2. More construction sites were visited than planned due to increased compliance effort and more work sites than anticipated.
3. The Authority conducts an annual review to ensure that cleaning employers listed in the Yellow Pages are registered with the Authority. The review was completed in April 2010.
4. The Authority through its compliance procedure, has ensured that returns and payments are submitted by the third working day at the end of the month. The Authority processed 2,357 returns for the period and 1,950 were received within the 3 working days from end of month.
5. The Authority processed 213 claims within the reporting period, and all claims were paid within the 10 working days of receipt of a completed claim form.
6. Average annual net return on funds is calculated over 5 year period based on CPI as at 30 June 2010. The result was not achieved due to losses on investments in 2007-08 and 2008-09. The average over the 5 year period was 6.53% while the actual result for the current year was 4.12%. The investment performance only includes investments held by the construction scheme as the cleaning scheme investment returns could not be measured due to the investments not been invested for five years.

From 1 January 2010, the ACT Cleaning Industry Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority.



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS ACT LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the statement of performance

I have reviewed the statement of performance of the ACT Long Service Leave Authority (the Authority) for the period from 1 January 2010 to 30 June 2010.

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 used 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 Authority's statement of performance as required by the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2008*.

I have reviewed the Authority's statement of performance to report on whether any matters have come to my attention which indicate 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 of performance. If users of this statement of performance are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.

Independence

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 Authority's statement of performance for the period from 1 January 2010 to 30 June 2010 does not fairly present the performance of the Authority in accordance with the *Financial Management Act 1996*.



Bernie Sheville
Director, Financial Audits
16 September 2010

ACT CONSTRUCTION INDUSTRY

LONG SERVICE LEAVE AUTHORITY

Financial Statements

For the Period From 1 July 2009 to 31 December 2009

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Authority's accounts and records and fairly reflects the financial operations of the ACT Construction Industry Long Service Leave Authority for the period from 1 July 2009 to 31 December 2009 and the financial position of the ACT Construction Industry Long Service Leave Authority as at 31 December 2009.



Kim Sattler
For Chairperson
ACT Construction Industry Long Service Leave Authority

23 July 2010

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Statement by the Chief Executive Officer

In my opinion, the financial statements of the ACT Construction Industry Long Service Leave Authority have been prepared in accordance with generally accepted accounting principles, are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the period from 1 July 2009 to 31 December 2009 and the financial position of the Authority as at 31 December 2009.



Phil Collins
Chief Executive Officer
ACT Construction Industry Long Service Leave Authority

23 July 2010

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Statement of Comprehensive Income
For the Period From 1 July 2009 to 31 December 2009

		Actual 31-December 2009 \$'000	Budget *(12 Months) 30-June 2010 \$'000	Actual *(12 Months) 30-June 2009 \$'000
	Note			
Income				
Revenue				
Contributions from Employers and Contractors	4	1,709	4,400	3,160
Gains/(Losses) from Investments	5	2,688	2,000	(3,024)
Net Rental Income	6	706	1,540	1,575
Increase in Value of Investment Properties	22	-	500	-
Interest Revenue	7	9	-	118
Other Revenue	8	828	160	450
Cost Sharing Contribution from the Cleaning Industry Long Service Leave Authority	9	19	50	40
Total Revenue		5,959	8,650	2,319
Gains/(Losses)				
(Losses) on Disposal of Non-Current Assets				
Total (Losses)		-	-	(5)
Total Income		5,959	8,650	2,314
Expenses				
Employee Expenses	10	450	810	817
Fees and Allowances	11	15	25	21
Supplies and Services	12	185	450	400
Amortisation	13	74	116	115
Depreciation	14	18	43	40
Long Service Leave Benefit Claims	26	2,645	4,600	4,069
Accrued Long Service Leave Expense	26	3,100	600	6,244
Waivers, Impairment Losses and Write-offs	15	41	-	78
Total Expenses		6,528	6,644	11,784
Operating (Deficit)/Surplus		(569)	2,006	(9,470)
Total Comprehensive (Deficit)/Surplus		(569)	2,006	(9,470)

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

* From 1 January 2010, the ACT Construction Industry Authority Long Service Leave Authority was amalgamated with the ACT Cleaning Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full twelve month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Statement of Financial Position
As at 31 December 2009

	Note	Actual 31-December 2009 \$'000	Budget 30-June 2010 \$'000	Actual 30-June 2009 \$'000
Current Assets				
Cash and Cash Equivalents	17	555	510	609
Receivables	18	1,318	1,035	1,096
Investments	19	42,959	40,209	40,417
Other Assets	20	38	12	10
Total Current Assets		44,870	41,766	42,132
Non-Current Assets				
Intangible Assets	21	226	410	300
Investment Properties	22	17,975	18,490	17,975
Property, Plant and Equipment	23	943	1,035	958
Capital Works in Progress	24	42	-	-
Total Non-Current Assets		19,186	19,935	19,233
Total Assets		64,056	61,701	61,365
Current Liabilities				
Payables	25	430	701	304
Provision for Long Service Leave Benefits	26	47,966	36,880	41,856
Employee Benefits	27	294	-	260
Total Current Liabilities		48,690	37,581	42,420
Non-Current Liabilities				
Provision for Long Service Leave Benefits	26	6,334	5,820	9,344
Total Non-Current Liabilities		6,334	5,820	9,344
Total Liabilities		55,024	43,401	51,764
Net Assets		9,032	18,300	9,601
Equity				
Accumulated Funds	28	8,265	17,481	8,834
Asset Revaluation Surplus	28	767	819	767
Total Equity		9,032	18,300	9,601

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Statement of Changes in Equity
For the Period From 1 July 2009 to 31 December 2009

		Actual 31-December 2009 \$'000	Budget 30-June 2010 \$'000	Actual 30-June 2009 \$'000
	Note			
Total Equity at the Beginning of the Reporting Period		9,601	16,245	19,071
Operating (Deficit)/Surplus	28	(569)	2,006	(9,470)
Total Comprehensive (Deficit)/Income Recognised Directly in Equity for the Reporting Period		(569)	2,006	(9,470)
Revaluation Increment		-	49	-
Total Equity at the End of the Reporting Period		9,032	18,300	9,601

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

* From 1 January 2010, the ACT Construction Industry Authority Long Service Leave Authority was amalgamated with the ACT Cleaning Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full twelve month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Statement of Cash Flows
For the Period From 1 July 2009 to 31 December 2009

	Actual 31-December 2009 \$'000	Budget *(12 Months) 30-June 2010 \$'000	Actual *(12 Months) 30-June 2009 \$'000
Cash Flows from Operating Activities			
Receipts			
Contributions from Employers and Contractors	1,615	4,385	2,969
Interest Received	9	20	119
Rental Revenue Received	990	1,540	1,905
Revenue from Other Sources	101	339	236
Goods and Services Tax Input Tax Credits from the Australian Taxation Office	76	-	192
Goods and Services Tax Input Tax Credits from Registered Participants and Others	114	-	216
Total Receipts from Operating Activities	2,905	6,284	5,637
Payments			
Payments of Long Service Leave Benefits	(2,650)	(4,596)	(4,113)
Payments to Suppliers and Employees	(798)	(1,394)	(1,568)
Goods and Services Tax to Remitted to the Australian Taxation Office	(124)	- (210)	
Goods and Services Tax Paid to Suppliers	(92)	- (162)	
Total Payments from Operating Activities	(3,664)	(5,990)	(6,053)
Net Cash (Outflows)/Inflows from Operating Activities	(759)	294	(416)
Cash Flows from Investing Activities			
Receipts			
Proceeds from Sale of Investments	750	66	40,204
Proceeds from Sale of Plant and Equipment	-	-	26
Total Receipts from Investing Activities	750	66	40,230
Payments			
Purchase of Investments	-	(350)	(39,000)
Purchase of Property, Plant and Equipment	(45)	-	(135)
Total Payments from Investing Activities	(45)	(350)	(39,135)
Net Cash Inflows/(Outflows) from Investing Activities	705	(284)	1,095
Net (Decrease)/Increase in Cash and Cash Equivalents Held	(54)	10	679
Cash and Cash Equivalents at the Beginning of the Reporting Period	609	500	(70)
Cash and Cash Equivalents at the End of the Reporting Period	555	510	609

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

* From 1 January 2010, the ACT Construction Industry Authority Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full twelve month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2010 to 31 December 2009

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ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

Notes to and Forming Part of the Financial Statements

For the Period From 1 July 2009 to 31 December 2009

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

Operation 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* (FMA) requires the preparation of annual financial statements for ACT Government Territory Authorities.

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

- (i) a Statement of Comprehensive Income for the reporting period;
- (ii) a Statement of Financial Position at the end of the reporting period.
- (iii) a Statement of Cash Flows for the reporting period;
- (iv) a Statement of Changes in Equity for the reporting period;
- (v) a summary of the significant accounting policies adopted for the reporting period; and
- (vi) such other statements as are necessary to fairly reflect the financial operations of the Authority during the reporting period; and its financial position at the end of the reporting period.

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

- (i) Australian Accounting Standards and accounting interpretations issued by the Australian Accounting Standards Boards and the former Urgent Issues Group; and
- (ii) ACT Accounting Policies.

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

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

The Authority is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the period from 1 July 2009 to 31 December 2009, together with the financial position of the Authority as at 31 December 2009.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(c) Comparative Figures

Budget Figures

To facilitate a comparison with the Statement of Intent, as required by the *Financial Management Act 1996*, budget information has been presented in the financial statements. Budget numbers in the financial statements are sourced from the budget information contained in the Authority's Statement of Intent for 2009-10.

Prior Year Comparatives

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

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

From 1 January 2010, the ACT Construction Industry Authority Long Service Leave Authority was amalgamated with the ACT Cleaning Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full 12-month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

(d) Rounding

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

(e) Revenue Recognition

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

Interest

Interest revenue is recognised using the effective interest rate method.

Investment Income

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

Employer Contributions

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

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.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(g) Borrowing Costs

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

(h) Waivers of Debt

Debts that are waived during the year under Section 131 of the *Financial Management Act 1996* are expensed during the reporting period in which the right to payment was waived. Further details of waivers are disclosed at Note 15 – *Waivers, Impairment, Losses and Write-offs*.

(i) Taxation

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

(j) Current and Non-Current Items

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

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

(k) Impairment of Assets

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

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

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

(l) Cash and Cash Equivalents

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

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(m) Receivables

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

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

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

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

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

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

(n) Investments

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

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

(o) 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 Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(p) 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.

(q) Investment Properties

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

Investment properties are revalued every 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.

(r) Intangible Assets

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

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

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

Capitalised software has a finite useful life. Software is amortised on a diminishing value basis at a rate of 50% (30% June 2009). The useful life for intangible assets was reassessed to two years as the integrated ACT Long Service Leave Authority is in the process of purchasing a new IT system.

Intangible assets are measured at cost.

(s) 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.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

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

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

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

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

(t) Payables

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

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

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

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

(u) 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 Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(v) Employee Benefits

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

Accrued Salaries

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

Annual and Long Service Leave

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(v) Employee Benefits - Continued

Annual and long service leave including applicable on-costs that do not fall due wholly within the next 12 months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. At 31 December 2009, the discount factor used to calculate the present value of these future payments is 89.7% (90.5% in 2008-2009).

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

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

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

(w) 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 reporting 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 Statement of Financial Position where the Authority does not have an unconditional right to defer the settlement of the liability for at least 12 months. Where there is an unconditional right to defer settlement of the liability, for more than 12 months, the liability is classified as non-current in the Statement of Financial Position.

(x) 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. 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 Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(y) Superannuation

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

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

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

(z) Significant Accounting Judgements and Estimates

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

(i) Accrued Long Service Leave Benefits

The Authority recognises a liability for accrued long service leave benefits based on an assessment performed by an independent actuary. The actuary estimates the liability using a complex model and a large number of assumptions that are based on historical data and the current profile of the registered participants. 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 Government Actuary;
 - incapacity ranging from 0.04% for workers aged 20 years to 1.07% 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.
- 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 5.0% per annum (30 June 2009: 4.7% per annum);
- increases in future rates of pay due to inflation of 3.5% in the 2010 calendar year and 4.0% per annum thereafter (30 June 2009: 3.0% in the 12 months commencing 1 July 2009 and 4% thereafter);
- 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;
- 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% ;
- 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.

Except where indicated, the assumptions are the same as those used to determine liability for the financial statements as at 30 June 2009.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(z) Significant Accounting Judgements and Estimates - Continued

(ii) Valuation of Investments

Investments are valued at fair value. The investments held by the Authority are managed by a professional funds manager, and include listed and unlisted securities and cash and fixed-interest deposits. The investments are valued by the funds manager. The 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.

(iii) Allowance for Impairment Losses

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

(iv) Useful Lives of Intangible Assets

The Authority has made a significant estimate in determining the useful lives of its intangible assets. The estimation of useful lives has been based on the new integrated ACT Long Service Leave Authority purchasing a new IT system for its operations and has estimated that the useful lives of the current IT systems to be 2 years. The useful lives are assessed on an annual basis and any adjustments are made when considered necessary. For further details, see Note 13 - *Amortisation*.

(2aa) Summary of Significant Accounting Policies

Impact of Accounting Standards issued but yet to be applied

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

- AASB 1 First-time Adoption of Australian Accounting Standards (application date 1 Jan 2010);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 Jan 2010);
- AASB 9 Financial Instruments (application date 1 Jan 2013);
- AASB 101 Presentation of Financial Statements (application date 1 Jan 2010);
- AASB 107 Statement of Cash Flows (application date 1 Jan 2010);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 Jan 2011);
- AASB 110 Events after the Reporting Period (application date 1 Jan 2011);
- AASB 117 Leases (application date 1 Jan 2010);
- AASB 118 Revenue (application date 1 Jan 2010);
- AASB 119 Employee Benefits (application date 1 Jan 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 Feb 2010);
- AASB 136 Impairment of Assets (application date 1 Jan 2010);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 Jan 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 Jan 2010);
- AASB 1031 Materiality (application date 1 Jan 2011);
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 Jan 2013);
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (application date 1 Jul 2010);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 Jan 2011); and
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 Jan 2011).
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 Jan 2011).

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 3 Correction of Prior Period Errors

Omission of Accrued Investment Income

As indicated in Not 2 (e) - Summary of *Significant Accounting Policies* investment revenue is recognised on an accrual basis.

For the period ending 30 June 2009, the Authority omitted to accrue investment revenue which was received in July 2009 but related to the period ending 30 June 2009.

This error resulted in the reinstatement of the following line items for the period ending 30 June 2009:

- Other revenue increased by \$271,000;
- Receivables increased by \$271,000; and
- Accumulated funds increased by \$271,000.

Errors in the Valuation Method for Long Service Leave Benefits

The provision for accrued long service leave benefit payments is estimated by the Authority's actuary using actuarial valuation methodology.

During a peer review of this valuation methodology in 2010, the reviewer identified that:

- the valuation method for active workers without service credits was incorrect due to the omission of the predominant form of benefit payment for this group; and
- the provision for long service leave benefits did not include an allowance for administrative costs associated with the settlement of long service leave liabilities in the future. This allowance is required by paragraph 36 of AASB137: 'Provisions, Contingent Liabilities and Contingent Liabilities and Contingent Assets.'

These error only affected the financial statement balances for the period ending 30 June 2009 as a different valuation methodology was used for prior periods. The following line items for the period ending 30 June 2009 were restated as a result of these errors:

- Accrued long service leave expense has increased by \$4,529,000.00;
- The current provision for long service leave benefits has increased by \$3,759,000.00;
- The non-current provision for long service leave benefits has increased by \$770,000.00; and
- Accumulated funds has decreased by \$4,529,000.00.

The below servtion titled "Restatement of Financial Statements as a result of the Correction of Prior Periods Errors" shows the restatement of each line item effected but these errors.

**RESTATEMENT OF FINANCIAL STATEMENTS AS A RESULT OF THE
CORRECTION OF PRIOR PERIOD ERRORS**

Statement of Comprehensive Income Extract

	Actual 2009 \$'000	Correction of Error Adjustment \$'000	Corrected Actual 2009 \$'000
Revenue			
Other Revenue	179	271	450
Total Revenue	2,048	271	2,319
Total Income	2,043	271	2,314
Expenses			
Accrued Long Service Leave Expense	1715	4,529	6,244
Total Expenses	7255	4,529	11,784
Operating (Deficit)/Surplus	(5,212)	(4,258)	(9,470)
Total Comprehensive (Deficit)/Surplus	(5,212)	(4,258)	(9,470)

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 3 Correction of Prior Period Errors

Statement of Financial Position Extract

	Actual 2009 \$'000	Correction of Error Adjustment \$'000	Corrected Actual 2009 \$'000
Current Assets			
Receivables	825	271	1,096
Total Current Assets	41,861	271	42,132
Total Assets	61,094	271	61,365
Current Liabilities			
Provision for Long service Leave Benefits	38,097	3,759	41,856
Total Current Liabilities	38,661	3,759	42,420
Non-Current Liabilities			
Provision for Long Service Leave Benefits	8,574	770	9,344
Total Non-Current Liabilities	8,574	770	9,344
Total Liabilities	47,235	4,529	51,764
Net Assets	13,859	(4,258)	9,601
Equity			
Accumulated Funds	13,092	(4,258)	8,834
Total Equity	13,859	(4,258)	9,601

Statement of Changes in Equity Extract

Operating (Deficit)/Surplus	(5,212)	(4,258)	(9,470)
Total Comprehensive (Deficit)/Income Recognised Directly in Equity for the Reporting Period	(5,212)	(4,258)	(9,470)
Total Equity at the End of the Reporting Period	(5,212)	(4,258)	(9,470)

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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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.

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Contributions from Employers and Contractors		
Contributions from Employers and Contractors	1,709	3,160
Total Contributions from Employers and Contractors	1,709	3,160

Note 5 Gains/(Losses) 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.

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Gains/(Losses) from Investments		
Gains/(Losses) from Investments	2,688	(3,024)
Total Gains/(Losses) from Investments	2,688	(3,024)

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.

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Note 6 Net Rental Income

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Net Rental Income	<u>990</u>	<u>1,922</u>
Rental Revenue from Investment Properties		
Manning Clarke Offices	981	1,905
National Association Centre, Suite 5	9	17
Total Rental Revenue from Investment Properties	<u>990</u>	<u>1,922</u>
Rental Expenses from Investment Properties		
Management Fees*	132	19
General Expenses	2	12
Light and Power	61	118
Insurance	7	17
Rates and Land Tax	26	82
Repairs and Maintenance	56	99
Total Rental Expenses from Investment Properties	<u>284</u>	<u>347</u>
Net Rental Income	<u><u>706</u></u>	<u><u>1,575</u></u>

*A new lease for Manning Clarke Offices was signed and a one off management fee was incurred.

Note 7 Interest Revenue

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Interest Revenue	9	118
Total Interest Revenue	<u>9</u>	<u>118</u>

In 2008-09 interest revenue was higher as the proceeds of sale from the investments were placed in the Authority bank account while the Vanguard investment account was negotiated.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 8 Other Revenue

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Revenue from Other Sources		
Accrued Investment Income and Management Fees	413	271
Investment Income and Management Fees	333	-
Reciprocal Agreement Income	66	93
Other Revenue	16	86
Total Revenue from Other Sources	828	450

Note 9 Cost Sharing Contribution from the Cleaning Industry Long Service Leave Authority

The cost sharing contribution from the Cleaning Industry Long Service Leave Authority relates to the income that is received from the ACT Cleaning Industry Long Service Leave Authority for the use of Plant & Equipment.

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Cost Sharing Contribution from the Cleaning Industry Long Service Leave Authority		
Cost Sharing Contribution from the Cleaning Industry Long Service Leave Authority Cost Sharing	19	40
Total Cost Sharing Contribution from the Cleaning Industry Long Service Leave Authority	19	40

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 10 Employee Expenses

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Wages and Salaries	416	757
Annual Leave Expense	23	13
Long Service Leave Expense	11	47
Total Employee Expenses	450	817
	Number	Number
Full Time Equivalent Employees	10	10

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 15/85 basis. Full-time equivalents therefore equate to approximately 1.5 (2008-09: 1.5) staff members.

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

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

Note 11 Fees and Allowances

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Board Member's Fees	15	21
Total Fees and Allowance Expenses	15	21

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE
Notes to and Forming Part of the Financial Statements
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Note 12 Supplies and Services

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Accounting Fees	-	36
Actuarial Charges	6	19
Advertising	14	20
Audit Fees	24	25
Consultants and Contractors	11	44
Investment Charges	-	87
Printing and Stationary	11	28
Other	119	141
Total Supplies and Services	185	400

Note 13 Amortisation

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Amortisation		
Internally Generated Software	67	77
Externally Generated Software	7	38
Total Amortisation	74	115

Note 14 Depreciation

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Depreciation		
Buildings and Improvements	9	28
Plant and Equipment	9	12
Total Depreciation	18	40

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 15 Waivers, Impairment Losses and Write-Offs

Under Section 131 of the *Financial Management Act 1996* the Registrar may, in writing, waive the right to payment of an amount payable to the Authority. A waiver is the relinquishment of a legal claim to a debt over which the Authority has control.

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

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

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Waivers, Impairment Losses and Write-Offs	41	78
Total Waivers, Impairment Losses and Write-Offs	41	78

	31-Dec 2009		30-Jun 2009	
	Number	\$'000	Number	\$'000
Waivers and Write-Offs of Employee and Contractor Receivables				
Waivers of Penalty payment	122	19	465	56
Irrecoverable Debts (Write-Offs)	3	2	6	3
Total Waivers and Write-Offs	125	21	471	59
Impairment Losses				
<i>Impairment Losses from Receivables</i>				
Trade Receivables and Other Trade Receivables	18	20	25	19
Total Impairment Losses from Receivables	18	20	25	19
Total Waivers, Impairment Losses and Write-Offs	143	41	496	78

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE
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For the Period From 1 July 2009 to 31 December 2009

Note 16 Auditor's Remuneration

Auditor's remuneration consists of financial audit services provided to the Authority by the ACT Auditor-General's Office. Auditor's remuneration is included in Note 12 – *Supplies and Services*. No other services were provided by the ACT Auditor-General's Office.

	31-Dec 2009 \$'000	30-Jun 2009 (12 Months) \$'000
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	24	25
Total Audit Fees	24	25
Total Auditor's Remuneration	24	25

Note 17 Cash and Cash Equivalents

The Authority holds a bank account with the Commonwealth Bank, as part of whole-of-government banking arrangements. As part of these arrangements, the Authority earns interest on deposits, at a rate equivalent to 15 basis points below the Reserve Bank's target cash rate. The bank account earned a floating interest rate between 2.85% and 3.60% (2.85% and 7.10% in 2009).

	31-Dec 2009 \$'000	30-Jun 2009 \$'000
Cash at Bank	555	608
Cash on Hand	-	1
Total Cash	555	609

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 18 Receivables

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Employer and Contractor Receivables	<u>50</u>	<u>53</u>
Employer and Contractor Receivables	93	78
Less: Allowance for Impaired Receivables	(43)	(25)
Total Employer and Contractor Receivables	<u>50</u>	<u>53</u>
Other Receivables		
Trade Receivables	9	25
Total Other Receivables	<u>9</u>	<u>25</u>
Accrued Revenue		
Accrued Industry Contributions	844	745
Accrued Investment Income	415	273
Total Accrued Revenue	<u>1,259</u>	<u>1,018</u>
Total Receivables	<u><u>1,318</u></u>	<u><u>1,096</u></u>
Reconciliation of the Allowance for Impaired Receivables		
Allowance for Impaired Receivables at the Beginning of the Reporting Period	25	9
Write-Off of Receivables	(2)	(3)
Additional Provision Recognised	20	19
Allowance for Impaired Receivables at the End of the Reporting Period	<u>43</u>	<u>25</u>
Classification of Government/Non-Government Receivables		
Receivables with Non-ACT Government Entities		
Net Employer and Contractor Receivables	50	53
Other Receivables	9	25
Accrued Industry Contributions	844	745
Accrued Interest Income	415	273
Total Receivables with Non-ACT Government Entities	<u>1,318</u>	<u>1,096</u>
Total Receivables	<u><u>1,318</u></u>	<u><u>1,096</u></u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 18 Receivables - Continued

Ageing of Receivables

	Past Due			Total
	Less than 30 Days	30 to 60 Days	Greater than 60 Days	\$'000
	\$'000	\$'000	\$'000	
Dec-09				
Not Impaired				
Receivables	4	22	24	50
Impaired				
Receivables	-	-	43	43
Jun-09				
Not Impaired				
Receivables	12	25	16	53
Impaired				
Receivables	-	-	25	25

Note 19 Investments

	31-Dec 2009 \$'000	30-Jun 2009 \$'000
Investments		
Investment Trusts at Fair Value	42,959	40,417
Total Investments	42,959	40,417

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 20 Other Assets

	31-Dec 2009 \$'000	30-Jun 2009 \$'000	(12 Months)
Other Assets	<u> </u>	<u> </u>	
Prepayments	38	10	
Total Other Assets	<u> 38</u>	<u> 10</u>	

Note 21 Intangible Assets

The Authority has internally generated software . There were no additions for this reporting period.

	31-Dec 2009 \$'000	30-Jun 2009 \$'000	(12 Months)
Intangible Assets	<u> </u>	<u> </u>	
<i>Internally Purchased Software</i>			
Computer Software at Cost	1,096	1,096	
Less : Accumulated Amortisation	(899)	(832)	
Total Internally Purchased Software	<u> 197</u>	<u> 264</u>	
 <i>Externally Purchased Software</i>			
Computer Software at Cost	116	116	
Less : Accumulated Amortisation	(87)	(80)	
Total Externally Purchased Software	<u> 29</u>	<u> 36</u>	
 Total Intangible Assets	<u> 226</u>	<u> 300</u>	

Reconciliation of Intangible Assets

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

	Internally Developed Software \$'000	Externally Developed Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	264	36	300
Amortisation	(67)	(7)	(74)
Carrying Amount at the End of the Reporting Period	<u> 197</u>	<u> 29</u>	<u> 226</u>
 Total Intangible Assets	<u> 197</u>	<u> 29</u>	<u> 226</u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 21 Intangible Assets - Continued

Reconciliation of Intangible Assets

The following tables show the movement of Intangible Assets from the beginning to the end of the previous reporting periods.

	Internally Developed Software \$'000	Externally Developed Software \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	259	58	317
Additions	97	1	98
Amortisation	(92)	(23)	(115)
Carrying Amount at the End of the Reporting Period	264	36	300
Total Intangible Assets	264	36	300

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Notes to and Forming Part of the Financial Statements
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Note 22 Investment Properties

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Non-Current Investments		
National Associations Centre, Suite 5	170	170
Manning Clarke Offices	17,805	17,805
Total Non-Current Investments	<u>17,975</u>	<u>17,975</u>
Total Investments	<u><u>17,975</u></u>	<u><u>17,975</u></u>

Reconciliation of Investment Properties

Carrying amount at the Beginning of the Reporting Period	17,975	17,970
Acquisitions	-	5
Carrying amount at the End of the Reporting Period	<u><u>17,975</u></u>	<u><u>17,975</u></u>

An independent valuation of the investment properties was obtained at 30 June 2008. The basis of valuation was fair 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 Statement of Comprehensive Income and in Note 6: *Net Rental Income*.

Leasing Investment Properties

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

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Leasing Investment Properties		
Within one year	2,030	828
Later than one year but not later than 5 years	4,685	18
Later than 5 years	-	-
Total Leasing Investment properties	<u><u>6,715</u></u>	<u><u>846</u></u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 23 Property, Plant and Equipment

Land includes leasehold land held by the Authority.

Buildings include office buildings belonging to the Authority.

Plant and equipment held includes office and computer equipment and other mechanical and electronic equipment.

Furniture and fittings consists only items of furniture and fittings

Motor vehicles consists only of motor vehicles.

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
	<u> </u>	<u> </u>
Land		
Land at Fair Value	179	179
Total Land Assets	<u>179</u>	<u>179</u>
Buildings		
Buildings at Fair Value	711	711
Less: Accumulated Depreciation	(27)	(18)
Total Written-Down Value of Buildings	<u>684</u>	<u>693</u>
Total Written-Down Value of Land and Buildings	<u>863</u>	<u>872</u>
Plant and Equipment		
Plant and Equipment at Cost	228	227
Less: Accumulated Depreciation	(198)	(193)
Total Written-Down Value of Plant and Equipment	<u>30</u>	<u>34</u>
Furniture & Fittings		
Furniture & Fittings at Cost	50	49
Less: Accumulated Depreciation	(24)	(23)
Total Written-Down Value of Furniture & Fittings	<u>26</u>	<u>26</u>
Motor Vehicles		
Motor Vehicles at Cost	31	31
Less: Accumulated Depreciation	(7)	(5)
Total Written-Down Value of Motor Vehicles	<u>24</u>	<u>26</u>
Total Written-Down Value of Property, Plant and Equipment	<u><u>943</u></u>	<u><u>958</u></u>

Valuation of Non-Current Assets

Mr P Street FAPI of Jones Lang LaSalle, an independent valuer, performed the valuation of the land and buildings. The latest valuation was performed as at 30 June 2008.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 31 December 2009

Note 23 Property, Plant and Equipment - Continued

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

	Land \$'000	Buildings \$'000	Furniture & Fittings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
31 December 2009						
Carrying Amount at the Beginning of the Reporting Period	179	693	26	34	26	958
Additions -		-	1	2	-	3
Depreciation and Amortisation	-	(9)	(1)	(6)	(2)	(18)
Disposals	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Amount at the End of the Reporting Period	179	684	26	30	24	943
30 June 2009						
Carrying Amount at the Beginning of the Reporting Period	179	711	28	47	32	997
Additions -		-	1	-	31	32
Revaluation Increments	-	-	-	-	-	-
Depreciation and Amortisation	-	(18)	(3)	(13)	(6)	(40)
Disposals	-	-	-	0	(31)	(31)
Carrying Amount at the End of the Reporting Period	179	693	26	34	26	958

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 24 Capital Works in Progress

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

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
	<u> </u>	<u> </u>
Capital Works in Progress	42	-
Total Capital Works in Progress	<u>42</u>	<u>-</u>

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in progress for the period from 1 July 2009 to 31 December 2009.

Carrying Amount at the Beginning of the Reporting Period	-	-
Additions	42	-
Carrying Amount at the End of the Reporting Period	<u>42</u>	<u>-</u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
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Note 25 Payables

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Current Payables		
Long Service Leave Claims Owing to Registered Scheme Participants	105	100
Other Creditors and Accruals	336	182
Goods and Services Tax Payable	(11)	22
Total Current Payables	430	304
Total Payables	430	304
Payables are aged as follows:		
Not Overdue	430	304
Total Payables	430	304
Government Payables		
Payables with ACT Government Entities		
Other Creditors and Accruals	24	28
Total Payables with ACT Government Agencies	24	28
Payables with Non-ACT Government Entities		
Long Service Leave Claims Owing to Registered Scheme Participants	105	100
Other Creditors and Accruals	312	153
Goods and Services Tax Payable	(11)	23
Total Payables with Non-ACT Government Entities	406	276
Total Payables	430	304

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 26 Provision for Long Service Leave Benefits

	31-Dec 2009 \$'000	30-Jun 2009 \$'000
Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	47,966	41,856
Total Current Provision for Long Service Leave Benefits	47,966	41,856
Non-Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	6,334	9,344
Total Non-Current Provision for Long Service Leave Benefits	6,334	9,344
Total Provision for Long Service Leave Benefits	54,300	51,200

Reconciliation of the Provision for Long Service Leave Benefits

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

	31-Dec 2009 \$'000	30-Jun 2009 \$'000
Carrying Amount at the Beginning of the Reporting Period	51,200	44,956
Long Service Leave Benefit Claims	(2,645)	(4,069)
Increase in Provision for Long service Leave Benefits	5,745	10,313
Accrued Long Service Leave Expense	3,100	6,244
Carrying Amount at the End of the Reporting Period	54,300	51,200

This provision was estimated by Bendzulla Actuarial Pty Ltd – Consulting Actuaries. The Authority commissions a comprehensive actuarial review of the scheme every three years, together with an annual review of the provision. The last triennial review was completed as at 30 June 2008. The next triennial review is scheduled for the triennium ending 30 June 2011.

An assessment of the pattern of long service benefits indicate that the timing of the actual payments is such that \$5.4 million (2008-09 \$3.7 million) will be paid in the 12 months ending 30 June 2010, with the balance being paid in later years. Allowing for the payments made from 1 July 2009 to 31 December 2009 (\$2.6 million), the estimated payments in the six months to 30 June 2010 are \$2.8 million.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
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Note 27 Employee Benefits

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Current Employee Benefits		
Annual Leave	134	111
Long Service Leave	160	149
Accrued Salaries	-	-
Total Current Employee Benefits	294	260
Total Employee Benefits	294	260

Estimate of when Leave is Payable for Disclosure Purposes Only		
Estimated Employee Benefits Payable within 12 Months		
Annual Leave	90	83
Long Service Leave	9	-
Accrued Salaries	-	-
Total Estimated Employee Benefits Payable within 12 Months	99	83
Estimated Employee Benefits Payable after 12 Months		
Annual Leave	44	28
Long Service Leave	151	149
Total Estimated Employee Benefits Payable after 12 Months	195	177
Total Estimated Employee Benefits	294	260

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
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Note 28 Equity

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Total Equity at the End of the Reporting Period	<u> </u>	<u> </u>
Accumulated Funds	8,265	8,834
Asset Revaluation Surplus	767	767
Total Equity	<u><u>9,032</u></u>	<u><u>9,601</u></u>

Movements in Equity during the Reporting Period

Accumulated Funds

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Balance at the Beginning of the Reporting Period	8,834	18,304
Total Comprehensive Deficit	(569)	(9,470)
Balance at the End of the Reporting Period	<u><u>8,265</u></u>	<u><u>8,834</u></u>

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 29 Financial Instruments

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

Interest Rate Risk

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

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

Sensitivity Analysis

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

Credit Risk

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

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

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

Liquidity Risk

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

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

Long service leave owing to registered scheme participants and other creditors and accruals are generally of a short-term nature. The Authority manages the liquidity risk related to these 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 Statements
For the Period From 1 July 2009 to 31 December 2009

Note 29 Financial Instruments - Continued

Price Risk

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

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

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

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

Sensitivity Analysis

	Carrying Amount		+20% Price Movement		-20% Price Movement	
			Profit/Equity		Profit/Equity	
	31-Dec 2009 \$'000	30-Jun 2009 \$'000	31-Dec 2009 \$'000	30-Jun 2009 \$'000	31-Dec 2009 \$'000	30-Jun 2009 \$'000
Financial Assets						
Investments	42,959	40,417	8,592	8,083	-8,592	-8,083

Currency Risk

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 29 Financial Instruments - Continued

Fair Value of Financial Assets and Liabilities

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

	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
	31-Dec 2009	31-Dec 2009	31-Dec 2009	31-Dec 2009	30-Jun 2009	30-Jun 2009	30-Jun 2009	30-Jun 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets								
Cash at Bank	555	555			609	609		
Investments	42,959	42,959			40,417	40,417		
Receivables	1,318	1,318			1,096	1,096		
Total Financial Assets	44,831	44,831			42,122	42,122		
Financial Liabilities								
Payables	430	430			304	304		
Total Financial Liabilities	430	430			304	304		

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 31 December 2009. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Floating Interest Rate		Non -Interest Bearing		Total	
	31-Dec 2009	30-Jun 2009	31-Dec 2009	30-Jun 2009	31-Dec 2009	30-Jun 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash	555	608	-	1	555	609
Investments		-	42,959	40,417	42,959	40,417
Receivables		-	1,318	1,096	1,318	1,096
Total Financial Assets	555	608	44,276	41,514	44,832	42,122
Weighted Average Interest Rate	3.08%	4.67%				
Financial Liabilities						
Payables	-	-	430	304	430	304
Total Financial Liabilities	-	-	430	304	430	304
Net Financial Assets					44,402	41,818

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 29 Financial Instruments - Continued

	31-Dec	30-Jun (12 Months)
	2009	2009
	\$'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	42,959	40,417
Loans and Receivables	1,318	1,096
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	430	304

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

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

	31-Dec	30-Jun (12 Months)
	2009	2009
	\$'000	\$'000
Gains/(Losses) on Financial Asset		
Financial assets at fair value through the profit and loss designated upon initial recognition	2,688	(3,024)
Loans and Receivables	(20)	(19)
Gains/(Losses) on Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	-	-

Fair Value Hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either derived from prices directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

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

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 29 Financial Instruments - Continued

Fair Value Heirarchy - Continued

Dec-09

	<u>Classification According to Fair Value Heirarchy</u>			Total
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Financial Assets at Fair Value through the Statement of Comprehensive Income				
Investments	42,959	-	-	42,959
	42,959	-	-	42,959

Jun-09

	<u>Classification According to Fair Value Heirarchy</u>			Total
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Financial Assets at Fair Value through the Statement of Comprehensive Income				
Investments	40,417	-	-	40,417
	40,417	-	-	40,417

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

Note 30 Commitments

The Authority has no commitments for capital or other amounts payable

Note 31 Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no contingent liabilities as at the reporting date.

Contingent Assets

There were no contingent assets as at the reporting date.

Note 32 Events Occurring after Balance Date

There were no events occurring after balance date for the reporting period, which would affect the financial statements for the period 1 July 2009 to 31 December 2009.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 33 Cash Flow Reconciliation

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

	31-Dec 2009 \$'000	30-Jun (12 Months) 2009 \$'000
Total Cash and Cash Equivalents Recorded in the Statement of Financial Position	555	609
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	555	609
(b) Reconciliation of Net Cash Inflows from Operating Activities to the Operating Surplus/(Deficit)		
Operating Surplus/(Deficit)	(569)	(9,470)
Add/(Less) Items Classified as Investing or Financing		
Net Loss on Disposal of Non-Current Assets	-	5
Add/(Less) Non-Cash Items		
Accrued Long Service Leave Liability	3,100	6,244
Depreciation	18	40
Amortisation of Intangibles	74	115
(Gain)/Loss on Equity Trusts and Non-Cash Management Fees	(3,434)	2,510
Cash before Changes in Operating Assets and Liabilities	(811)	(827)
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(80)	449
(Increase)/Decrease in Prepayments	(28)	2
Increase/(Decrease) in Other Creditors and Accruals	126	(62)
Increase in Employee Benefits	34	22
Net Changes in Operating Assets and Liabilities	52	411
Net (Outflows) from Operating Activities	(759)	(416)

There were no non-cash financing or operating activities.

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 34 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 reporting period. Ms K Sattler was appointed as the employees representative on 18 February 2008, and served for the full reporting period. Mr P Middleton was appointed as the employers' representative on 10 September 2008 and served for the remainder of the financial year 2008-2009. 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 reporting period. 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 P Middleton, who was re-appointed from 6 October to 30 December 2009.

Key Management Personnel Compensation

Mr P J Collins was appointed CEO and Registrar on 30 January 2008 and served for the full reporting period. 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 the Chairperson's personal superannuation fund. No superannuation is paid the other members of the Construction Board as their remuneration is below superannuation thresholds.

There were no other transactions with related parties.



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial statements

I have audited the financial statements of the ACT Construction Industry Long Service Leave Authority (the Authority) for the period from 1 July 2009 to 31 December 2009. The financial statements are comprised of the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and accompanying notes.

Responsibility for the financial statements

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

The auditor's responsibility

My responsibility is to express an independent audit opinion on the financial statements 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 statements are free of material misstatement.

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

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

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

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from 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 statements 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 statements of the Authority for the period from 1 July 2009 to 31 December 2009:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Authority as at 31 December 2009 and the results of its operations and its cash flows for the period from 1 July 2009 to 31 December 2009.

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



Bernie Sheville
Director, Financial Audits
3 August 2010

ACT Construction Industry Long Service Leave Authority

Statement of Performance

For the Period from 1 July 2009 to 31 December 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 period 1 July 2009 to 31 December 2009 and also fairly reflects the judgements exercised in preparing them.



Kim Sattler
For Chairperson
ACT Construction Industry Long Service Leave Authority

23 July 2010

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE PERIOD FROM 1 JULY 2009 to 31 DECEMBER 2009

Non-Financial Performance Measures

Objective	Indicator/Activity	2009/10 Target (12 Months)	2009 Result (6 Months)	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 a new or enhanced IT system solution and supporting business procedures.	Complete the benchmarking of current IT system with the new Tasbuild System and replace or enhance existing system by March 2010	Not completed	(100%)	1
	Monthly review by Board of Chief Executive Officer's Annual Financial and General Reporting Timetable	Monthly review	Completed	0	
2. Identify opportunities to improve administrative operations in the Authority	Implement a new staffing structure to support the new integrated LSL Authority	31-12-09	Not completed	(100%)	2
	Provide training to staff using the Authority's new or enhanced IT system /LSL database	1-3-10	Not completed	(100%)	3
	Implement any legislative changes to employers' levy payments and employees' entitlements	Implement by 1-3-10	Not completed	(100%)	4

ACT CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE PERIOD FROM 1 JULY 2009 to 31 DECEMBER 2009

Non-Financial Performance Measures – Continued

Objective	Indicator/Activity	2009/10 Target (12 Months)	2009 Result (6 Months)	Variance from Target	Notes
3. Ensure that the Authority manages its assets prudentially	Monthly review by Board of profit and loss statement and investment fund reports	Monthly review	Completed	0	
	Implement any agreed Internal Audit Program recommendations	1-3-10	Not completed	(100%)	5
	Achieve an annual net return on funds under management which, when averaged over the medium-long term (5 years), exceeds 3.5% above CPI	CPI+3.5% 6.33%	Not achieved 3.96%	(37%)	6
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 Act	50 Visits	24	(52%)	7
	Visit at least 25 construction sites to ensure relevant sub-contractors are registered and to give opportunity for workers to enquire about their long service leave entitlements	25 Visits	56	124%	8
	All Group Training Organisations will be visited annually with the objective of addressing 1 st year industry apprentices and trainees	5 Visits	2	(60%)	9
5. Pay all long service leave payments in accordance with the Act	Pay eligible claims to workers	Within 2 weeks of receipt of a correctly completed claim form	Not completed	(100%)	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 PERIOD FROM 1 JULY 2009 to 31 DECEMBER 2009

Notes to the Statement of Performance

1. Benchmarking of the current IT system with the new Tasbuild system has been completed and a contract for the replacement of the new system has been signed with Formation Technology. It is expected that the new system (Leave Track) will be delivered and operational by October 2010.
2. A new staffing structure to support the new integrated Long Service Leave Authority has been approved and recruitment action for a new ASO4 (to support the implementation of the new Community Sector Scheme) is underway. The process has been interrupted by the recently announced government freeze on public service recruitment. An exemption to the freeze for the Authority has been forwarded to Chief Minister's Department.
3. See Note 1.
4. Decisions to change employers levy payments and employees entitlements were deferred by the previous Minister for Industrial Relations. The Board of the new integrated Authority will consider recommendations to the new Minister for Industrial Relations at Board meetings in February and March 2010.
5. RSM Bird Cameron completed an internal audit of the Authority in May 2009. They recommended that the Authority formally document all policies and procedures in a policy and procedure manual. The Authority has commenced this task but will complete it following the implementation of the new IT system which will have a substantial impact on a number of procedures currently undertaken by the Authority.
6. Average annual net return on funds is calculated over 5 reporting periods from 1 July to December 2009. Based on CPI as at 31 December 2009. Return was not achieved due to negative returns in 2007-08 and 2008-09 as a result of the Global Financial Crisis. Quarterly distribution from fund manager Vanguard was revised and included in the calculation of net return.
7. Based on 6 months only.
8. More construction sites were visited than planned due to increased compliance effort.
9. Based on 6 months only.
10. The Authority is multi skilling staff one claim was not processed with in the time frame due to training of staff member.

From 1 January 2010, the ACT Cleaning Industry Authority Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the target was for a full twelve month period, this is not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.



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 period from 1 July 2009 to 31 December 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 period from 1 July 2009 to 31 December 2009 does not fairly present the performance of the Authority in accordance with the *Financial Management Act 1996*.



Bernie Sheville
Director, Financial Audits
3 August 2010

ACT CLEANING INDUSTRY

LONG SERVICE LEAVE AUTHORITY

Financial Statements

For the Period From 1 July 2009 to 31 December 2009

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Authority's accounts and records and fairly reflects the financial operations of the ACT Cleaning Industry Long Service Leave Authority for the period from 1 July 2009 to 31 December 2009 and the financial position of the ACT Cleaning Industry Long Service Leave Authority as at 31 December 2009.



Glenys Roper
Chair
ACT Cleaning Industry Long Service Leave Authority

23 July 2010

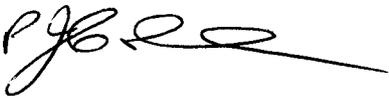
ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY

Financial Statements

For the Period From 1 July 2009 to 31 December 2009

Statement by the Chief Executive Officer

In my opinion, the financial statements of the ACT Cleaning Industry Long Service Leave Authority have been prepared in accordance with generally accepted accounting principles, are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the period from 1 July 2009 to 31 December 2009 and the financial position of the Authority as at 31 December 2009.



Phil Collins
Chief Executive Officer
ACT Cleaning Industry Long Service Leave Authority

23 July 2010

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Statement of Comprehensive Income
For the Period From 1 July 2009 to 31 December 2009

		Actual 31-December 2009 \$'000	Budget (12 Months)* 30-June 2010 \$'000	Actual (12 Months)* 30-June 2009 \$'000
Income				
<i>Revenue</i>				
Contributions from Employers and Contractors	4	580	1,000	1,036
Gains from Investments	5	244	125	97
Interest Revenue	6	7	12	136
Other Revenue	7	76	2	30
Total Revenue		907	1,139	1,299
Total Income		907	1,139	1,299
Expenses				
Asset Rental Charge	8	19	47	40
Employee Expenses	9	78	90	144
Fees and Allowances	10	11	22	20
Supplies and Services	11	61	98	104
Amortisation	12	26	32	33
Long Service Leave Benefit Claims	21	127	344	262
Accrued Long Service Leave Expense	21	350	902	815
Waivers, Impairment Losses and Write-offs	13	3	2	18
Total Expenses		675	1,537	1,436
Operating Surplus/(Deficit)		232	(398)	(137)
Total Comprehensive Income/(Deficit)		232	(398)	(137)

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

* From 1 January 2010, the ACT Cleaning Industry Authority Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full twelve month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Statement of Financial Position
As at 31 December 2009

	Note	Actual 31-December 2009 \$'000	Budget 30-June 2010 \$'000	Actual 30-June 2009 \$'000
Current Assets				
Cash and Cash Equivalents	15	268	510	476
Receivables	16	357	300	306
Investments	17	4,346	3,907	3,597
Other Assets	18	1	1	1
Total Current Assets		4,972	4,718	4,380
Non-Current Assets				
Intangible Assets	19	76	91	102
Total Non-Current Assets		76	91	102
Total Assets		5,048	4,809	4,482
Current Liabilities				
Payables	20	48	61	70
Provision for Long Service Leave Benefits	21	4,019	4,589	3,567
Employee Benefits	22	52	-	46
Total Current Liabilities		4,119	4,650	3,683
Non-Current Liabilities				
Provision for Long Service Leave Benefits	21	811	484	913
Total Non-Current Liabilities		811	484	913
Total Liabilities		4,930	5,134	4,596
Net Assets/(Liabilities)		118	(325)	(114)
Equity				
Accumulated Funds/(Deficits)	23	118	(325)	(114)
Total Equity		118	(325)	(114)

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

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY

Statement of Cash Flows

For the Period From 1 July 2009 to 31 December 2009

	Actual 31-December 2009 \$'000	Budget (12 Months)* 30-June 2010 \$'000	Actual (12 Months)* 30-June 2009 \$'000
Cash Flows from Operating Activities			
Receipts			
Contributions from Employers and Contractors	539	992	1,020
Income Received from Investments	7	12	154
Revenue from Other Sources	1	28	5
Goods and Services Tax Input Tax Credits from the Australian Taxation Office	25	-	30
Total Receipts from Operating Activities	572	1,032	1,209
Payments			
Payments of Long Service Leave Benefits	(126)	(344)	(262)
Payments to Suppliers and Employees	(187)	(297)	(278)
Goods and Services Tax Paid to Suppliers	(17)	-	(32)
Total Payments from Operating Activities	(330)	(641)	(572)
Net Cash Inflows from Operating Activities	242	391	637
	28		
Cash Flows from Investing Activities			
Payments			
Purchase of Investments	(450)	(349)	(3,500)
Purchase of Intangible Assets	-	(32)	(53)
Total Payments from Investing Activities	(450)	(381)	(3,553)
Net Cash (Outflows) from Investing Activities	(450)	(381)	(3,553)
Net (Decrease)/Increase in Cash and Cash Equivalents Held	(208)	10	(2,916)
Cash and Cash Equivalents at the Beginning of the Reporting Period	476	500	3,392
Cash and Cash Equivalents at the End of the Reporting Period	268	510	476
	28		

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

* From 1 January 2010, the ACT Cleaning Industry Authority Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full twelve-month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Statement of Changes in Equity
For the Period From 1 July 2009 to 31 December 2009

		Actual 31-December 2009 \$'000	Budget (12 Months)* 30-June 2010 \$'000	Actual (12 Months)* 30-June 2010 \$'000
	Note			
Total Equity at the Beginning of the Reporting Period		(114)	476	23
Operating Surplus/(Deficit)	23	232	(398)	(137)
Total Comprehensive Income/(Deficit) Recognised Directly in Equity for the Reporting Period		232	(398)	(137)
Total Equity at the End of the Reporting Period		118	78	(114)

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

* From 1 January 2010, the ACT Cleaning Industry Authority Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full twelve-month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2009 to 31 December 2009

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ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
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Note 1 Objectives of the ACT Cleaning Industry Long Service Leave Authority

Operation and Principal Activities

The ACT Cleaning Industry Long Service Leave Authority (the Authority) is established under the *Long Service Leave (Contract Cleaning Industry) Act 1999* (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 contract cleaning 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 contract cleaning industry in the ACT.

Note 2 Summary of Significant Accounting Policies

(a) Basis of Accounting

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

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

- (i) a Statement of Comprehensive Income for the reporting period;
- (ii) a Statement of Financial Position at the end of the reporting period;
- (iii) a Statement of Cash Flows for the reporting period;
- (iv) a Statement of Changes in Equity for the reporting period;
- (v) a summary of the significant accounting policies adopted for the reporting period; and
- (vi) such other statements as are necessary to fairly reflect the financial operations of the Authority during the reporting period and its financial position at the end of the reporting period.

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

- (i) Australian Accounting Standards and accounting interpretations issued by the Australian Accounting Standards Boards and the former Urgent Issues Group; and
- (ii) ACT Accounting Policies.

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

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

The Authority is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the period from 1 July 2009 to 31 December 2009, together with the financial position of the Authority as at 31 December 2009.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 2 Summary of Significant Accounting Policies - Continued

(c) Comparative Figures

Budget Figures

To facilitate a comparison with the Statement of Intent, as required by the *Financial Management Act 1996*, budget information has been presented in the financial statements. Budget numbers in the financial statements are sourced from the budget information contained in the Authority's Statement of Intent for 2009-10.

Prior Year Comparatives

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

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

From 1 January 2010, the ACT Cleaning Industry Authority Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the budget and comparative information were for a full 12-month period, they are not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.

(d) Rounding

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

(e) Revenue Recognition

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

Interest

Interest revenue is recognised using the effective interest rate method.

Investment Revenue

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

Employer Contributions

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

(f) Waivers of Debt

Debts that are waived during the year under Section 131 of the *Financial Management Act 1996* are expensed during the reporting period in which the right to payment was waived. Further details of waivers are disclosed at Note 13 – *Waivers, Impairment Losses and Write-offs*.

(g) Taxation

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

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 2 Summary of Significant Accounting Policies - Continued

(h) Current and Non-Current Items

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

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

(i) Cash and Cash Equivalents

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

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.

(j) Receivables

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

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

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

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

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

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

(k) Investments

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

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

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 2 Summary of Significant Accounting Policies - Continued

(l) Intangible Assets

The Authority's intangible assets comprise of internally developed computer software systems.

This software is recognised and capitalised when:

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

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

Capitalised software has a finite useful life. Software is amortised on a diminishing value basis at a rate of 50% (30% June 2009). The useful life for intangible assets was reassessed to two years as the integrated ACT Long Service Leave Authority is in the process of purchasing a new IT system.

Intangible assets are measured at cost.

(m) Payables

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

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

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

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

(n) Employee Benefits

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

Accrued Salaries

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

Annual and Long Service Leave

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

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 2 Summary of Significant Accounting Policies - Continued

(n) Employee Benefits - Continued

Annual and long service leave including applicable on-costs that do not fall due wholly within the next 12 months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. At 31 December 2009, the discount factor used to calculate the present value of these future payments is 89.7% (90.5% in 2008-2009).

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

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

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

(o) Long Service Leave Benefits

(i) Long Service Leave Benefits Expense

Employees and contractors who are registered with the Authority accrue 8.667 weeks (i.e. 2 months) long service leave after 10 years of service in the cleaning industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating 5 years of service in the scheme if the worker ceases employment with the purpose of leaving the industry permanently. A further benefit is available upon accrual of 55 days of service in the scheme in certain cases of permanently leaving the industry due to illness, injury or at retirement age (55 years), and death.

(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 Statement of Financial Position where the Authority does not have an unconditional right to defer the settlement of the liability for at least 12 months. Where there is an unconditional right to defer settlement of the liability, for more than 12 months, the liability is classified as non-current in the Statement of Financial Position.

(p) Insurance

The Authority places its general business 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. Worker's Compensation cover is provided by the ACT Government as all staff are public servants under the Chief Minister's Department.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 2 Summary of Significant Accounting Policies - Continued

(q) Superannuation

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

(q) Superannuation - Continued

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

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

(r) Significant Accounting Judgements and Estimates

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

(i) Accrued Long Service Leave Benefits

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

- the rates at which workers of different ages might leave the scheme due to retirement, death, and incapacity (unchanged from 2008-09);
- the rates at which workers with varying years of service might leave the industry, ranging from 30% workers with less than 1 year of service to 3% for workers with 4 or more years of service (unchanged from 2008-09);
- the rates at which workers with varying years of service might take their long service leave benefits from 2008-09);
- an appropriate discount rate of 5.5% per annum (unchanged from 2008-09);
- increases in future rates of pay due to inflation of 5.5% per annum in the period from 1/7/2009 to 30/6/2012 year and 4.0% per annum thereafter (unchanged from 2008-09); and
- no allowance is necessary for increases in future rates of pay due to length of service or promotion, over and above the inflationary allowances above.

(ii) Valuation of Investments

Investments are valued at fair value. The investments held by the Authority are managed by a professional funds manager, and include listed and unlisted securities and cash and fixed-interest deposits. The investments are valued by the funds manager. The 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.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 2 Summary of Significant Accounting Policies - Continued

(iii) Allowance for Impairment Losses

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

(r) Significant Accounting Judgements and Estimates - Continued

(iv) Useful Lives of Intangible Assets

The Authority has made a significant estimate in determining the useful lives of its intangible assets. The estimation of useful lives has been based on the new integrated ACT Long Service Leave Authority purchasing a new IT system for its operations and has estimated that the useful lives of the current IT systems to be 2 years. The useful lives are assessed on an annual basis and any adjustments are made when considered necessary. For further details, see Note 12 - *Amortisation*.

(s) Summary of Significant Accounting Policies

Impact of Accounting Standards issued but yet to be applied

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

- AASB 1 First-time Adoption of Australian Accounting Standards (application date 1 Jan 2010);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 Jan 2010);
- AASB 9 Financial Instruments (application date 1 Jan 2013);
- AASB 101 Presentation of Financial Statements (application date 1 Jan 2010);
- AASB 107 Statement of Cash Flows (application date 1 Jan 2010);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 Jan 2011);
- AASB 110 Events after the Reporting Period (application date 1 Jan 2011);
- AASB 117 Leases (application date 1 Jan 2010);
- AASB 118 Revenue (application date 1 Jan 2010);
- AASB 119 Employee Benefits (application date 1 Jan 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 Feb 2010);
- AASB 136 Impairment of Assets (application date 1 Jan 2010);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 Jan 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 Jan 2010);
- AASB 1031 Materiality (application date 1 Jan 2011);
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 Jan 2013);
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (application date 1 Jul 2010);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 Jan 2011); and
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 Jan 2011).

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 3 Correction of Prior Period Errors

Omission of Accrued Investment Income

As indicated in Note 2 (e) - Summary of *Significant Accounting Policies* investment revenue is recognised on an accrual basis.

For the period ending 30 June 2009, the Authority omitted to accrue investment revenue which was received in July 2009 but related to the period ending 30 June 2009.

This error resulted in the reinstatement of the following line items for the period ending 30 June 2009:

- Other revenue increased by \$25,000;
- Receivables increased by \$25,000; and
- Accumulated funds increased by \$25,000.

Omission of Costs Associated with the Settlement of Long Service Leave Benefits

Paragraph 36 of AASB 137; 'Provision, Contingent Liabilities and Contingent Assets' states that the amount recognised as a provision should be the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

For the period ending 30 June 2009, the provision for the long service leave benefits did not include allowance for administrative costs associated with the settlement of long service leave liabilities in the future. The Authority actuary has advised that these costs would be approximately \$200,000 for the period ending 30 June 2009.

This error resulted in the reinstatement of the following line items for the period ending 30 June 2009:

- Accrued long service leave expenses has increased by \$200,000;
- The current provision for long service leave benefits has increased by \$20,000;
- The non-current provision for long service leave benefits has increased by \$180,000; and
- Accrued long service leave expenses has increased by \$200,000;

The below is section titled 'Restatement of Financial Statements as a Result of the Correction of Prior Period Errors' shows the restatement of each line item effected by these errors.

**RESTATEMENT OF FINANCIAL STATEMENTS AS A RESULT OF THE
CORRECTION OF PRIOR PERIOD ERRORS**

Statement of Comprehensive Income Extract

	Actual 2009 \$'000	Correction of Error Adjustment \$'000	Corrected Actual 2009 \$'000
Revenue			
Other Revenue	5	25	30
Total Revenue	1,274	25	1,299
Total Income	1,274	25	1,299
Expenses			
Accrued Long Service Leave Expense	615	200	815
Total Expenses	1,236	200	1,436
Operating Surplus/(Deficit)	38	(175)	(137)
Total Comprehensive Surplus/(Deficit)	38	(175)	(137)

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 3 Correction of Prior Period Errors - Continued

Statement of Financial Position Extract

	Actual 2009 \$'000	Correction of Error Adjustment \$'000	Corrected Actual 2009 \$'000
Current Assets			
Receivables	281	25	306
Total Current Assets	4,355	25	4,380
Total Assets	4,457	25	4,482
Current Liabilities			
Provision for Long Service Leave Benefits	3,547	20	3,567
Total Current Liabilities	3,663	20	3,683
Non-Current Liabilities			
Provision for Long Service Leave Benefits	733	180	913
Total Non-Current Liabilities	733	180	913
Total Liabilities	4,396	200	4,596
Net Assets/(Liabilities)	61	(175)	(114)
Equity			
Accumulated Funds/(Deficits)	61	(175)	(114)
Total Equity	61	(175)	(114)

Statement of Changes in Equity Extract

Operating Surplus/(Deficit)	38	(175)	(137)
Total Comprehensive Income/(Deficit) Recognised Directly in Equity for the Reporting Period	38	(175)	(137)
Total Equity at the End of the Reporting Period	61	(175)	(114)

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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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.

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
Contributions from Employers and Contractors		
Contributions from Employers and Contractors	580	1,036
Total Contributions from Employers and Contractors	580	1,036

Note 5 Gains 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.

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
Gains from Investments		
Gains from Investments	244	97
Total Gains from Investments	244	97

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 CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 6 Interest Revenue

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
Interest Revenue	7	136
Total Interest Revenue	7	136

In 2008-09 interest revenue was higher due to a change in investment strategy resulting in the purchase of investments instead of term deposits.

Note 7 Other Revenue

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
Revenue from Other Sources		
Accrued Investment Income	42	25
Investment Income	30	-
Reduction in Allowance for Impairment losses Resulting from a Write Back Against the Receivables	3	-
Penalty Income	1	5
Total Revenue from Other Sources	76	30

Note 8 Asset Rental Charge

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
Asset Rental Charge		
Asset Rental Charge	19	40
Total Asset Rental Charge	19	40

Asset Rental charge is the expense incurred by the usage of the assets owned by the ACT Construction Industry Long Service Leave Authority.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 9 Employee Expenses

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
	<u> </u>	<u> </u>
Wages and Salaries	72	134
Annual Leave Expense	4	2
Long Service Leave Expense	2	8
Total Employee Expenses	<u>78</u>	<u>144</u>
	Number	Number
Full-Time Equivalent Employees.	<u>1.5</u>	<u>1.5</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 Construction Industry Long Service Leave Authority on an 15/85 basis. Full-time equivalents therefore equate to approximately 1.5 (2008-09: 1.5) staff members.

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

- for annual leave;
- long service leave; and
- superannuation contributions for the staff at varying rates depending upon which superannuation scheme the staff member joined.

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

Note 10 Fees and Allowances

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
	<u> </u>	<u> </u>
Board Members' Fees	11	20
Total Fees and Allowance Expenses	<u>11</u>	<u>20</u>

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
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Note 11 Supplies and Services

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
	<u> </u>	<u> </u>
Accounting Fees	-	14
Actuarial Charges	3	18
Audit Fees	21	21
Body Corporate Fees	2	5
Consultants and Contractors	15	4
Printing and Stationery	3	9
Other	17	33
Total Supplies and Services	<u>61</u>	<u>104</u>

Note 12 Amortisation

	31-December	30-June (12 Months)
	2009	2009
	\$'000	\$'000
	<u> </u>	<u> </u>
Amortisation		
Internally Generated Software	26	33
Total Amortisation	<u>26</u>	<u>33</u>

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 13 Waivers, Impairment Losses and Write-Offs

Under Section 131 of the *Financial Management Act 1996* the Registrar may, in writing, waive the right to payment of an amount payable to the Authority. A waiver is the relinquishment of a legal claim to a debt over which the Authority has control.

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

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

The number of waivers relates to transactions with four employers who attracted a waiver during 2009.

	31-December 2009 \$'000	30-June (12 Months) 2009 \$'000
Waivers, Impairment Losses and Write-offs	3	18
Total Other Expenses	3	18

	31-December 2009		30-June 2009	
	Number	\$'000	Number	\$'000
Waivers and Write-offs				
Waivers	4	1	27	6
Total Waivers and Write-Offs	4	1	27	6
Impairment Losses				
<i>Impairment losses from Receivables</i>				
Trade Receivables and Other Trade Receivables	1	2	2	12
Total Impairment Losses from Receivables	1	2	2	12
Total Waivers, Impairment Losses and Write-offs	5	3	29	18

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 14 Auditor's Remuneration

Auditor's remuneration consists of financial audit services provided to the Authority by the ACT Auditor-General's Office. Auditor's remuneration is included under Note 11 – *Supplies and Services* . No other services were provided by the ACT Auditor-General's Office.

	31-December	30-June
	2009	2009 (12 Months)
	\$'000	\$'000
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	21	21
Total Audit Fees	21	21
Total Auditor's Remuneration	21	21

Note 15 Cash and Cash Equivalents

The Authority holds a bank account with the Commonwealth Bank, as part of whole-of-government banking arrangements. As part of these arrangements, the Authority earns interest on deposits, at a rate equivalent to 15 basis points below the Reserve Bank's target cash rate. The bank account earned a floating interest rate between 2.85% and 3.60% (2.85% and 7.10% in 2009).

	31-December	30-June
	2009	2009
	\$'000	\$'000
Cash at Bank	268	476
Total Cash	268	476

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 16 Receivables

	31-December 2009 \$'000	30-June 2009 \$'000
Employer and Contractor Receivables	<u> </u>	<u> </u>
Employer and Contractor Receivables	25	14
Less: Allowance for Impaired Receivables	(10)	(12)
Total Employer and Contractor Receivables	<u> 15</u>	<u> 2</u>
Other Receivables		
Trade Receivables	17	26
Total Other Receivables	<u> 17</u>	<u> 26</u>
Accrued Revenue		
Accrued Industry Contributions	282	252
Accrued Investment Income	43	26
Total Accrued Revenue	<u> 325</u>	<u> 278</u>
Total Receivables	<u><u> 357</u></u>	<u><u> 306</u></u>
Reconciliation of the Allowance for Impaired Receivables		
Allowance for Impaired Receivables at the Beginning of the Reporting Period	12	-
Additional Allowance Recognised	(2)	12
Allowance for Impaired Receivables at the End of the Reporting Period	<u><u> 10</u></u>	<u><u> 12</u></u>
Classification of Government/Non-Government Receivables		
Receivables with Non-ACT Government Entities		
Net Employer and Contractor Receivables	15	2
Other Receivables	17	26
Accrued Industry Contributions	282	252
Accrued Investment Income	43	26
Total Receivables with Non-ACT Government Entities	<u> 357</u>	<u> 306</u>
Total Receivables	<u><u> 357</u></u>	<u><u> 306</u></u>

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 16 Receivables - Continued

Ageing of Receivables

	Past Due			Total
	Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$'000	\$'000	\$'000	
Dec-09				
Not Impaired				
Receivables	4	2	17	23
Impaired				
Receivables	-	-	10	10
Jun-09				
Not Impaired				
Receivables	1	1	-	2
Impaired				
Receivables	-	-	12	12

Note 17 Investments

	31-December	30-June
	2,009	2,009
	\$'000	\$'000
Investments		
Investment Trusts at Fair Value	4,346	3,597
Total Investments	4,346	3,597

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 18 Other Assets

	31-December	30-June
	2009	2009
	\$'000	\$'000
Other Assets	<u> </u>	<u> </u>
Prepayments	1	1
Total Other Assets	<u><u>1</u></u>	<u><u>1</u></u>

Note 19 Intangible Assets

The Authority has internally generated software . Their were no additions for this reporting period.

	31-December	30-June
	2009	2009
	\$'000	\$'000
Intangible Assets	<u> </u>	<u> </u>
<i>Internally Purchased Software</i>		
Computer Software at Cost	361	361
Less : Accumulated Amortisation	(285)	(259)
Total Internally Purchased Software	<u>76</u>	<u>102</u>
Total Intangible Assets	<u><u>76</u></u>	<u><u>102</u></u>

Reconciliation of Intangible Assets

The following table shows the movement of Intangible Assets from the beginning to the end of the reporting period.

	Internally Developed Software	
	31-December	30-June
	2009	2009
	\$'000	\$'000
Carrying Amount at the Beginning of the Reporting Period	102	82
Additions	-	53
Amortisation	(26)	(33)
Carrying Amount at the End of the Reporting Period	<u>76</u>	<u>102</u>
Total Intangible Assets	<u><u>76</u></u>	<u><u>102</u></u>

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 20 Payables

	31-December 2009 \$'000	30-June 2009 \$'000
	<u> </u>	<u> </u>
Current Payables		
Long Service Leave Claims Owing to Registered Scheme Participants	5	9
Other Creditors and Accruals	34	45
Goods and Services Tax Payable	9	16
Total Current Payables	<u>48</u>	<u>70</u>
Total Payables	<u>48</u>	<u>70</u>
Payables are aged as follows:		
Not Overdue	48	70
Total Payables	<u>48</u>	<u>70</u>
Government Payables		
Payables with ACT Government Entities		
Other Creditors and Accruals	21	23
Total Payables with ACT Government Agencies	<u>21</u>	<u>23</u>
Payables with Non-ACT Government Entities		
Long Service Leave Claims Owing to Registered Scheme Participants	5	9
Other Creditors and Accruals	13	22
Goods and Services Tax Payable	9	16
Total Payables with Non-ACT Government Entities	<u>27</u>	<u>47</u>
Total Payables	<u>48</u>	<u>70</u>

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 21 Provision for Long Service Leave Benefits

	31-December 2009 \$'000	30-June 2009 \$'000
Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	4,019	3,567
Total Current Provision for Long Service Leave Benefits	4,019	3,567
Non-Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	811	913
Total Non-Current Provision for Long Service Leave Benefits	811	913
Total Provision for Long Service Leave Benefits	4,830	4,480

Reconciliation of the Provision for Long Service Leave Benefits

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

	31-December 2009 \$'000	30-June 2009 \$'000
Carrying Amount at the Beginning of the Reporting Period	4,480	3,665
Long Service Leave Benefit Claims	(127)	(262)
Increase in Provision for Long Service Leave Benefits	477	1,077
Accrued Long Service Leave Expense	350	815
Carrying Amount at the End of the Reporting Period	4,830	4,480

The Authority commissions a comprehensive actuarial review of the scheme every three years, together with an annual review of the provision. The last triennial review was completed as at 30 June 2008. The next triennial review is scheduled for the triennium ending 30 June 2011.

An assessment of the pattern of long service benefits indicate that the timing of the actual payments is such that \$300,000 (2008-09 \$300,000) will be paid in the 12 months ending 30 June 2010, with the balance being paid in later years. Allowing for the payments made from 1 July 2009 to 31 December 2009 (\$127,000), the estimated payments in the six months to 30 June 2010 are \$175,000.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 22 Employee Benefits

	31-December 2009 \$'000	30-June 2009 \$'000
Current Employee Benefits		
Annual Leave	24	20
Long Service Leave	28	26
Total Current Employee Benefits	52	46
Total Employee Benefits	52	46

Estimate of when Leave is Payable for Disclosure Purposes Only		
Estimated Employee Benefits Payable within 12 Months		
Annual Leave	16	15
Long Service Leave	6	-
Total Estimated Employee Benefits Payable within 12 Months	22	15
Estimated Employee Benefits Payable after 12 Months		
Annual Leave	8	5
Long Service Leave	22	26
Total Estimated Employee Benefits Payable after 12 Months	30	31
Total Estimated Employee Benefits	52	46

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 23 Equity

	31-December 2009 \$'000	30-June 2009 \$'000
Total Equity at the End of the Reporting Period	<u> </u>	<u> </u>
Accumulated Funds/(Deficits)	118	(114)
Total Equity	<u>118</u>	<u>(114)</u>

Movements in Equity during the Reporting Period

Accumulated Funds/(Deficits)

	31-December 2009 \$'000	30-June 2009 \$'000
Balance at the Beginning of the Reporting Period	<u>(114)</u>	<u>23</u>
Total Comprehensive Income/(Deficit)	232	(137)
Balance at the End of the Reporting Period	<u>118</u>	<u>(114)</u>

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 24 Financial Instruments

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

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to interest rate risk is limited to its cash and cash equivalents which are subject to variable interest rates. The Authority's cash and cash equivalents are relatively immaterial in comparison to other assets and any movements in interest rates would not have a material impact on the Statement of Comprehensive Income. As a result, interest rate risk is not actively managed by the Authority.

Sensitivity Analysis

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

Credit Risk

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

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

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

Liquidity Risk

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

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

Long service leave owing to registered scheme participants and other creditors and accruals are generally of a short-term nature. The Authority manages the liquidity risk related to these 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 CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 24 Financial Instruments - Continued

Price Risk

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

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

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

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

Sensitivity Analysis

	Carrying Amount		+20% Price Movement		-20% Price Movement	
			Profit/Equity		Profit/Equity	
	31-December 2009 \$'000	30-June 2009 \$'000	31-December 2009 \$'000	30-June 2009 \$'000	31-December 2009 \$'000	30-June 2009 \$'000
Financial Assets						
Investments	4,346	3,597	869	719	(869)	(719)

Currency Risk

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

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 24 Financial Instruments - Continued

Fair Value of Financial Assets and Liabilities

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

	Carrying Amount		Fair Value	
	31-December 2009	31-December 2009	30-June 2009	30-June 2009
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash at Bank	268	268	476	476
Investments	4,346	4,346	3,597	3,597
Receivables	357	357	306	306
Total Financial Assets	4,971	4,971	4,379	4,379
Financial Liabilities				
Payables	48	48	70	70
Total Financial Liabilities	48	48	70	70

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 31 December 2009. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

The fair value of cash and cash equivalents is the carrying value recorded in the Statement of Financial Position. Cash is held in a Bank account at the Commonwealth Bank, which is measured at market value. The weighted average rate of return on these funds at the end of 31 December 2009 was 3.08% (4.67% at 30 June 2009).

	Floating Interest Rate		Non -Interest Bearing		Total	
	31-December 2009	30-June 2009	31-December 2009	30-June 2009	31-December 2009	30-June 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash	268	476	-	-	268	476
Investments	-	-	4,346	3,597	4,346	3,597
Receivables	-	-	357	306	357	306
Total Financial Assets	268	476	4,703	3,903	4,971	4,379
Weighted Average Interest Rate	3.08%	4.67%				
Financial Liabilities						
Payables	-	-	48	70	48	70
Total Financial Liabilities	-	-	48	70	48	70
Net Financial Assets					4,923	4,309

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 24 Financial Instruments - Continued

	31-December	30-June (12 Months)
	2009	2009
	<u>\$'000</u>	<u>\$'000</u>
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	4,346	3,597
Loans and Receivables	357	306
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	48	70

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

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

	31-December	30-June (12 Months)
	2009	2009
	<u>\$'000</u>	<u>\$'000</u>
Gains/(Losses) on Financial Assets		
Financial Assets at Fair Value Through the Profit and Loss		
Designated Upon Initial Recognition	244	97
Loans and Receivables	(10)	(12)
Gains/(Losses) on Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	-	-

Fair Value Hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either derived from prices directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

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

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 24 Financial Instruments - Continued

Fair Value Hierarchy - Continued

December-09

	<u>Classification According to Fair Value Hierarchy</u>			Total
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Financial Assets at Fair Value Through the Statement of Comprehensive Income				
Investments	4,346	-	-	4,346
	4,346	-	-	4,346

June-09 (12 Months)

	<u>Classification According to Fair Value Hierarchy</u>			Total
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Financial Assets at Fair Value Through the Statement of Comprehensive Income				
Investments	3,597	-	-	3,597
	3,597	-	-	3,597

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

Note 25 Commitments

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

Note 26 Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no contingent liabilities as at the reporting date.

Contingent Assets

There were no contingent assets as at the reporting date.

Note 27 Events Occurring after Balance Date

There were no events occurring after balance date for the reporting period, which would affect the financial statements for the period 1 July 2009 to 31 December 2009.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 28 Cash Flow Reconciliation

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

	31-December	30-June
	2009	2009
	\$'000	\$'000
	<u> </u>	<u> </u>
Total Cash and Cash Equivalents Recorded in the Statement of Financial Position	268	476
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	<u>268</u>	<u>476</u>
 (b) Reconciliation of Net Cash Inflows from Operating Activities to Total Comprehensive Income/(Deficit)		
Total Comprehensive Income/(Deficit)	232	(137)
 Add/(Less) Non-Cash Items		
Accrued Long Service Leave Liability	350	815
Amortisation of Intangibles	26	33
Gain on Equity Trusts and Non-Cash Management Fees	<u>(315)</u>	<u>(97)</u>
Cash before Changes in Operating Assets and Liabilities	<u>292</u>	<u>614</u>
 Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Employer and Contractor Debtors	(13)	2
Decrease/(Increase) in Other Debtors	9	(1)
(Increase)/Decrease in Accrued Income	(30)	(8)
(Decrease)/Increase in Other Creditors and Accruals	(22)	19
Increase in Employee Benefits	6	11
Net Changes in Operating Assets and Liabilities	<u>(50)</u>	<u>23</u>
Net Cash Inflows from Operating Activities	<u>242</u>	<u>637</u>

There were no non-cash financing or operating activities.

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Period From 1 July 2009 to 31 December 2009

Note 29 Related Party Transactions

The names of the members of the Board who held the office during the reporting period are Ms G Roper, Mr R Barnes, Ms L Ryan and Mr P Collins. Ms G Roper was appointed chairperson of the Board on 30 March 2007. Ms C Wagland and Ms S Price are alternate members. Mr P Collins was appointed Chief Executive Officer on 30 January 2008 and is a non-voting member of the Board.

Mr R Barnes is a director of City Group Pty Limited. Ms L Ryan is Branch Assistant Secretary of the Liquor Hospitality & Miscellaneous Workers Union. Ms C Wagland is an employee of City Group Pty Limited. Ms S Price is a director of Phillips Cleaning Pty Limited.

Key Management Personnel Compensation

Mr P J Collins was appointed CEO and Registrar on 30 January 2008 and served for the full reporting period. 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 in accordance with 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 G Roper was the appointed chairperson for the governing board from 30 March 2007. Her annual remuneration was set by a Determination of the ACT Remuneration Tribunal.

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

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

There were no other transactions with related parties.



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

ACT CLEANING INDUSTRY LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial statements

I have audited the financial statements of the ACT Cleaning Industry Long Service Leave Authority (the Authority) for the period from 1 July 2009 to 31 December 2009. The financial statements are comprised of the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes.

Responsibility for the financial statements

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

The auditor's responsibility

My responsibility is to express an independent audit opinion on the financial statements 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 statements are free of material misstatement.

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

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

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

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from 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 statements 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 statements of the Authority for the period from 1 July 2009 to 31 December 2009:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Authority as at 31 December 2009 and the results of its operations and its cash flows for the period from 1 July 2009 to 31 December 2009.

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



Bernie Sheville
Director, Financial Audits
30 July 2010

ACT Cleaning Industry Long Service Leave Authority

Statement of Performance

For the Period from 1 July 2009 to 31 December 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 period 1 July 2009 to 31 December 2009 and also fairly reflects the judgements exercised in preparing them.



Glenys Roper
Chair
ACT Cleaning Industry Long Service Leave Authority

23 July 2010

ACT Cleaning Industry Long Service Leave Authority

Statement of Performance

For the Period from 1 July 2009 to 31 December 2009

Non-financial Performance Measures

Objective	Indicator/Activity	2009/10 Target (12 Months)	2009 Result (6 Months)	Variance from Target	Notes
1. Ensure that the Authority complies with all relevant legislation including the Long Service Leave (Contract Cleaning Industry) Act 1999 and the Financial Management Act 1996	Implement a new or enhanced IT system solution and supporting business procedures	Replace or enhance existing IT system by March 2010	Not completed	(100%)	1
2. Identify opportunities to improve administrative operations in the Authority	Subject to legislative approval, implement a new staffing structure to support an integrated LSL Authority	31-12-09	Not completed	(100%)	2
	Provide training to staff using the Authority's new or enhanced IT system /LSL database	1-2-10	Not completed	(100%)	3
3. Ensure that the Authority manages its assets prudentially	Monthly review by Board of profit and loss statement and investment fund reports	Monthly review	Completed	0	
	Implement any agreed Internal Audit Program recommendations	1-3-10	Not completed	(100%)	4

ACT Cleaning Industry Long Service Leave Authority

Statement of Performance

For the Period from 1 July 2009 to 31 December 2009

Non-financial Performance Measures - Continued

Objective	Indicator/Activity	2009/10 Target (12 Months)	2009 Result (6 Months)	Variance from Target	Notes
	Achieve an annual net return on funds under management which, when averaged over the medium-long term (5 years), exceeds 3.5% above CPI	CPI+3.5% (averaged over 5 years) 5.6%	Achieved 9.5%	70%	5
4. Ensure the maximum number of eligible employers and workers are registered in the Scheme	Contact or undertake compliance visits to registered employers as required	100% of employers who fail to accurately complete 2 quarterly returns	Achieved	0	
	Undertake a program to contact unregistered contract cleaning businesses as indicated through a Yellow Pages business review	100% of identified, unregistered businesses contacted	Not completed	(100%)	6
	Register all employers within 10 days of receipt of correctly completed application forms	100%	71%	(29%)	7
	Register all employees within 6 months of appearing on an employer's return	Employees registered by application or by Registrar within 6 months of employer's return	Completed	0	
5. Pay all long service leave payments in accordance with the legislation	Pay eligible claims to workers and reimbursements to employers	Within 2 weeks of receipt of a correctly completed claim form	Completed	0	

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

ACT Cleaning Industry Long Service Leave Authority

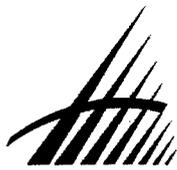
Statement of Performance

For the Period from 1 July 2009 to 31 December 2009

Notes to the Statement of Performance

1. Benchmarking of the current IT system with the new Tasbuild system has been completed and a contract for the replacement of the new system has been signed with Formation Technology. It is expected that the new system (Leave Track) will be delivered and operational by October 2010.
2. A new staffing structure to support the new integrated Long Service Leave Authority has been approved and recruitment action for a new ASO4 (to support the implementation of the new Community Sector Scheme) is underway. The process has been interrupted by the recently announced government freeze on public service recruitment. An exemption to the freeze for the Authority has been forwarded to Chief Minister's Department.
3. See Note 1.
4. RSM Bird Cameron completed an internal audit of the Authority in May 2009. They recommended that the Authority formally document all policies and procedures in a policy and procedure manual. The Authority has commenced this task but will complete it following the implementation of the new IT system which will have a substantial impact on a number of procedures currently undertaken by the Authority.
5. The return on investments have over 5 years averaged at 9.5 % due to increases in earlier years and a slight increase in the past 12 months.
6. The program to contact unregistered contract cleaning businesses as indicated through a Yellow Pages business review will be completed in April and May 2010.
7. Majority of employers were registered with in 10 days. Two employers were not registered within the agreed time frame. One employer was incorrectly registered in the ACT Construction Industry long Service Leave Authority, this error has been rectified. The other employer was awaiting a liquidation notice before the registration could be complete.

From 1 January 2010, the ACT Cleaning Industry Authority Long Service Leave Authority was amalgamated with the ACT Construction Industry Long Service Leave Authority to form the ACT Long Service Leave Authority. As the target was for a full twelve month period, it is not directly comparable with the results for the period from 1 July 2009 to 31 December 2009.



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS

ACT CLEANING 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 Cleaning Industry Long Service Leave Authority (the Authority) for the period from 1 July 2009 to 31 December 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 period from 1 July 2009 to 31 December 2009 does not fairly present the performance of the Authority in accordance with the *Financial Management Act 1996*.



Bernie Sheville
Director, Financial Audits
3 August 2010

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 2009-10 the Authority performed well in achieving its objectives.

In undertaking its core business of day-to-day management of the two schemes, the Authority again operated with greater efficiency than the previous year. As the figures in the table below indicate, a similar number of Authority staff completed a greater work load in the reporting period than in 2008-09 in terms of:

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

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

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

The Authority’s operating expenses (supplies and services, employee expenses, amortisation and fees and allowances) were of a similar level to 2008-09.

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

Operational Statistics (for Financial Year)

Construction Scheme

		<u>June 2009</u>	<u>June 2010</u>	<u>% Variation</u>
i.	Employers (active)	1,006	1,135	12.8%
ii.	Employees (currently registered)	13,620	15,660	15.0%
iii.	Employees (currently active)	7,787	8,404	7.9%
iv.	LSL claims paid	525	533	1.5%
v.	LSL payments	\$4.10m	\$4.49m	9.5%
vi.	Levy & other non investment income	\$3.32m	\$3.64m	9.6%
vii.	Investment income (excl property)	\$-2.91m	\$3.11m	206.9%
viii.	Operating Costs	\$1.39m	\$1.40m	0.7%
ix.	Total operating surplus/deficit	\$-5.21m	\$-1.83m	64.9%

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 increase in registered workers includes 807 workers who were previously recorded as unregistered with temporary numbers. The remaining increase in workers is due to:
 - continuing resilient state of the construction industry; and
 - increase in the number of employer registrations.

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

- ix. The reduced operating deficit is mainly due to an increase in investment income due to improvements in the equity markets.

Cleaning Scheme

		<u>June 2009</u>	<u>June 2010</u>	<u>% Variation</u>
x.	Employers (active)	74	75	1.4%
xi.	Employees (currently registered)	3,989	4,398	10.3%
xii.	Employees (currently active)	2,247	2,378	5.8%
xiii.	LSL claims paid	107	102	-4.7%
xiv.	LSL payments	\$0.26m	\$0.27m	3.8%
xv.	Levy & other non investment income	\$1.02m	\$1.22m	19.6%
xvi.	Investment income	\$0.23m	\$0.36m	56.5%
xvii.	Operating Costs	\$0.34m	\$0.37m	8.8%
xviii.	Total operating surplus/deficit	\$0.38m	\$0.39m	2.6%

Notes:

- xv. The increase in levy and non investment income is due to wage increases in the Cleaning Industry and the Authority's on-going efforts to ensure the maximum number of eligible employers are registered with the scheme, declaring service for their employees and paying the required levy to the Authority.
- xvi. The increase in investment income is due to Cleaning funds being invested in a managed portfolio (including an equity component) for the first time during the reporting period.

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

A.10 Triple Bottom Line Report

	INDICATOR	2009-10 Result	2008-09 Result	% Change
ECONOMIC	Employee Expenses			
	▪ Number of staff employed (head count, not FTE)	▪ 13	▪ 12	8.3%
	▪ Total employee expenditure (dollars)	▪ \$1,041,000	▪ \$961,000	8.3%
	Operating Statement			
	▪ Total expenditure (dollars)	▪ \$12.09m	▪ \$8.4m	43.9%
▪ Total own source revenue (dollars)	▪ \$10.89m	▪ \$3.22m	238.2%	
▪ Total net cost of services (dollars)	▪ \$-1.2m	▪ -\$5.18m	76.8%	
Economic Viability	▪ Total assets (dollars)	▪ \$70.14	▪ \$65.55m	7%
	▪ Total liabilities (dollars)	▪ \$61.86	▪ \$51.63m	19.8%
ENVIRONMENTAL	Transport			
	▪ Total number of fleet vehicles	▪ 3	▪ 3	0%
	▪ Total transport fuel used (kilolitres)	▪ 5.4	▪ 4.3	20.4%
	▪ Total direct greenhouse emissions) of the fleet (tonnes of CO2e)	▪ 13.30	▪ 10.67	19.8%
	Energy Use			
	▪ Total office energy use (megajoules)	▪ 181,591mj	▪ 169,229 mj	7.3%
	▪ Office energy use per person (megajoules)	▪ 14,412 mj	▪ 14,589 mj	-1.2%
	▪ Office energy use per m ² (megajoules)	▪ 567 mj	▪ 529 mj	7.2%
	Greenhouse Emissions			
	▪ Total office greenhouse emissions - direct and indirect (tonnes of CO2e)	▪ 52.66t	▪ 50.09t	5.1%
	▪ Total office greenhouse emissions per person (tonnes of CO2e)	▪ 4.18t	▪ 4.32t	-3.2%
	▪ Total office greenhouse emissions per m ² (tonnes of CO2e)	▪ 0.16t	▪ 0.16t	0%
	Water Consumption			
	▪ Total water use (kilolitres)	▪ 146kl	▪ 161kl	-9.3%
	▪ Office water use per person (kilolitres)	▪ 11.6kl	▪ 13.9kl	-16.5%
▪ Office water use per m ² (kilolitres)	▪ 0.46 kl	▪ 0.5kl	-8%	
Resource Efficiency and Waste				
▪ Total co-mingled office waste per FTE (litres)	▪ NA	▪ NA		
▪ Total paper recycled (litres)	▪ 4.5l	▪ 4.5l	0%	
▪ Total paper used (by reams) per FTE (litres)	▪ 25.24 reams	▪ 18.53 reams	36.2%	
▪ Percentage of paper recycled (%)	▪ 75%	▪ 75%	0%	
SOCIAL	The Diversity of Our Workforce			
	▪ Women (Female FTEs as a percentage of the total workforce)	▪ 68.3%	▪ 65.5%	4.3%
	▪ People with a disability (as a percentage of the total workforce)	▪ 0%	▪ 0%	0%
	▪ Aboriginal and Torres Strait Islander people (as a percentage of the total workforce)	▪ 0%	▪ 0%	0%
	▪ Staff with English as a second language (as a percentage of the total workforce)	▪ 0%	▪ 0%	0%
Staff Health and Wellbeing	▪ OH&S Incident Reports	▪ 0	▪ 0	0
	▪ Accepted claims for compensation (as at 31 August 2010)	▪ 0	▪ 0	0
	▪ Staff receiving influenza vaccinations	▪ 10	▪ 10	0
	▪ Workstation assessments requested	▪ 0	▪ 1	0

Section B – Consultation and Scrutiny Reporting

B.1 Community Engagement

During the reporting period the Authority engaged extensively with all organisations identified as eligible or potentially eligible for inclusion within the new Community Sector scheme. As part of this engagement/consultation, the Authority:

- emailed approximately 300 organisations advising them of the Governments decision to establish a new scheme;
- delivered 22 verbal presentations to approximately 132 employer organisations;
- delivered 5 verbal presentations to approximately 60 employees;
- established an integrated website to provide information on existing schemes and the new Community Sector scheme;

In addition the Authority undertook traditional activities including:

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

B.2 Internal & External Scrutiny

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

B.3 Legislative Assembly Committee Inquiries and Reports

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

B.4 Legislation Report

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

Section C – Legislative and Policy Based Reporting

C.1 Risk Management and Internal Audit

The Authority continued to focus strongly on internal control and governance and compliance issues in 2009-10. 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 schemes liabilities are undertaken. Conservative budgeting, rigorous administration cost minimisation and maintenance of appropriate scheme levys 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 at regular Board meetings. All major administrative and financial processes and decisions are subject to Board scrutiny and endorsement. The Registrar's performance and operational competency is overseen by the Board and the Director of the Office of Industrial Relations in the Chief Minister's Department.

Board Meetings

Attendance at Board Meetings is summarised as follows:

1 July 2009 to 31 December 2009

Construction Industry Scheme

Name of Member	Position	Meetings attended
Sarah Schoonwater	Independent Chair	6
Kim Sattler	Member	5
Peter Middleton	Member	6
Phil Collins	CEO/Registrar/ Member (non voting)	6

Cleaning Industry Scheme

Name of Member	Position	Meetings attended
Glenys Roper	Independent Chair	4
Rod Barnes	Member	4
Lyndal Ryan	Member	3
Phil Collins	CEO/Registrar/ Member (non voting)	4

1 January 2010 to 30 June 2010

Name of Member	Position	Duration	Meetings attended
Glenys Roper	Independent Chair	1 January 2010 – 30 June 2010	4
Peter Matthews	Deputy Chair	1 January 2010 – 30 June 2010	4
Sarah Schoonwater	Member	1 January 2010 – 18 January 2010	0
Kim Sattler	Member	1 January 2010 – 30 June 2010	4
Peter Middleton	Member	1 January 2010 – 30 June 2010	4
Phil Collins	CEO/Registrar/ Member (non voting)	1 January 2010 – 30 June 2010	4

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

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

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

C.3 Public Interest Disclosure

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

C.4 Freedom of Information

Section 7 Statement

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

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

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

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

Section 8 Statement

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

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

Section 79 Statement

The Authority had no requests for access to records under the *Freedom of Information Act 1989* during the year ended 30 June 2009.

C.5 Internal Accountability

The Board consists of a chair; deputy chair and member/s representing employee organisations; a member/s representing employer organisations.

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

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

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

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

Board Profile 1 July 2009 – 31 Dec 2009

Board member Construction Industry Scheme	Position	Meetings attended
Ms S Schoonwater <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	6
Ms K Sattler <ul style="list-style-type: none"> ▪ Secretary – Unions ACT ▪ Organiser for Australian Services Union ▪ Manager of Community Education and Training 	Member representing employee organisations	5
Mr P Middleton <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	6

Board member Cleaning Industry Scheme	Position	Meetings attended
Ms G Roper <ul style="list-style-type: none"> ▪ Managing Director of Roex Management Pty Ltd ▪ Director of the Board of Canberra International Airport ▪ Member of the Investment Board of the ACT Public Trustee ▪ Member of the ACT Procurement Board ▪ Director of the Board of the NSW Superannuation Administration Corporation ▪ Deputy Chair of the ACT Cultural Facilities Corporation and the ACT Cultural Council ▪ Chair of 5 Audit committees in Commonwealth Government Agencies 	Chairperson	4
Mr R Barnes <ul style="list-style-type: none"> ▪ Director – City Group Pty Ltd ▪ ACT President – BSCAA ▪ Board member – BSCAA 	Member representing employee organisations	4
Ms L Ryan <ul style="list-style-type: none"> ▪ Assistant Branch Secretary - LHMU 	Member representing employee organisations	3

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

Board Profile 1 January 2010 – 30 June 2010

Board member ACT Long Service Leave Authority	Position	Meetings attended
<p>Ms G Roper</p> <ul style="list-style-type: none"> ▪ Managing Director of Roex Management Pty Ltd ▪ Director of the Board of Canberra International Airport ▪ Member of the Investment Board of the ACT Public Trustee ▪ Member of the ACT Procurement Board ▪ Director of the Board of the NSW Superannuation Administration Corporation ▪ Deputy Chair of the ACT Cultural Facilities Corporation and the ACT Cultural Council ▪ Chair of 5 Audit committees in Commonwealth Government Agencies 	Chairperson	4
<p>Mr P Matthews</p> <ul style="list-style-type: none"> ▪ Former General Manager of ACT Insurance Authority 	Deputy Chair	4
<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 employee organisations	4
<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 	Member representing employee organisations	4
<p>Ms S Schoonwater (Resigned 18 January 2010 – not replaced within reporting period)</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 		0

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

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

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

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

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

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

C.6 HR Performance

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

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

The staff are engaged to fulfil the responsibilities of operational management; client services; computer operations; inspection and field services; education; financial administration and strategic management functions for the Authority. 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 2010

The Authority employs 12.6 Full Time Equivalent Permanent staff. The profile below was provided to the Authority by Shared Services:

FTE & Headcount

	Female	Male
FTE by Gender	8.6	4
Headcount by Gender	9	4
% of Workforce	68%	32%

Employment Type

Permanent	Temporary	Casual
12.6	0	0

Classifications

Classification Group	Female	Male	Total
Administrative Officers	8.6	1	9.6
Senior Officers	0	3	3
TOTAL	8.6	4	12

Employment Category by Gender

Employment Category	Female	Male	Total
Casual			
Permanent Full-time	8	4	12
Permanent Part-time	1		1
Temporary Full-time			
Temporary Part-time			
TOTAL	9	4	13

Average Length of Service by Gender by age-group

Average Length of Service	Female	Male	Total
0-2	3		3
2-4	3	1	4
4-6			
6-8		1	1
8-10			
10-12		1	1
12-14			
14+ years	2	1	3

Total Average Length of Service by Gender

Gender	Average length of service
Female	5.4
Male	9.0
Total	6.6

Age Profile

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

Agency Profile

Branch/Division	FTE	Headcount
Long Service Leave Board	12.65	13
Total	12.65	13

Agency Profile by Employment Type

Branch/Division	Permanent	Temporary	Casual
Long Service Leave Board	13	0	0
Total	13	0	0

Equity & Workplace Diversity

	A	B	C		
	Aboriginal and/or Torres Strait Islander Employment	Culturally & Linguistically Diverse (CALD) Employment	Employment of People with a disability	Number of employees who identify in any of the Equity & Diversity categories (A, B, C)*	Women
Headcount	0	4	0	4	9
% of Total Staff	0%	32%	0%	32%	68%

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

C.8 Learning and Development

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

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

- Microsoft Excel Training – 2 participants
- Minute Taking Workshop – 1 participant
- Bullying Awareness Seminar – 11 participants

C.9 Workplace Health and Safety

The Authority is bound by the provisions of the *Occupational Health and Safety Act 1989* and liaises with the manager of ACTPS Workplace Health Strategic Plan 2008-2012, (Workplace Injury Performance team at the Chief Minister's Department) relative to all matters pertaining to workplace health and safety who maintain global reporting requirements for 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 2010	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 2010	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 2010	0	0	0	0
Number of AWAs terminated/lapsed (including formal termination and those that have lapsed due to staff departures)	0	0	0	0

	Classification Range	Remuneration as at 30 June 2010
Individual and Group SEAs	SOGA	\$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 Medicare Australia until December 2013.

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 at *fair market value* in this report in accordance with recommended Accounting Standards and will be valued every three years in accordance with accounting standards and as agreed by the Auditor-General's Office (unless unexpected circumstances require a more frequent valuation).

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

The Authority 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 at *fair market value* in this report in accordance with recommended Accounting Standards and will be valued every three years in accordance with accounting standards and as agreed by the Auditor-General's Office (unless unexpected circumstances require a more frequent valuation).

Information Technology and Software

The Authority owns an APPX database which has been fully depreciated, two servers and 13 computer workstations.

Asset Movement

The only assets added to the register were minor items of furniture and computer monitors.

2. Asset Maintenance and Upgrades

Buildings:

Capital Expenditure - \$1,432

Repairs and Maintenance - \$57,335

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 \$131,486 based upon an agreed percentage of annual rental revenue. The fee also incorporated a triennial rental review fee of 1% of the rental increase achieved.

Funds Management

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

Computer Consultancy

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. A total of \$50,280 was paid for these services.

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**. However, with the recruitment of a Chief Operations Officer with accounting qualifications and substantial accounting experience within the ACT Government this function was substantially performed in-house during the reporting period, with Duesburys Nexia providing only a review of the process.

Actuarial Services

The Authority's actuary (**Bendzulla Actuarial Services Pty Ltd**) continued to provide this actuarial services for both schemes. Their primary role is to provide actuarial reviews and reports when due as well as provide other advice upon request. A total of \$12,000 was paid for the annual report, financial projections and additional advice and analysis as required.

External Auditors

Auditing services were provided to the Authority by the **Auditor-General's Department** for a cost of \$45,000 (all accrued) for both schemes. This sum also included fees payable by the ACT Auditor-General to **Cumpston Sergeant** for provision of a peer actuarial review.

Business Analyst Services

Formation Technology was contracted to develop a new multi purpose IT system/database for the Authority based on similar work they had done for a single scheme system in Tasmania. Due to Formation's previous experience in Tasmania and the considerable liaison they had undertaken with the Authority throughout the development of the Tasmanian system, this contract was let as a single select contract for \$420,000.

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 2009.	\$2,000
2	ACT OH&S Commission	Safe Work ACT Awards	Awards presented at Ceremony in October 2009.	\$2,500
3	Office of Regulatory Services	ACT Building & Construction Industry Safety Handbook	Logo and recognition as a sponsor.	\$1,000
4	Creative Safety Initiatives	Creative Safety Initiatives Drug & Alcohol Welfare Program	Logo and recognition in all documentation.	\$7,500
5	ACT Training & Tertiary Education	ACT Training Excellence Awards	Awards presented in September 2009.	\$1,000

C.16 Territory Records

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

C.17 Human Rights Act 2004

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

The Authority liaises with the Chief Minister'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 2010-2013.

C.20 Aboriginal and Torres Strait Islander Reporting

The Authority has no specific reporting requirements under this section.

C.21 Ecologically Sustainable Development

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

Conservation measures include:

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

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

Sustainability Report (OSCAR)

	Indicator as at 30 June	Unit	2008-09		2009-10	
	General					
A	Occupancy – office staff full-time equivalent	Numeric (FTE)	11.6		12.6	
	Occupancy – total staff full-time equivalent (including non-office)	Numeric (FTE)	11.6		12.6	
B	Area office space – net lettable area	Square metres (m ²)	320		320	
	Area non-office space – net lettable office area	Square metres (m ²)	-		-	
	Stationary energy use					
	Electricity use (total)	Kilowatt hours	47,008		50,442	
X	Electricity use (office)	Kilowatt hours	47,008		50,442	
Y	Renewable energy use (GreenPower)	Kilowatt hours	10,812		11,602	
	Percentage of renewable energy used (Y / X x 100)	Percentage	23		23	
	Gas use (total)	Megajoules	-		-	
	Gas use (office)	Megajoules	-		-	
C	Total office energy use	Megajoules	169,229		181,591	
	Intensities (office)					
	Energy intensity per office FTE (C / A)	Megajoules/ FTE	14,589		14,412	
	Energy intensity per square metre (C / B)	Megajoules/ m ²	529		567	
	Transport Energy		Office	Other	Office	Other
D	Total number of vehicles	Numeric	3		3	
	Transport fuel (Petrol)	Kilolitres	5.4		4.3	
	Transport fuel (Diesel)	Kilolitres	-		-	
	Transport fuel (LPG)	Kilolitres	-		-	
	Transport fuel (CNG)	Kilolitres	-		-	
	Transport fuel (Aviation)	Kilolitres	-		-	
E*	Total transport energy use	Gigajoules	184		148	
	Water consumption					
	Water use (total)	Kilolitres	161		146	
F	Water use (office)	Kilolitres	161		146	
	Intensities (office)					
	Water use per office FTE (F / A)	Kilolitres / FTE	13.9		11.6	
	Water use per square metre floor area (F / B)	Kilolitres / m ²	0.5		0.46	
	Waste					
	Reams of paper purchased	Reams	215		318	
	Recycled content of paper purchased	Percentage				
	Estimate of general waste (based on bins collected)	Litres	1,125		1,125	
	Estimate of cominlgd material recycled (based on bins collected)	Litres	-		-	
	Estimate of waste paper recycled (based on bins collected)	Litres	-		-	
	Estimate of secure paper recycled (based on bins collected)	Litres	4,500		4,500	
	Office Greenhouse Gas Emissions					
*	Direct greenhouse gas emissions (Scope 1)	Tonnes CO ₂ -e	NA		NA	
*	Indirect greenhouse gas emissions (Scope 2)	Tonnes CO ₂ -e	42.14		46.12	
*	Other indirect greenhouse gas emissions (Scope 3)	Tonnes CO ₂ -e	7.95		6.54	
G*	Total office greenhouse gas emissions (All Scopes)	Tonnes CO ₂ -e	50.09		52.66	
	Transport Greenhouse Gas Emissions					
*	Direct greenhouse gas emissions (Scope 1)	Tonnes CO ₂ -e	12.32		9.89	
*	Indirect greenhouse gas emissions (Scope 2)	Tonnes CO ₂ -e	NA		NA	
*	Other indirect greenhouse gas emissions (Scope 3)	Tonnes CO ₂ -e	0.98		0.78	
H*	Total transport greenhouse gas emissions (All Scopes)	Tonnes CO ₂ -e	13.30		10.67	
	Greenhouse Gas Intensities					
	Office greenhouse gas emissions per person (G / A)	Tonnes CO ₂ -e / FTE	4.32		4.18	
	Office emissions per square metre (G / B)	Tonnes CO ₂ -e / m ²	0.16		0.16	
	Transport greenhouse gas emissions per person (H / A)	Tonnes CO ₂ -e / FTE	1.15		0.85	

* = calculated with information entered into OSCAR

** = waste figures are based on number of bins collected

C.22 ACT Women's Plan 2010-2015

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

C.23 Model Litigant Guidelines

The Authority has no specific reporting requirements under this section

Attachment 1: Abbreviations and acronyms

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

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