

CONTACTING THE LONG SERVICE LEAVE AUTHORITY

| | |
|---------------------------------------|---|
| Registrar and Chief Executive Officer | Tracy Savage |
| Office Address | Unit 8, 71 Constitution Avenue Campbell, ACT 2612 National Associations Centre |
| Postal Address | PO Box 234 Civic Square ACT 2608 |
| Phone | (02) 6247 3900 |
| Website | www.actleave.act.gov.au |
| Email | construction@actleave.act.gov.au cleaning@actleave.act.gov.au community@actleave.act.gov.au security@actleave.act.gov.au |
| Hours | 8:30am – 4:30pm Monday to Friday |

Feedback and Enquiries about the 2014-15 Long Service Leave Authority Annual Report should be directed to the contact above.

A copy of this annual report is also published on the Long Service Leave Authority's website.

To speak to someone in a language other than English please telephone the Telephone Interpreter Service (TIS) 131 450.

Arabic: بالرقم إت صل مترجم إلى ب حاجة ك نت إذا: 13 14 50

Chinese: 如果您需要翻譯·請致電: 13 14 50

Croatian: Ako trebate tumača, nazovite: 13 14 50

English: If you need a translator, call 13 14 50

Greek: Αν χρειάζεστε διερμηνέα, τηλεφωνήστε: 13 14 50

Italian: Se hai bisogno di un interprete, chiamate: 13 14 50

Maltese: Jekk għandek bżonn ta 'interpretu, sejha: 13 14 50

Persian: است لازم شما اگر ر 450 131 ف راخوان

Polish: Jeżeli potrzebujesz tłumacza, zadzwoń: 13 14 50

Portuguese: Se você precisar de um intérprete, ligue para: 13 14 50

Serbian: Ако треба тумача, назовите: 13 14 50

Spanish: Si usted necesita un intérprete, llame al: 13 14 50

Turkish: Eğer bir tercümana ihtiyacınız Arama: 13 14 50

Vietnamese: Nếu bạn cần một thông dịch viên, xin gọi: 13 14 50

CONTENTS

| | |
|---|------------|
| CONTACTING THE LONG SERVICE LEAVE AUTHORITY | 1 |
| TRANSMITTAL CERTIFICATE | 5 |
| ORGANISATION OVERVIEW AND PERFORMANCE | 7 |
| A.1 ORGANISATIONAL OVERVIEW | 7 |
| A.2 PERFORMANCE ANALYSIS..... | 11 |
| A.3 SCRUTINY | 18 |
| A.4 RISK MANAGEMENT | 18 |
| A.5 INTERNAL AUDIT..... | 18 |
| A.6 FRAUD PREVENTION | 19 |
| A.7 WORK HEALTH AND SAFETY | 19 |
| A.8 HUMAN RESOURCES MANAGEMENT | 20 |
| A.9 ECOLOGICALLY SUSTAINABLE DEVELOPMENT | 20 |
| FINANCIAL MANAGEMENT REPORTING..... | 23 |
| B.1 FINANCIAL MANAGEMENT ANALYSIS..... | 23 |
| B.2 FINANCIAL STATEMENTS | 30 |
| B.3 CAPITAL WORKS..... | 100 |
| B.4 ASSET MANAGEMENT..... | 100 |
| B.5 GOVERNMENT CONTRACTING..... | 100 |
| B.6 STATEMENT OF PERFORMANCE | 103 |
| JUSTICE AND COMMUNITY SAFETY | 108 |
| C.1 BUSHFIRE RISK MANAGEMENT..... | 108 |
| C.2 FREEDOM OF INFORMATION (FOI)..... | 108 |
| C.3 HUMAN RIGHTS | 109 |
| C.4 LEGAL SERVICES DIRECTIONS..... | 109 |
| PUBLIC SECTOR STANDARDS AND WORKFORCE PROFILE..... | 110 |
| D.1 CULTURE AND BEHAVIOUR | 110 |
| D.2 PUBLIC INTEREST DISCLOSURE | 110 |
| D.3 WORKFORCE PROFILE..... | 110 |
| D.4 TERRITORY RECORDS | 112 |
| COMPLIANCE STATEMENT | 113 |
| COMPLIANCE INDEX..... | 114 |

TRANSMITTAL CERTIFICATE



ACT LONG SERVICE LEAVE AUTHORITY

TRANSMITTAL CERTIFICATE

Mr Mick Gentleman MLA
Minister for Workplace Safety and Industrial Relations
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601

Dear Minister

We are pleased to present to you the 2014-2015 Annual Report of the Long Service Leave Authority.

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

It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the 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 Long Service Leave Authority has been included for the period 1 July 2014 to 30 June 2015.

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

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 4 months of the end of the financial year.

Yours sincerely,



Glenys Roper
Chair
18 September 2015

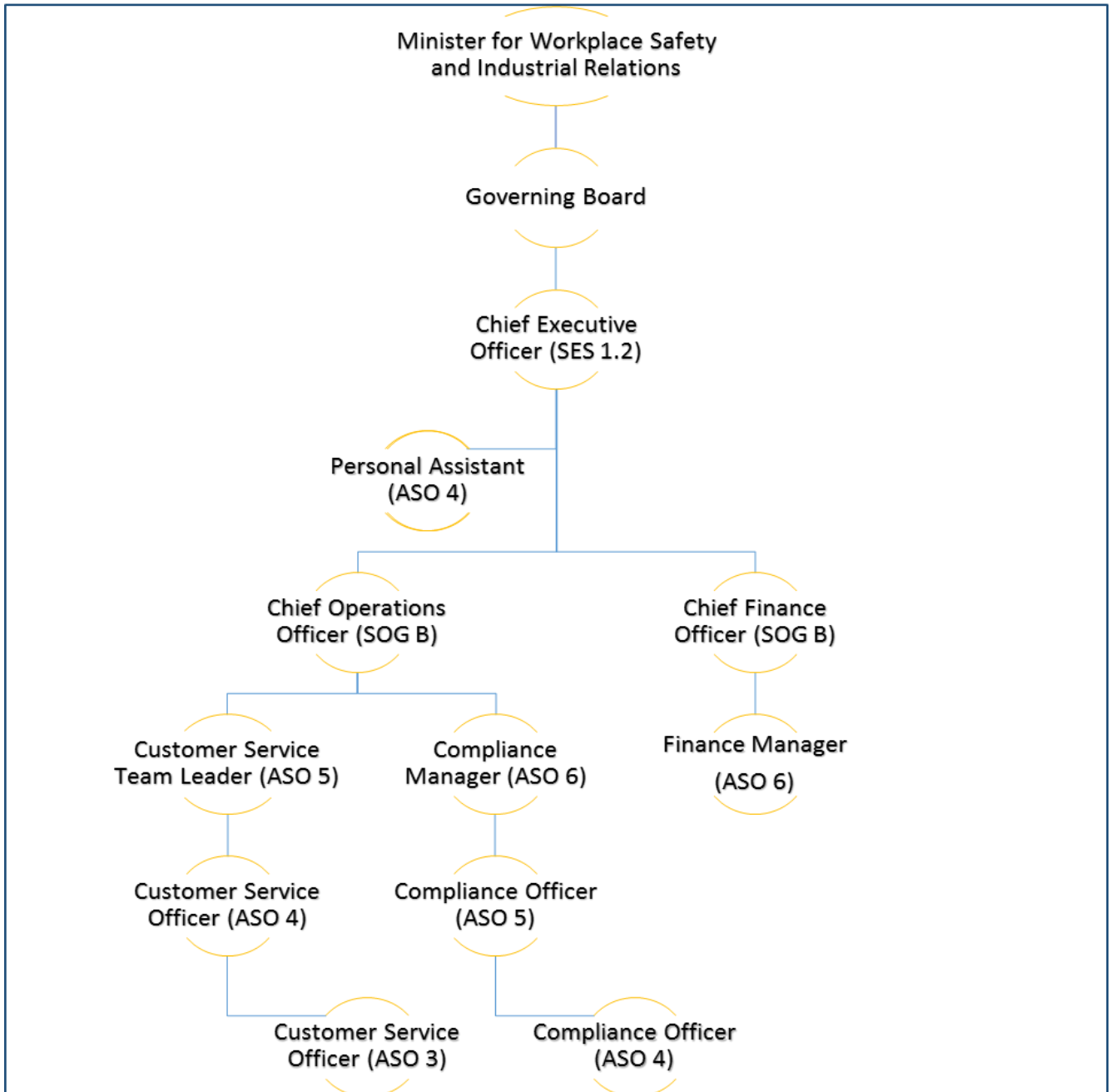


Tracy Savage
Chief Executive Officer
18 September 2015

ORGANISATION OVERVIEW AND PERFORMANCE

A.1 ORGANISATIONAL OVERVIEW

ORGANISATION CHART



ROLE OF THE AUTHORITY

The Long Service Leave Authority (the Authority) was established to administer portable long service leave benefit schemes, provided for under the *Long Service Leave (Portable Schemes) Act 2009*, for specified workers in the ACT engaged in the Building and Construction, Contract Cleaning, Community Sector and Security Industries. The Primary objectives of the Authority are to ensure that:

- The maximum number of eligible employers and their employees are registered with the Authority

- Long service leave payments to employees and contractor and reimbursements to employers are made in accordance with the Act
- Employers contribution levies are collected efficiently and effectively
- Long service leave funds are invested to ensure a long term surplus of assets over liabilities; and
- Adequate liquidity exists to meet payment requirements as they arise

2014-15 HIGHLIGHTS

The Authority undertook a number of activities throughout the 2014-15 year in support of its stated objectives, the highlights of which include:

- The Authority registering 296 employers (2013-14: 355) during the year ended 30 June 2015. The Authority registered all of these employers within the 10 working days of receipt of a correctly completed registration form;
- The compliance team visiting 69 sites (2013-14: 62) to ensure that employers and workers in the covered industries were registered;
- The 2014-15 annual yellow pages review requiring staff to contact employers in the Contract Cleaning, Community Sector and Security Industry. The 2014-15 review identified 30 unregistered businesses (2013-14: 9) within these industries. All of these businesses were registered before 30 June 2015;
- The Authority processing 8,491 returns (2013-14: 8,236) and payments for the 2014-15 financial year;
- The Authority processing 1,248 eligible claims (2013-14: 1,182) within the reporting period, with all of these claims paid within 10 working days from receipt of a completed claim form
- The Authority achieving an average 11.7% year-to-date return on investments (2013-14: 9.46%) for all four administered schemes, with five-year average return on investment of 8.74%, outperforming the target¹ by 2.9%

INTERNAL ACCOUNTABILITY

Under the *Financial Management Act 1996* and the Authority's enabling legislation, the *Long Service Leave (Portable Schemes) Act 2009* (the Act), the Governing Board provides the overall governance of the Authority. Members of the Governing Board are appointed by the Minister of Workplace Safety and Industrial Relations and comprise an independent Chair, an independent Deputy Chair, two members representing employee organisations and two members representing employer organisations for the covered industries of the long service leave portable schemes. The resources that are available to the Board members to assist them carry out their duties include access to suitable training provided by the Authority and independent professional or legal advice.

Governing Board meetings were held regularly throughout the year to oversee the operation and monitor the performance of the Authority. Board members are remunerated in accordance with the decisions made by the ACT Remuneration Tribunal. The Chief Executive Officer (CEO), also the Registrar of the Authority, is a non-voting member of the Governing Board and is recruited and remunerated under the *Public Sector Management Act 1994*.

¹ The Authority's target for investment is set at 3.5% above CPI averaged over five years. As at 30 June 2015, the investment target was 5.84%. Refer to B.6 Statement of Performance, pages 103-107.

The Authority conducts regular actuarial reviews on the appropriateness of the scheme levies for the Governing Board to make recommendations to the Minister on any changes to the levies. Based on actuarial review and with agreement from the Minister, the Authority has reduced the levies of Contract Cleaning Scheme and the Community Sector Scheme to 1.6%, from 2% and 1.67% respectively, effective 1 April 2015.

Board composition during the reporting period is outlined in the Board Profile table below:

| Board member | Position | Meetings Attended |
|--|---|--------------------------|
| <p>Ms Glenys Roper</p> <ul style="list-style-type: none"> • Appointed from 1 Jan 2010 for 4 years to 31 December 2013; re-appointed as an independent Chair on 19 February 2014 for a further four years; • Managing Director of Roex Management Pty Ltd; • Trustee Director of the Board of AvSuper (a superannuation fund for the aviation industry); • Director of Aarnja (a corporation and trust for the benefit of aboriginal people in the Kimberley); and • Chair of a number of audit and other governance committees in Commonwealth, State and Territory Government Agencies. | Independent Chair | 8 |
| <p>Mr Howard Pender</p> <ul style="list-style-type: none"> • Appointed from 25 May 2012 as an independent member for a term of four years; • Director, Corporate Analysis, Enhanced Responsibility (CAER); • Previously director of three ASX listed public companies, Visiting Fellow, Centre for International and Public Law, Australian National University; and • Office Bearer, Australasian Centre for Corporate Responsibility. | Independent Deputy Chair | 8 |
| <p>Ms Kim Sattler</p> <ul style="list-style-type: none"> • Appointed on 1 Jan 2010 to 31 December 2011. Re-appointed on 22 June 2012 for a term of four years; • Ms Sattler resigned from the Board with her appointment revoked in April 2015, replaced by Ms Erryn Cresshull. • Secretary – Unions ACT; • Deputy Chair ACT Work Safety Council; • Member of ACT Joint Council 2007-present; and • Chair, National Museum of Labour 2009 to present. | Member representing employee organisations | 5 |
| <p>Mr Peter Middleton</p> <ul style="list-style-type: none"> • Appointed on 1 Jan 2010 for 4 years to 31 December 2013. Re-appointed on 19 February 2014 for a further four years; and • Company Manager and Managing Director – Woden Construction Group. | Member representing employer organisations | 6 |

| Board member | Position | Meetings Attended |
|--|--|--------------------------|
| <p>Mr Chris Redmond</p> <ul style="list-style-type: none"> • Appointed on 11 October 2013 representing employer organisations for a term of four years; • Executive Director of Woden Community Service; and • Executive Member of Mental Health Community Coalition. | Member representing employer organisations | 6 |
| <p>Ms Erryn Cresshull</p> <ul style="list-style-type: none"> • Appointed on 3 April 2015, for a term of four years to 2 April 2019; and • Organiser, United Voice, ACT Branch | Member representing employee organisations | 2 |
| <p>Ms Shayne Hall</p> <ul style="list-style-type: none"> • Appointed on 19 February 2014 for a term of four years; and • Industrial Officer at CFMEU ACT Branch. | Member representing employee organisations | 5 |
| <p>Mr Robert Barnes</p> <ul style="list-style-type: none"> • Appointed as Registrar and CEO in June 2012 for a term of 3 years to 11 June 2015. The Registrar/CEO's recruitment was conducted and finalised in July 2015. Mrs Tracy Savage was appointed as Registrar/CEO and commenced on 3 August 2015; and • Non-voting member of the Board. | Registrar/CEO | 7 |

The Authority's Audit Committee meets four times each year. The Audit Committee's responsibilities are to oversee the Authority's internal and external audits, risk management arrangements, legislative compliance, review the Authority's financial information presented by management, and to determine the adequacy of the Authority's administrative, operating and accounting controls.

Prescribed in the *Financial Management Act 1996*, the Authority prepares an annual Statement of Intent agreed between the Chair of the Governing Board, the responsible Minister and the ACT Treasurer. The Statement of Intent outlines the Authority's financial forecast, business priorities, performance measures and key risks. A Statement of Performance report against the performance measures specified in the Statement of Intent is prepared each year, endorsed by the Chair of the Governing Board, and reviewed by the ACT Auditor-General's Office. In 2014-15, the Authority achieved above-target actual results in all of its performance indicators. The Authority's annual Financial Statements and Statement of Performance are reviewed by the Audit Committee, signed by the Chair of the Board and audited by the ACT Auditor-General. Refer to B.2 Financial Statements, page 30-99, and B.6 Statement of Performance for further information, page 103-107.

Membership of the Audit Committee is summarised in A.5 Internal Audit, page 18.

Under the supervision of the Chief Executive Officer, the Chief Operating Officer (Deputy Registrar) oversees the Authority's operations, including customer services and compliance management; and the Chief Finance Officer monitors the overall financial and corporate services functions of the Authority.

A.2 PERFORMANCE ANALYSIS

AUTHORITY PERFORMANCE

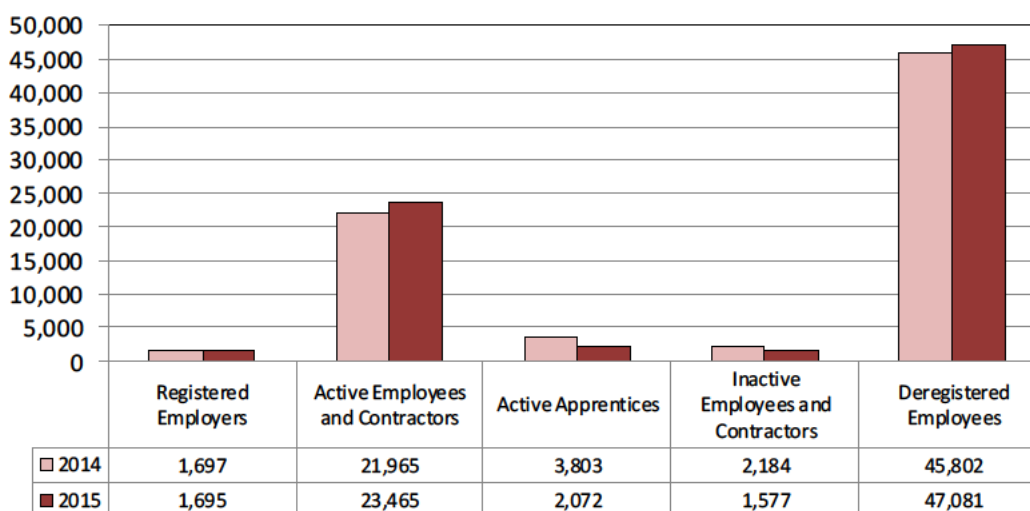
BUILDING AND CONSTRUCTION INDUSTRY SCHEME EMPLOYER AND EMPLOYEE STATISTICS

Worker numbers in the Building and Construction Industry have shown a modest increase in the ACT during the reporting period. The slight increase in registrations reflects the sustained efforts of the Authority to ensure that eligible employers and workers within the industry are registered. In this regard, the Authority has continued to work cooperatively with:

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

Figure 1 below illustrates the increased numbers in the Building and Construction Industry during 2014-15; with a 6.4% rise in the number of active employees and contractors. There was no significant increase in the number of employers registered in the Building and Construction scheme. There was a decrease of 45.5% in registered apprentices in the Authority's register mainly due to apprentices re-classified as workers in the register after the completion of their apprenticeship and the deregistration of apprentices who did not return to the building and construction industry after 4 years from their last recorded date of service.

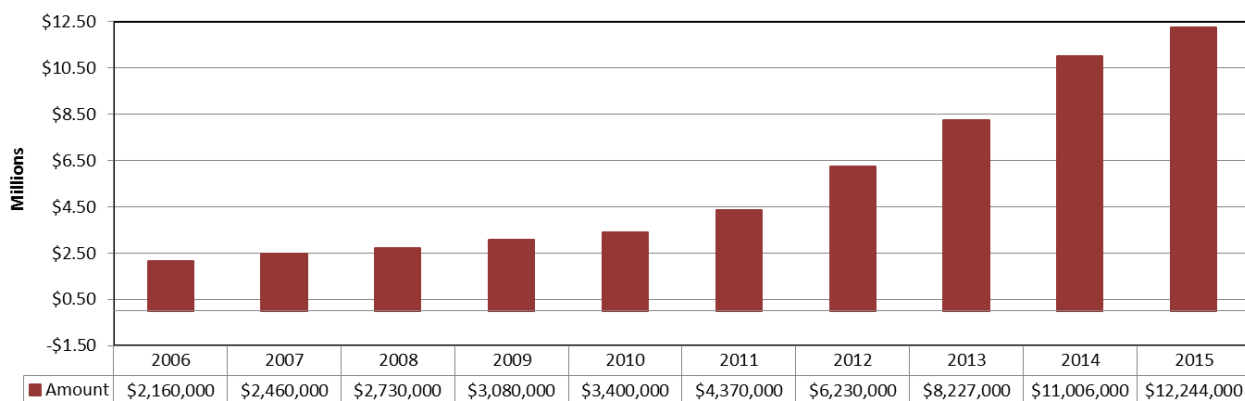
Figure 1. Building and Construction Industry Employer and Employee Registration Statistics



BUILDING AND CONSTRUCTION INDUSTRY SCHEME LEVY CONTRIBUTIONS

In 2014-15 Building and Construction Industry employers paid a total of \$12.2m in levy contribution payments based on 2.50% of employee ordinary remuneration (except apprentices whose service is recorded but no levy payment is required). A total of \$11m in levy contributions was paid in 2013-14. The 10.1% increase in levy payments this year is due to an increase in service days and ordinary remuneration recorded on employer returns. The Authority budgeted for \$13.9m for the 2014-15 financial year and is expected to receive \$13.2m in levies for the 2015-16 financial year.

Figure 2. Building and Construction Industry Levy Contribution Payments by Employers



BUILDING AND CONSTRUCTION INDUSTRY SCHEME BENEFIT PAYMENTS

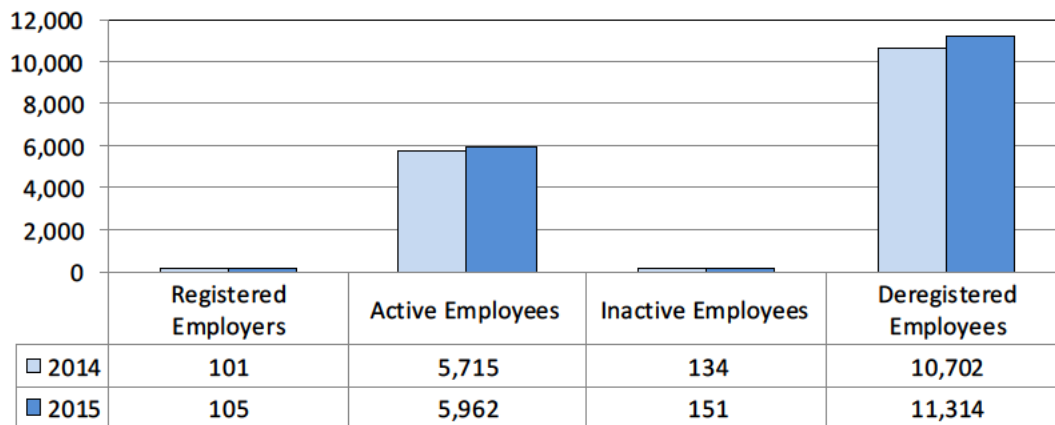
There were 854 long service leave benefit payments made to workers during the financial year (881 in 2014), representing a payment of \$8.5m (\$8.1m in 2014). The scheme has paid a total of \$84.41m in long service leave benefits from the Fund since its commencement in 1981.

| Claims lodged | 2014 | 2015 |
|--|-------------|-------------|
| • Total claims lodged | 925 | 923 |
| • Withdrawn, declined or duplicate | 44 | 69 |
| • Number of payments made | 881 | 854 |
| | | |
| Criteria under which claims were lodged | | |
| • More than 10 years' service | 526 | 495 |
| • Pro-rata (5 years but less than 10 years of credited service) | 151 | 133 |
| • Ill health, retirement or death (55+ days service) | 83 | 81 |
| • Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards | 7 | 9 |
| • Payments to reciprocal state schemes | 114 | 136 |

CONTRACT CLEANING INDUSTRY SCHEME EMPLOYER AND EMPLOYEE STATISTICS

Contract Cleaning Industry activity remained relatively steady in the ACT during the reporting period, with a 4% increase in the number of registered employers and a corresponding increase of 5% in the number of active workers in the scheme and levy payments collected for 2014-15.

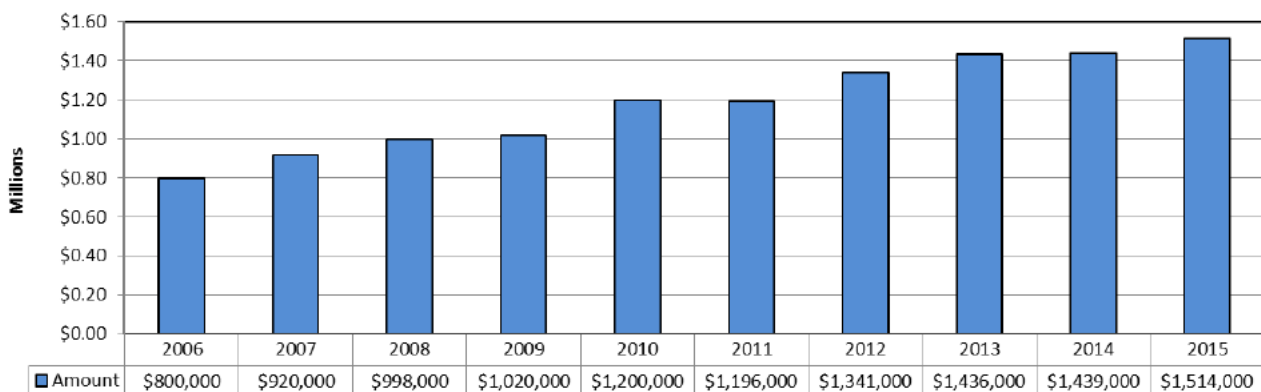
Figure 3. Contract Cleaning Industry Employer and Employee Registration Statistics



CONTRACT CLEANING INDUSTRY SCHEME LEVY CONTRIBUTIONS

Contract Cleaning Industry employers paid a total of \$1.51m in levy contributions during the reporting period based on a levy rate of 2% of employees' ordinary remuneration (\$1.44m in 2014). The contract cleaning levy for 2015-16 has reduced to 1.6% of ordinary remuneration declared for an employee.

Figure 4. Contract Cleaning Industry Scheme Levy Contribution Payments by Employers



CONTRACT CLEANING INDUSTRY SCHEME BENEFIT PAYMENTS

There were 173 long service leave benefit payments made to workers during the year (150 in 2014), representing payments of \$0.68m (\$0.59m in 2014). The Authority expected an increase in claims for the Contract Cleaning Industry as the scheme has reached maturity and workers are able to receive a pro rate payment if they have accrued more than seven years of service. For the 2014-15 reporting period the Authority had budgeted for \$1.1m benefits to be paid out to workers.

| Claims lodged | 2014 | 2015 |
|------------------------------------|------|------|
| • Total claims lodged | 168 | 185 |
| • Withdrawn, declined or duplicate | 18 | 12 |
| • Number of payments made | 150 | 173 |
| | | |

| Criteria under which claims were lodged | | |
|--|----|-----|
| • More than 7 years' service | 96 | 110 |
| • Pro-rata (5 years but less than 10 years of credited service) | 15 | 16 |
| • Ill health, retirement or death (55+ days service) | 35 | 36 |
| • Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards | 4 | 11 |
| • Payments to reciprocal state schemes | 0 | 0 |

COMMUNITY SECTOR SCHEME REGISTRATIONS

As at 30 June 2015 there were 18,486 active employees in the scheme (17,373 in 2013-14), an increase of 6%. Of the total of 5,142 de-registrations (3,260 in 2014), 2,934 represent duplicate employees (that is employees noted on returns as working concurrently for more than one employer and initially given two or more registration numbers but subsequently merged into one registration number). The remaining 2,208 de-registrations represent employees who have had a four year continuous break from service.

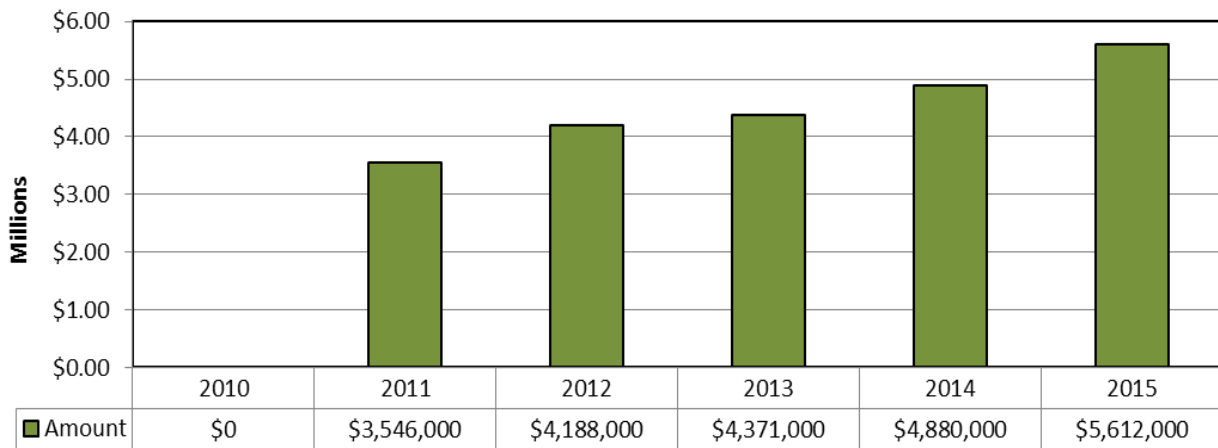
Figure 5. Community Sector Registration Statistics



COMMUNITY SECTOR SCHEME LEVY CONTRIBUTIONS

Community Sector employers paid the Authority a total of \$5.6m (\$4.9m in 2014) in levy contributions during the reporting period, based on a levy rate of 1.67% of employees' wages. The levy rate for 2015-16 has been set at 1.6% of employees' ordinary remuneration. The Authority budgeted for \$5.2m in levy contributions for the 2014-15 financial year and is expected to receive \$5.3m for 2015-16.

Figure 6. Community Sector Levy Contribution Payments by Employers



COMMUNITY SECTOR SCHEME BENEFIT PAYMENTS

There were 280 long service leave benefit payments made to workers during the year (262 in 2014), representing payments of \$0.632m (\$0.427m in 2014). As the community sector scheme has been established for more than 5 years, employees that have had service recorded from the start of the scheme may claim an entitlement. It is expected that benefit payment claims will increase in future years.

Payments made comprised:

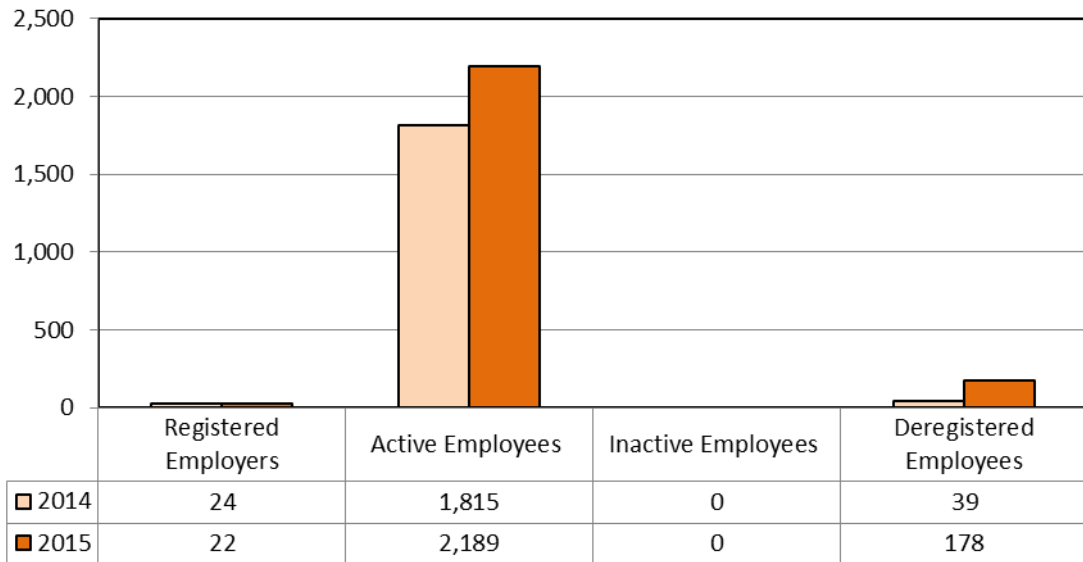
- reimbursements to employers, who have paid employees their long service leave benefit directly under the *Long Service Leave Act 1976*, for that portion of the service which accrued after 1 July 2010, or
- payments made directly to employees who had accrued 55 or more days since the commencement of the scheme and who reached the legislative retirement age of 55 years or older and ceased work during the period for workers registered before 1 July 2012.

| Claims lodged | 2014 | 2015 |
|--|------|------|
| • Total claims lodged | 303 | 301 |
| • Withdrawn, declined or duplicate | 41 | 21 |
| • Number of payments made | 262 | 280 |
| | | |
| Criteria under which claims were lodged | | |
| • More than 10 years' service | 0 | 0 |
| • Pro-rata (5 years but less than 10 years of credited service) | 0 | 0 |
| • Ill health, retirement or death (55+ days service) | 45 | 67 |
| • Refunds to employers who paid their workers under the LSL Act 1976 or other Awards | 169 | 213 |

SECURITY INDUSTRY SCHEME

The Security Scheme commenced on 1 January 2013, with 2,189 employees registered in the security industry for the 2014-15 financial year, an increase of 17.1% from 2013-14 numbers (1,815 in 2014). The Authority has 22 (24 in 2014) employers registered in the security industry.

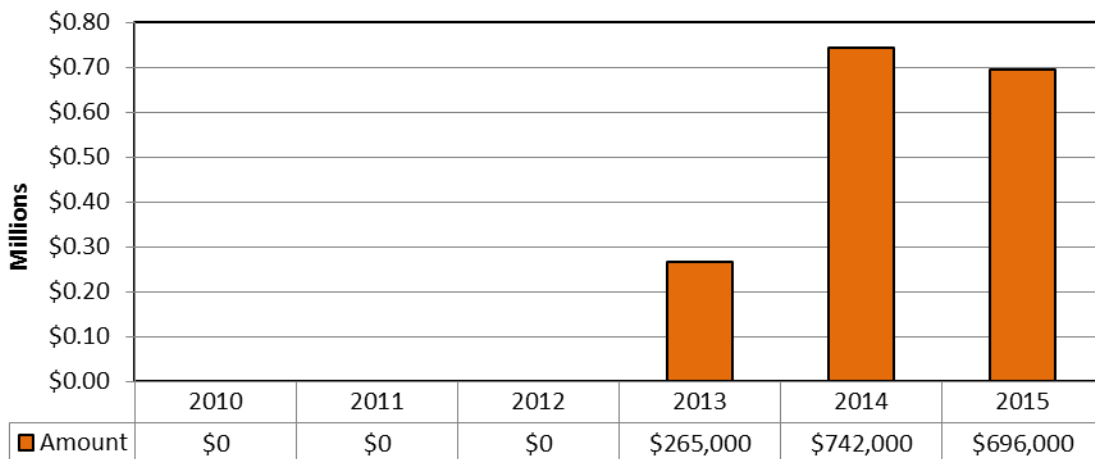
Figure 7. Security Industry Registration Statistics



SECURITY INDUSTRY SCHEME LEVY CONTRIBUTIONS

Security Industry employers paid the Authority a total of \$0.70m (\$0.74 in 2014) in levy contributions during the reporting period, based on a levy rate of 1.47% of employees' wages. The Authority budgeted for \$0.67m in levy contributions and is expected to receive \$0.86m for 2015-16.

Figure 8. Security Industry Levy Contribution Payments by Employers



SECURITY INDUSTRY SCHEME BENEFIT PAYMENTS

There were no long service leave benefit payments made directly to workers during the year, however 77 reimbursements to employers totalling \$106,000 (\$2,000 in 2014) were made. The reimbursement claims are paid to employers for the portion of the service which was accrued after 1 January 2013 for those employees who have elected to have their long service leave benefit paid under the *Long Service Leave Act 1976*.

| Claims lodged | 2014 | 2015 |
|--|-------------|-------------|
| • Total claims lodged | 5 | 77 |
| • Withdrawn, declined or duplicate | 2 | 0 |
| • Number of payments made | 3 | 77 |
| | | |
| Criteria under which claims were lodged | | |
| • More than 7 years' service | 0 | 0 |
| • Pro-rata (5 years but less than 7 years of credited service) | 0 | 0 |
| • Ill health, retirement or death (Greater than 5 years' service) | 0 | 0 |
| • Refunds to employers who paid their workers under the LSL Act 1976 or other Awards | 3 | 77 |

COMPLIANCE AND EDUCATION

The Authority's Compliance and Education program is based on assistance and follow up. For the Building and Construction Industry Scheme, the program is supported by site and employer visits by authorised inspectors, to employer premises and construction sites.

The Authority's compliance personnel also regularly visit employer premises for the other schemes to ensure that all relevant work in the ACT is being undertaken by employers and employees who are registered with the four schemes. Visits involve contact with registered employers to explain their obligations regarding the scheme. The visits promote high levels of compliance by the industries and generate a good rapport with stakeholders. The compliance team also performs a public relations and education role by assisting newly registered employers to understand the schemes and help them with the completion of their initial quarterly returns and payments. The Authority attended apprentice induction programs where apprentices were informed of their entitlements and obligations.

ACCOUNTABILITY INDICATORS

The Authority's annual Statement of Performance details its actual performance results against target, including explanation of major variances for each performance measure. In 2014-15, the Authority achieved above target results for all of its performance indicators. Refer to B.6 Statement of Performance, pages 103-107, for further information.

A.3 SCRUTINY

There were no inquiries or reviews from the ACT Auditor-General, the ACT Ombudsman, or any Legislative Assembly Committees in 2014-15. The only scrutiny from the Auditor-General during the reporting period was for the audit of the 2013-14 Financial Statements and the review of the 2013-14 Statement of Performance. The Audit Office issued an unqualified audit opinion in both reports and there were no audit findings from the review.

A.4 RISK MANAGEMENT

The Authority's Audit Committee oversees the Authority's risk management framework. The Audit Committee is composed of three Board members who are independent from management of the Authority's operation. In response to the Authority's evolving operating environment, a risk register is maintained and reviewed regularly at management meetings and Audit Committee meetings to ensure existing and emerging business risks are identified, regularly monitored, and appropriate controls are in place to mitigate these risks.

The Authority's risk management plan has been developed to ensure adequate controls for Authority risks including operational risks, work place health and safety issues, and exposure to fraud. The CEO and management hold regular meetings to examine the Authority's existing risk exposures and any emerging issues so as to incorporate timely and appropriate risk management strategies and actions. Risks are also monitored for opportunities for improvements and for business contingency consideration and succession planning. Through this rigorous process, the Authority aims to account for changes made in its operations and to make well-informed decisions.

A.5 INTERNAL AUDIT

The Authority has an Audit Committee Charter that established the audit function as part of its overall responsibilities for corporate governance. The Audit Committee, established under the Audit Committee Charter, meets four times a year and oversees the Authority's risk management and audit functions. Membership of the Committee is summarised in the table below:

| Name of Member | Position | Meetings Attended |
|-----------------------|--------------------|--------------------------|
| Mr Howard Pender | Independent Chair | 4 |
| Ms Glenys Roper | Independent member | 3 |
| Mr Peter Middleton | Independent member | 3 |

Internal audit topics are discussed and determined at Audit Committee meetings, based on risk assessments and the Authority's business priorities, with likelihood and potential impact, affecting each risk, carefully measured and considered.

During 2014-15, one internal audit review was conducted on the security of the Authority's IT system application to determine any system weaknesses and vulnerabilities and whether the existing system controls are sufficient to protect from external attack.

A.6 FRAUD PREVENTION

The Authority developed a 'Risk Management and Fraud Prevention Plan²' to manage fraud risks and any associated fraud investigation and reporting. The Authority manages and controls risks in a way that ensures risks are identified and monitored regularly with appropriate actions undertaken to reduce the risks to an accepted level. It has a formalised, integrated and visible process to identify risk exposures across all the operational and financial activities in its risk register and to provide the Board and Audit Committee with assurance that these exposures are adequately monitored and controlled. With adequate controls in place, there were no major fraud risks identified, and the overall fraud risk is considered low. There were no instances of fraud or cases of corruption suspected or reported during 2014-15.

The Authority also discusses fraud risk factors with staff regularly in staff meetings to promote awareness and prevention of fraud. Fraud prevention training was also provided to all staff in June 2014 by a suitably qualified consultant specialised in fraud and probity investigations. This training was in accordance with the Australian Standard 8001-2008 "Fraud and Corruption Control", which outlines a suggested approach for managing fraud and integrity risk. In addition, the Authority minimises the opportunity for fraud by ensuring there is appropriate separation of duties and financial authorisations amongst those who collect and process monies received. The Authority has also established other robust monitoring controls, such as regular bank and asset register reconciliations to ensure assets are properly insured and accounted for. Covered under the Fidelity Indemnity Guarantee Agreement from the ACT Insurance Authority, the Authority insures itself against claims for direct loss of money or goods as a result of acts of fraud or dishonesty by its employees. There were no such claims made during 2014-15.

The Authority's investment portfolios are held in pooled funds managed by Vanguard Australia. Vanguard's custodian for these funds is JP Morgan. The Authority is provided with an annual audit report from Vanguard, conducted by an independent external auditor, to ensure its operating controls are effective in managing client assets.

A.7 WORK HEALTH AND SAFETY

The Authority is bound by the provisions of the *Work Health and Safety Act 2011* (the Act) and receives support and advice from the Injury Management and Safety Team at the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) for all issues in relation to workplace health and safety.

There were no work place accidents or significant incidents that required notices under the provisions of the Act during the reporting period. There were also no improvement, prohibition, or non-disturbance notice issued under Part 10 of the Act in 2014-15.

The Authority has an emergency evacuation plan in place and an evacuation drill is held at least once a year on site, coordinated by the building manager of the National Associations Centre where the Authority's office is located. The Authority also has one trained Health and Safety employee representative, two fire wardens and several staff members who hold a current First Aid Certificate.

The Authority discusses all work health and safety issues at its monthly staff meetings, identifies potential risks and addresses them in a timely manner. Workplace health and safety is also a standard agenda item

² The Risk Management and Fraud Prevention Plan was revised in June 2013 and the Plan is due to be reviewed again by June 2016.

for each Board meeting. Physical inspections of the safety of the Authority's office environment, including staff workstations, are held from time to time with assistance from the Injury Management and Safety team under the Chief Minister, Treasury, and Economic Development Directorate (CMTEDD).

The Authority is not required to report under the Australian Work Health and Safety Strategy 2012-2022 as it has less than 500 full time equivalent employees. However, the Authority is supportive of such initiatives and promotes a safe and healthy work environment for all its staff.

A.8 HUMAN RESOURCES MANAGEMENT

The Authority has a small workforce, comprising eleven full-time equivalent (FTE) staff during 2014-15. There were no major changes to the Authority's functions and corporate structure in recent years. The Authority constantly monitors its productivity to ensure there are adequate resources and staffing level to carry out required work and to meet its performance targets.

The Chief Executive Officer oversees the Authority's staff performance with ongoing performance reviews in place. On the job education and training is provided to staff to ensure the overall skill set meets the Authority's operational needs. Staff are encouraged to acquire broad operational capability to fulfil the succession planning requirements as well as any unexpected staff absences. The Authority's staff are recruited to satisfy the requirements of the *Long Service Leave (Portable Schemes) Act 2009*, including: general administration, client services, information technology and computer related functions, inspection and field visits, public consultation, and financial management and reporting functions for the Authority.

During 2014-15, the Authority provided support for staff learning and development needs, including approval of financial support and study leave for staff to attend university courses under the ACTPS study assistance program and other work-related training provided via the ACTPS Training Calendar. There were no staff on the Attraction and Retention Initiatives (ARins) during the reporting period. For information regarding staff profile and classification, refer to D.3 – Workplace Profile, page 110.

A.9 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 deposited with a reputable recycling service provider for resale or recycling; and
- the generation of paper records is limited by use of electronic record keeping where practical.

Sustainable Development Performance 2013-14 and 2014-15

| Indicators as at 30 June | Unit | 2013-14 | 2014-15 | Percentage Change |
|--|----------------|----------------|----------------|--------------------------|
| Agency Staff and Area | | | | |
| Agency Staff | FTE | 11 | 11 | - |
| Workplace Floor Area | Area (m2) | 320 | 320 | - |
| Stationary Energy Usage | | | | |
| Electricity Use - Office | Kilowatt hours | 53,289 | 52,259 | (2) |
| Electricity Use – Manning Clark ³ | Kilowatt hours | 140,134 | 0 | (100) |
| Renewable Electricity Use | Kilowatt hours | - | - | - |
| Natural Gas Use – Manning Clark | Giga joules | 5,347 | 0 | (100) |
| Transport Fuel Usage | | | | |
| Total Number of Vehicles | Number | 1 | 1 | - |
| Total Kilometres Travelled | Kilometres | 12,832 | 12,110 | (6) |
| Fuel Use – Petrol | Kilolitres | 1,241 | 918 | (26) |
| Fuel Use – Diesel | Kilolitres | - | - | - |
| Fuel Use – Liquid Petroleum Gas (LPG) | Kilolitres | - | - | - |
| Fuel Use – Compressed Natural Gas (CNG) | Kilolitres | - | - | - |
| Water Usage | | | | |
| Water Use - Office | Kilolitres | 202 | 202 | 0 |
| Water Use – Manning Clark | Kilolitres | 1,958 | 0 | (20) |
| Resource Efficiency and Waste | | | | |
| Reams of Paper Purchased | Reams | 222 | 223 | - |
| Recycled Content of Paper Purchased | Percentage | 50% | 50% | - |

³ The Authority divested its investment property, the Manning Clark Offices, in May 2014 therefore there were no electricity and gas usage for this building in the current reporting period.

| Indicators as at 30 June | Unit | 2013-14 | 2014-15 | Percentage Change |
|--|--------------|----------------|----------------|--------------------------|
| Waste to Landfill | Litres | - | - | - |
| Co-mingled Material Recycled | Litres | - | - | - |
| Paper & Cardboard Recycled (incl. secure paper) | Litres | 2,640 | 3,120 | 15 |
| Organic Material Recycled | Litres | - | - | - |
| Greenhouse Gas Emissions | | | | |
| Emissions from Stationary Energy Use | Tonnes CO2-e | 491 | 55.39 | (89) |
| Emissions from Transport | Tonnes CO2-e | 3.18 | 2.35 | (26) |
| Total Emissions | Tonnes CO2-e | 494 | 57.74 | (88) |

FINANCIAL MANAGEMENT REPORTING

B.1 FINANCIAL MANAGEMENT ANALYSIS

Objectives of the Authority

The Authority was established in 2010 under the *Long Service Leave (Portable Schemes) Act 2009* (the Act) to administer portable long service leave benefits for the Building and Construction Industry scheme, Contract Cleaning Industry scheme, Community Sector Industry scheme, and the Security Industry scheme.

The Authority's objectives are to:

- make payments to the employees for their long service leave benefit claims in accordance with the Act;
- ensure eligible employers and employees of all administered schemes are registered with the Authority;
- efficiently and effectively collect contribution levies from the registered employers; and
- invest funds to maintain long-term sustainability of all schemes.

Risk Management

The Authority's risk management is overseen by its Audit Committee and the Chief Executive Officer. Several key risks are identified that may have an impact on the Authority's future financial position, including:

- the Authority's investment fund reduces in value as a result of adverse market conditions. The Authority has been undertaking ongoing investment strategy review, with the Investment Plan 2014 approved by the Treasurer in June 2014. The Plan is reviewed regularly and revised as needed to ensure investment funds are sufficient to supplement the employer contribution levy revenue to meet the schemes' liabilities;
- eligible employers do not register and declare service for their employees or pay the required contribution levy. This risk is mitigated by the Authority's on-going compliance programs; and
- the risk of having insufficient equity to cover scheme liabilities. The Authority manages this risk by closely monitoring the administered schemes' total assets and liabilities to ensure all debts can be met when they fall due. Scheme levy rates, are reviewed by an independent actuary and may be varied to maintain long-term sustainability. The latest levy rate review was conducted in June 2014 with recommendations made by the actuary (and subsequently approved by the responsible Minister) to reduce the Contract Cleaning scheme's levy from 2% to 1.6% and the Community Sector scheme from 1.67% to 1.6% effective 1 April 2015. The Building and Construction Industry scheme levy rate was increased from 1.75% to 2.5% effective on 1 October 2013 to improve the scheme's equity situation.

Financial Performance

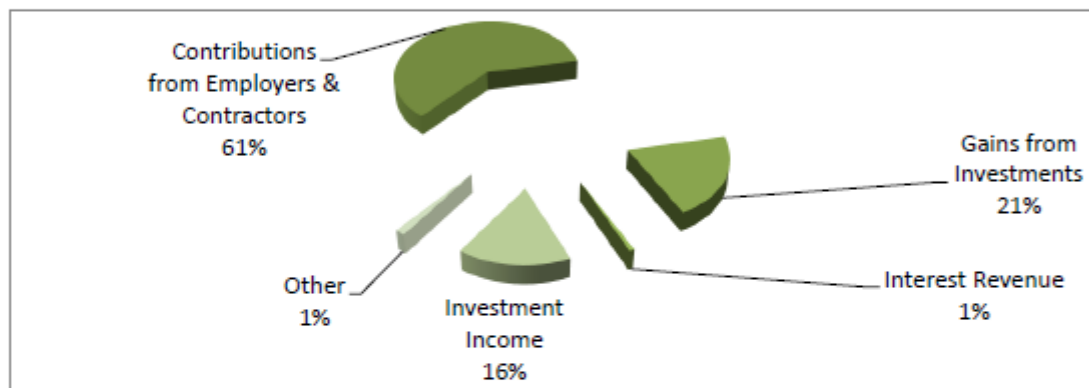
The following financial information is based on the audited financial statements for 2013-14 and 2014-15, and the original budget contained in the 2014-15 Statement of Intent.

Total Income

1. Components of Income

Figure 1 below summarises that for the financial year ended 30 June 2015, the Authority received 61 per cent of its total income of \$33.18 million from contribution revenue, with the remaining income from gains on investment (\$6.97 million or 21 per cent), investment distribution (\$5.39 million or 16 per cent), interest revenue (\$0.24 million or 1 per cent), and other revenue (1 per cent). Other revenue includes penalty payments, net rental income, and revenue collected in relation to interstate long service leave claims under a Reciprocal Agreement.

Figure 1. Sources of Income



2. Comparison to Budget

Total income in 2014-15 is \$4.47 million (16 per cent) higher than the original budget largely due to:

- higher investment return (approximately 11.7 per cent or \$5.19 million) than originally forecast (6.5 per cent) for all four administered schemes;
- higher than expected contribution revenue from the Community Sector Industry scheme (0.45 million) due to an increase in active workers; and
- higher than expected interest revenue from the Building and Construction Industry scheme (0.17 million). The increase in the interest revenue was mainly derived from the cash deposit of the proceeds from the Manning Clark Offices sale. The cash amount was subsequently invested in the Authority's managed fund; this was partially offset by
- lower than expected contribution revenue from the Building and Construction Industry scheme (\$1.69 million) due mainly to a moderate industry slowdown in the ACT observed by the actuary. This was unforeseen when the original budget was prepared.

3. Comparison to 2013-14 Actual Income

Overall, total income from the reporting period exceeded prior year by \$3.88 million (13 per cent) because:

- contribution revenue increased by \$2.01 million largely due to the increase in the Building and Construction Industry scheme contribution levy rate from 1.75% to

2.5% from 1 October 2013, and the increase in the number of registered workers mainly in the Community Sector Industry scheme; and

- investment gain and revenue has increased by \$5.23 million from improved investment fund performance; which was partially offset by
- loss of three lines of income associated with the Manning Clark Offices and its sale during 2013-2014, including rental income of \$1.50 million, gains from sale of the property, \$1.47 million, and lease incentive of \$0.47 million.

4. Future Trends

Income for 2015-16 is budgeted to decrease by \$2.61 million (8 per cent) with an expected lower investment rate of 7.5 per cent, compared to the 11.7 per cent achieved in 2014-15.¹

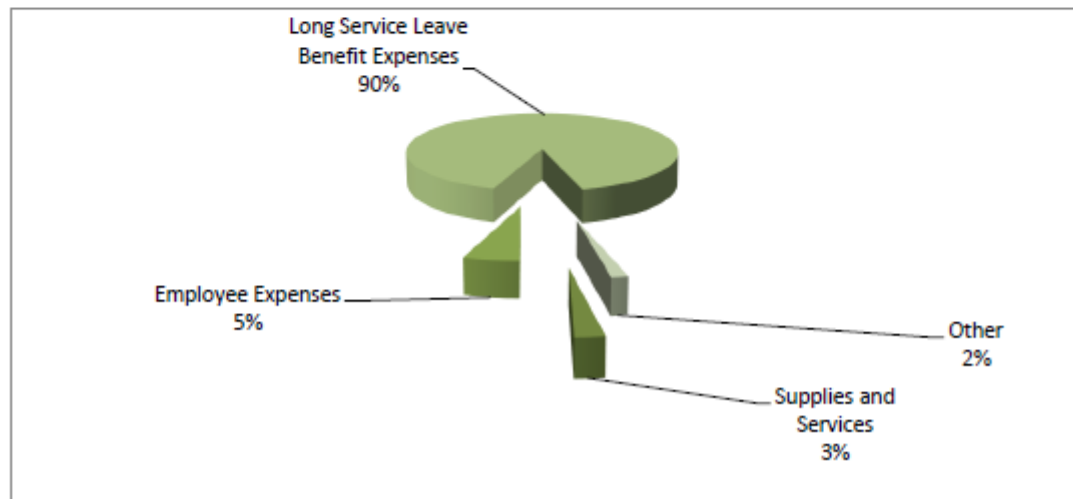
Total Expenditure

1. Components of Expenditure

Figure 2 shows the components of the Authority's expenditures for 2014-15 with the largest expenditure being \$19.69 million (90 per cent) of long service leave benefits expenses, with the remaining:

- \$1.19 million (5 per cent) of employee expenditures,
- \$0.58 million (3 per cent) of supplies and services costs; and
- \$0.41 million (2 per cent) of other expenses, mostly including penalty waivers and depreciation and amortisation expenses.

Figure 2. Components of Expenditure



¹ Note that the investment income derived in 2014-15 was from a comparatively lower investment asset base of \$77.83 million as at end of 2013-14, with additional investments made including the sale proceeds of the Manning Clark Offices throughout 2014-15. Even though the full year return of 2014-15 was approximately 11.7%, the lower investment return, 7.5%, expected in 2015-16, will not result in a 36% income decrease as the investment asset value commencing 2015-16 is comparatively higher at \$122.40 million as at the end of 2014-15.

2. Comparison to Budget

Total expenses in 2014-15 were \$3.63 million (14 per cent) lower than budget. Most of the shortfall is derived from the long service leave benefit expenses which came in under the original budget by \$3.54 million (15 per cent). This was due mainly to the change of discount rate from 6.5% to 7.5% to reflect the higher expected return on investment after the approval of Investment Plan 2014. The Plan increased the growth assets in investment funds from 45 per cent to 65 percent for all administered schemes.

Supplies and services expenses were lower than budget by \$0.17 million (22 per cent). The Authority has been prudent in supplies and services expenditure resulting in savings in debt collection, IT and computer related costs, and audit and consultant fees.

Employee expenses were lower than budget by \$0.13 million (10 per cent), mainly because 12 full time equivalent (FTE) staff were budgeted whilst the actual FTE at end of 2014-15 was 10.

Other expenses were higher than budget by \$0.21 million as there were higher impairment losses from long outstanding debtors and penalty waiver than originally anticipated in the budget.

3. Comparison to 2013-14 Actual Expenditure

Long service leave benefit expenses have increased by \$5.58 million (40 per cent). During 2013-14, in addition to the the additional provision made from the annual actuarial review, there was one actuarial adjustment in the long service leave provision to reflect the reduction of the long service leave expense because of the change in discount rate from 6.5 per cent to 7.5 percent. This did not occur in 2014-15 where discount rate was kept the same at 7.5 per cent.

Employee expenses were largely in line with prior year's result, with a modest \$0.05 million (4.3 per cent) increment from 2013-14.

Supplies and services expenses and depreciation and amortisation expenses both had a minor decrease from prior year, of \$0.02 million (3 per cent) and \$0.01 million (10 per cent) respectively.

Other expenses were below last year's figure by \$0.47 million mainly because of the lease incentive expense associated with the Manning Clark Offices sale, which did not occur in the reporting period.

4. Future Trends

Total expenses in the 2015-16 budget are expected to rise by \$4.08 million (19 per cent) mainly due to an increase of \$4.08 million in long service leave benefit expenses in accordance with the additional long service leave provisions made for the administered schemes in the actuarial projections.

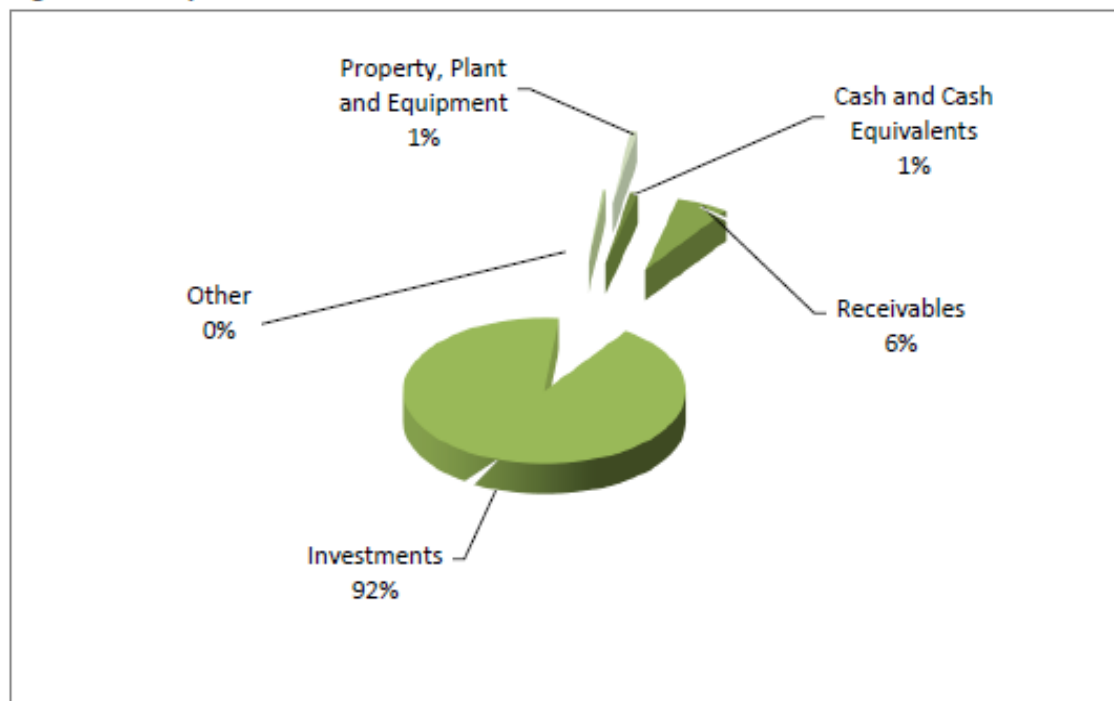
Financial Position

Total Assets

1. Components of Total Assets

Figure 3 below indicates that the majority of the Authority's assets are Investments, \$122.40 million (92 per cent), receivables, \$7.97 million (6 per cent), cash and cash equivalents, \$1.25 million (1 per cent), and the remaining property, plant and equipment \$1.07 million (1 per cent) with other assets of \$0.52 million (0.39 per cent).

Figure 3. Components of Assets



2. Comparison to Budget

The total asset position as at 30 June 2015 was higher than expected in the original budget by \$8.12 million (6 per cent) because of:

- better than expected investment performance (\$6.77 million); and
- higher than anticipated receivables (\$1.20 million) mainly due to higher accrued investment income.

3. Comparison to 2013-14 Actuals

The Authority's total asset position is stronger than 2013-14 by \$21.19 million (19 per cent) primarily as a result of the above mentioned increase in fair value of investment.

Total asset increases were partially offset by the growing long service leave provisions of \$9.81 million since last year, resulting in a total of \$11.33 million increase in net assets from the prior year.

4. Liquidity

Liquidity is the ability of the Authority to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. As funds are quarantined within each scheme, the tables below indicate the liquidity position of the Building and Construction Industry, Contract Cleaning and Community Sector schemes of the Authority.

As the Security Industry scheme only commenced on 1 January 2013, there is no liquidity issue at the reporting date and in the following three future years as the scheme's current liability is projected to be close to zero up to end of 2016-17 and with a liquidity ratio of 4.40:1 from end of 2017-18 onwards.

Building and Construction Industry Scheme

| Description | Prior Year Actual \$'000s 2013-14 | Current Year Budget \$'000s 2014-15 | Current Year Actual \$'000s 2014-15 | Forward Year Budget \$'000s 2015-16 | Forward Year Budget \$'000s 2016-17 | Forward Year Budget \$'000s 2017-18 |
|---------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Current Assets | 82,775 | 89,433 | 95,215 | 105,114 | 114,769 | 124,067 |
| Current Liabilities | 76,412 | 84,253 | 82,861 | 86,054 | 91,969 | 97,675 |
| Current Ratio | 1.08:1 | 1.06:1 | 1.15:1 | 1.22:1 | 1.25:1 | 1.27:1 |

The Authority classified the current long service leave liabilities in accordance with AASB 101 – 'Presentation of Financial Statements', which includes the liabilities where the Authority has no unconditional right to defer within the 12 months after the end of the reporting period. The rest of the long service leave liability is then classified as non-current.

The Building and Construction Industry scheme's current ratio for the current year is 1.15:1, which is improved from the current ratio in prior year actual and current year budget. The improvement of current ratio is mainly due to the better than expected investment performance during 2014-15.

Contract Cleaning Industry Scheme

| Description | Prior Year Actual \$'000s 2013-14 | Current Year Budget \$'000s 2014-15 | Current Year Actual \$'000s 2014-15 | Forward Year Budget \$'000s 2015-16 | Forward Year Budget \$'000s 2016-17 | Forward Year Budget \$'000s 2017-18 |
|---------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Current Assets | 9,571 | 9,586 | 11,226 | 12,433 | 13,551 | 14,690 |
| Total Current Liabilities | 5,829 | 6,568 | 5,906 | 6,850 | 7,489 | 8,115 |
| Current Ratio | 1.64:1 | 1.46:1 | 1.90:1 | 1.82:1 | 1.81:1 | 1.81:1 |

The Contract Cleaning Industry scheme's liquidity ratio remains sound.

Community Sector Industry Scheme

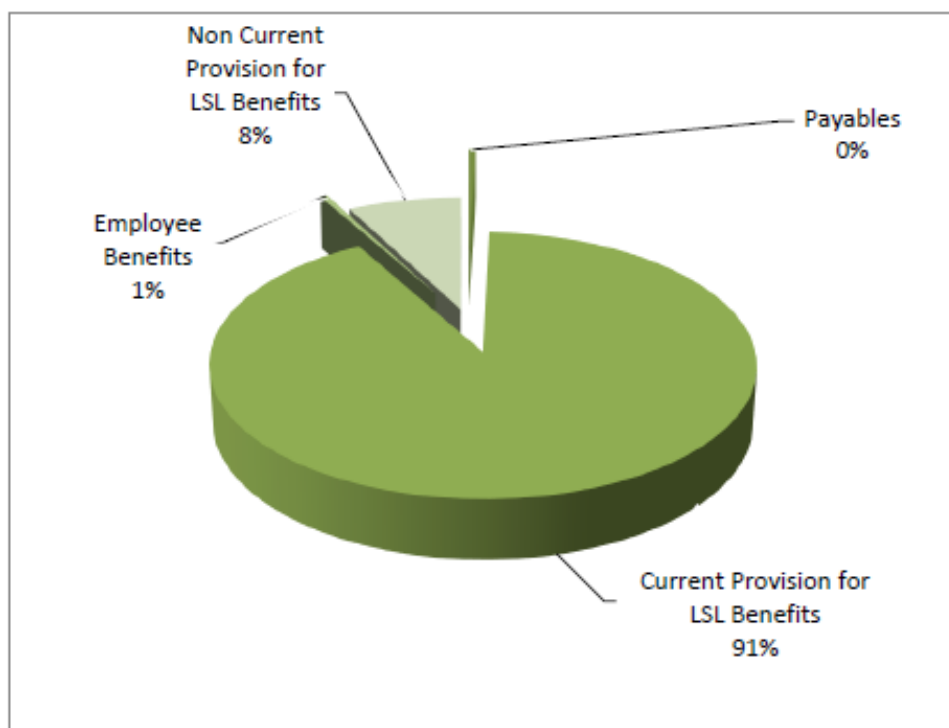
| Description | Prior Year Actual \$'000s 2013-14 | Current Year Budget \$'000s 2014-15 | Current Year Actual \$'000s 2014-15 | Forward Year Budget \$'000s 2015-16 | Forward Year Budget \$'000s 2016-17 | Forward Year Budget \$'000s 2017-18 |
|---------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Current Assets | 17,070 | 23,003 | 23,612 | 27,502 | 30,716 | 33,965 |
| Total Current Liabilities | 3,573 | 5,766 | 10,086 | 12,136 | 16,031 | 20,516 |
| Current Ratio | 4.78:1 | 3.99:1 | 2.34:1 | 2.27:1 | 1.92:1 | 1.66:1 |

The Community Sector Industry scheme, which commenced in July 2010, has sufficient assets to meet its short-term debts. The current ratio remains strong but is expected to gradually decline in the out years as the scheme progressively grows and matures, with members able to access pro-rata payments after five years of service.

Total Liabilities

Figure 4 below indicates that the majority of the Authority's liabilities are long service leave benefits of \$106.01 million (99 per cent). Total liabilities have increased by \$9.86 million (10 per cent) from the prior year mainly as a result of additional long service leave provision prescribed from the actuarial review; however were lower than budget expectation by \$9.35 million (8 per cent). The provision was lower than budget mainly due to a change in the long service leave liability discount rate from 6.5% to 7.5%, as discussed previously.

Figure 4. Components of Liabilities



B.2 FINANCIAL STATEMENTS

LONG SERVICE LEAVE AUTHORITY

Financial Statements

For the Year Ended 30 June 2015

INDEPENDENT AUDIT REPORT

LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Long Service Leave Authority (the Authority) for the year ended 30 June 2015 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

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

The auditor's responsibility

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

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

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

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

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

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of these 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 these statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

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

Audit opinion

In my opinion, the financial statements of the Authority for the year ended 30 June 2015:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Authority as at 30 June 2015 and results of its operations and cash flows for the year then ended.

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



Malcolm Prentice
Acting Director, Financial Audits
11 September 2015

LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Year Ended 30 June 2015

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Long Service Leave Authority's accounts and records and fairly reflect the financial operations of the Long Service Leave Authority and the schemes it administers for the year ended 30 June 2015 and the financial position of the Long Service Leave Authority and the schemes it administers on that date.



Glenys Roper
Chair
Long Service Leave Authority
21 July 2015



Goran Josipovic
A/g Chief Executive Officer
Long Service Leave Authority
21 July 2015

LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Year Ended 30 June 2015

Statement by the Chief Finance Officer

In my opinion, the financial statements of the 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 and the schemes it administers for the year ended 30 June 2015 and the financial position of the Authority and the schemes it administers on that date.



Catherine Shih
Chief Finance Officer
Long Service Leave Authority

2 | July 2015

LONG SERVICE LEAVE AUTHORITY
Operating Statement
For the Year Ended 30 June 2015

| | Note | Actual | Original Budget | Actual |
|--|------|---------------|--------------------|---------------|
| | No. | 2015 | 2015 | 2014 |
| | | \$'000 | \$'000 | \$'000 |
| Income | | | | |
| Contributions from Employers and Contractors | 4 | 20,066 | 21,230 | 18,067 |
| Gains from Investments | 5 | 6,967 | 3,724 | 4,198 |
| Net Rental Income | 6 | 20 | - | 1,523 |
| Interest Revenue | 7 | 244 | 63 | 166 |
| Other Revenue | 8 | 5,884 | 3,692 | 3,844 |
| Resources Received Free of Charge | | - | - | 26 |
| Revaluation (Decrement)/Increment for Investment Property | 20 | (5) | - | 5 |
| Gains from Sale of Investment Property | 20 | - | - | 1,468 |
| Total Income | | 33,176 | 28,709 | 29,297 |
| Expenses | | | | |
| Employee Expenses | 9 | 1,146 | 1,319 | 1,143 |
| Supplies and Services | 10 | 628 | 747 | 599 |
| Depreciation and Amortisation | 11 | 89 | 92 | 99 |
| Long Service Leave Benefits Expenses | 23 | 19,688 | 23,229 | 14,109 |
| Other Expenses | 12 | 316 | 109 | 787 |
| Total Expenses | | 21,867 | 25,496 | 16,737 |
| Operating Surplus | | 11,309 | 3,213 | 12,560 |
| <i>Items that will not be reclassified subsequently to profit and loss</i> | | | | |
| Other Comprehensive Income | | | | |
| Increase in the Asset Revaluation Surplus | | 22 | - | 17 |
| Total Other Comprehensive Income | | 22 | - | 17 |
| Total Comprehensive Income | | 11,331 | 3,213 | 12,577 |

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

LONG SERVICE LEAVE AUTHORITY

Balance Sheet

As at 30 June 2015

| | Note No. | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|---|-------------|--------------------------|--------------------------------------|--------------------------|
| Current Assets | | | | |
| Cash and Cash Equivalents | 15 | 1,246 | 1,120 | 26,380 |
| Receivables | 16 | 7,969 | 6,772 | 6,124 |
| Investments | 17 | 122,398 | 115,630 | 77,828 |
| Other Assets | 18 | 5 | 34 | 14 |
| Total Current Assets | | 131,618 | 123,556 | 110,346 |
| Non-Current Assets | | | | |
| Intangible Assets | 19 | 322 | 311 | 376 |
| Investment Properties | 20 | 190 | 190 | 195 |
| Property, Plant and Equipment | 21 | 1,067 | 1,025 | 1,088 |
| Total Non-Current Assets | | 1,579 | 1,526 | 1,659 |
| Total Assets | | 133,197 | 125,082 | 112,005 |
| Current Liabilities | | | | |
| Payables | 22 | 567 | 613 | 524 |
| Provision for Long Service Leave Benefits | 23 | | | |
| - Expected to be Settled Within 12 months | | 13,120 | 14,777 | 10,853 |
| - Expected to be Settled After 12 months | | 84,689 | 80,803 | 74,018 |
| Finance Leases | 25 | - | - | 16 |
| Employee Benefits | 24 | 481 | 411 | 405 |
| Total Current Liabilities | | 98,857 | 96,604 | 85,816 |
| Non-Current Liabilities | | | | |
| Provision for Long Service Leave Benefits | 23 | 8,199 | 19,763 | 11,324 |
| Finance Leases | 25 | - | - | - |
| Employee Benefits | 24 | 5 | 48 | 60 |
| Total Non-Current Liabilities | | 8,204 | 19,811 | 11,384 |
| Total Liabilities | | 107,061 | 116,415 | 97,200 |
| Net Assets | | 26,136 | 8,667 | 14,805 |
| Equity | | | | |
| Accumulated Funds | | 25,130 | 8,667 | 13,821 |
| Asset Revaluation Surplus | 26 | 1,006 | - | 984 |
| Total Equity | | 26,136 | 8,667 | 14,805 |

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

LONG SERVICE LEAVE AUTHORITY
Statement of Changes in Equity
For the Year Ended 30 June 2015

| | Note No. | Accumulated Funds Actual 2015 \$'000 | Asset Revaluation Surplus Actual 2015 \$'000 | Total Equity Actual 2015 \$'000 | Original Budget 2015 \$'000 |
|---|-------------|--|---|---|--------------------------------------|
| Balance at 1 July 2014 | | 13,821 | 984 | 14,805 | 5,454 |
| Comprehensive Income | | | | | |
| Operating Surplus | | 11,309 | - | 11,309 | 3,213 |
| Increase in the Asset Revaluation Surplus | 26 | - | 22 | 22 | - |
| Total Comprehensive Income | | 11,309 | 22 | 11,331 | 3,213 |
| Balance at 30 June 2015 | | 25,130 | 1,006 | 26,136 | 8,667 |

| | | Accumulated Funds Actual 2014 \$'000 | Asset Revaluation Surplus Actual 2014 \$'000 | Total Equity Actual 2014 \$'000 |
|---|----|--|---|---|
| Balance at 1 July 2013 | | 1,261 | 967 | 2,228 |
| Comprehensive Income | | | | |
| Operating Surplus | | 12,560 | - | 12,560 |
| Increase in the Asset Revaluation Surplus | 26 | - | 17 | 17 |
| Total Comprehensive Income | | 12,560 | 17 | 12,577 |
| Balance at 30 June 2014 | | 13,821 | 984 | 14,805 |

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

LONG SERVICE LEAVE AUTHORITY
Cash Flow Statement
For the Year Ended 30 June 2015

| | Note | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|--|------|--------------------------|--------------------------------------|--------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts | | | | |
| Contributions from Employers and Contractors | | 19,741 | 20,982 | 16,965 |
| Interest Received | | 246 | - | 167 |
| Rental Revenue Received | | 20 | - | 1,869 |
| Revenue from Other Sources | | 455 | 545 | 399 |
| Goods and Services Tax Input Tax Credits from the Australian Taxation Office | | 188 | - | 87 |
| Goods and Services Tax Collected from Customers | | 126 | - | 271 |
| Total Receipts from Operating Activities | | 20,776 | 21,527 | 19,758 |
| Payments | | | | |
| Payments of Long Service Leave Benefits | | (9,885) | (10,853) | (9,339) |
| Payments to Suppliers and Employees | | (1,764) | (2,405) | (2,345) |
| Goods and Services Tax Remitted to the Australian Taxation Office | | (32) | - | (18) |
| Goods and Services Tax Paid to Suppliers | | (283) | - | (314) |
| Total Payments from Operating Activities | | (11,964) | (13,258) | (12,016) |
| Net Cash Inflows from Operating Activities | 32 | 8,812 | 8,269 | 7,742 |
| Cash Flows from Investing Activities | | | | |
| Receipts | | | | |
| Proceeds from Sale of Investments | | 22,788 | - | 3,500 |
| Proceeds from Sale of Investment Property – Manning Clark Office | | - | 22,000 | 24,390 |
| Total Receipts from Investing Activities | | 22,788 | 22,000 | 27,890 |
| Payments | | | | |
| Purchase of Investments | | (56,729) | (30,289) | (9,940) |
| Purchase of Property, Plant and Equipment | | (5) | - | (13) |
| Purchase of Investment Property – Manning Clark Offices Upgrade | | - | - | (125) |
| Total Payments from Investing Activities | | (56,734) | (30,289) | (10,078) |
| Net Cash (Outflows)/Inflow from Investing Activities | | (33,946) | (8,289) | 17,812 |
| Net (Decrease)/Increase in Cash and Cash Equivalents | | (25,134) | (20) | 25,554 |
| Cash and Cash Equivalents at the Beginning of the Reporting Period | | 26,380 | 1,140 | 826 |
| Cash and Cash Equivalent at the End of the Reporting Period | 32 | 1,246 | 1,120 | 26,380 |

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

The Authority's investment distribution income and management rebate were directly reinvested into its investment portfolio and therefore these distributions have been recorded as non-cash transactions with no inflows or outflows of cash as a result. See Note 8 – Other Revenue and Note 32 – Cash Flow Reconciliation.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note Index

| | | |
|------------------------|---------|--|
| | Note 1 | Objectives of the Long Service Leave Authority |
| | Note 2 | Summary of Significant Accounting Policies |
| | Note 3 | Change in Accounting Estimates |
| Income Notes | Note 4 | Contributions from Employers and Contractors |
| | Note 5 | Gain from Investments |
| | Note 6 | Net Rental Income |
| | Note 7 | Interest Revenue |
| | Note 8 | Other Revenue |
| Expense Notes | Note 9 | Employee Expenses |
| | Note 10 | Supplies and Services |
| | Note 11 | Depreciation and Amortisation |
| | Note 12 | Other Expenses |
| | Note 13 | Waivers, Impairment Losses and Write-Offs |
| | Note 14 | Auditor's Remuneration |
| Asset Notes | Note 15 | Cash and Cash Equivalents |
| | Note 16 | Receivables |
| | Note 17 | Investments |
| | Note 18 | Other Assets |
| | Note 19 | Intangible Assets |
| | Note 20 | Investment Properties |
| | Note 21 | Property, Plant and Equipment |
| Liability Notes | Note 22 | Payables |
| | Note 23 | Provision for Long Service Leave Benefits |
| | Note 24 | Employee Benefits |
| | Note 25 | Finance Leases |
| Equity Note | Note 26 | Equity |
| Other Notes | Note 27 | Operating Statement and Balance Sheet for Long Service Leave Schemes |
| | Note 28 | Financial Instruments |
| | Note 29 | Commitments |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note Index – Continued

Other Notes - Continued

| | |
|---------|--|
| Note 30 | Contingent Liabilities and Contingent Assets |
| Note 31 | Events Occurring after Balance Date |
| Note 32 | Cash Flow Reconciliation |
| Note 33 | Related Party Transactions |
| Note 34 | Budgetary Reporting |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 1. Objectives of the Long Service Leave Authority

Operation and Principal Activities

The 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 administers four schemes which provide portability of long service leave benefits for registered workers in the Building and Construction Industry (Construction), Contract Cleaning Industry (Cleaning), the Community Sector Industry (Community), and the Security Industry (Security) in the ACT. The Authority makes payments and keeps registers of employers and workers for the covered industries in accordance with the Act.

The Authority's primary stakeholders are the employers, employees and independent contractors engaged in the Building and Construction, Contract Cleaning, Community Sector, and Security Industries in the ACT. The Authority's financial statements are a consolidation of financial statements of the administered schemes. The Authority established separate funds for each administered schemes and funds are not cross-subsidised.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The *Financial Management Act 1996* requires the preparation of annual financial statements for ACT Government agencies. The *Financial Management Act 1996* and the *Financial Management Guidelines* issued under the Act, require the Authority's financial statements to include:

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

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
- (ii) ACT Accounting and Disclosure 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 such as those included in property, plant and equipment and financial instruments which were valued at fair value in accordance with the valuation policies applicable to the Authority during the reporting period.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(a) Basis of Preparation - Continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market transaction between market participants at the measurement date. Fair value is measured using the market approach valuation technique as appropriate. In estimating the fair value of an asset or liability, the Authority takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

The above approach for fair value measurement does not apply to leasing transactions within the scope of AASB 117 *Leases* or measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*.

For disclosure purposes fair value measurements are categorised into Level 1, 2 or 3 based on the extent to which the inputs to the valuation techniques are observable and the significance of the inputs to the fair value measurement in its entirety. 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 that the Authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs) that are unobservable for particular assets or liabilities.

These financial statements are presented in Australian dollars, which is the Authority's functional currency. The Authority is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the year ending 30 June 2015, together with the financial position of the Authority as at 30 June 2015.

(c) Comparative Figures

Budget Figures

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Statement of Intent. The budget numbers are as per the Statement of Intent.

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

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(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) Basis of Consolidation

The Long Service Leave Authority's consolidated financial statements include the values of all assets, liabilities, equities, revenues and expenses of the construction, cleaning, community, and security schemes administered by the Authority. Balances and transactions as a result of the cost sharing agreement between the administered schemes are eliminated in preparing the consolidated financial statements.

(f) Revenue Recognition

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

Interest

Interest revenue is recognised using the effective interest method.

Investment Income

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

Employer and Contractor Contributions

Revenue from employer and contractor contributions is recognised in the period to which the contributions relate. Employers and contractors registered with the Authority under a covered industry must submit a quarterly return and pay the Authority the levy payable for that quarter.

Rental Revenue

Revenue from the rental of investment properties is recognised by the Authority on a straight-line basis over the term of the lease.

Revenue Received in Advance

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all funds are recorded as revenue when received.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(g) Repairs and Maintenance

The Authority undertakes cyclical maintenance on its buildings, investment properties, plant and equipment. Where the maintenance leads to an upgrade of the asset, and increases the service potential of the existing building or plant and equipment, the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

(h) Borrowing Costs

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

(i) Resources Received Free of Charge

Resources received free of charge are recorded as a revenue and expense in the Operating Statement 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. Services that are received free of charge are only recorded in the Operating Statement if they can be reliably measured and would have been purchased if not provided to the Authority free of charge.

(j) Waivers of Debt

The Treasurer and the Registrar may, in writing, waive the right to payment of an amount payable to the Authority subject to conditions agreed. Further details of waivers are disclosed at Note 13 – *Waivers, Impairment Losses and Write-offs*.

(k) 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.

(l) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date or where they are required to meet the liabilities of which the Authority have no unconditional rights to defer settlement for at least 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.

(m) 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 Asset Revaluation Surplus relating to these classes of assets. Where the impairment loss is greater than the balance in the Asset Revaluation

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(m) Impairment of Assets - Continued

Surplus for the relevant class of asset, the difference is expensed in the Operating Statement. Impairment losses for plant and equipment, furniture and fittings, motor vehicles under a finance lease, and intangible assets are recognised in the Operating Statement as these assets are carried at cost. 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 the assets 'fair value less costs of disposal' and its 'value in use'. An asset's 'value in use' is its depreciated replacement cost, where the asset would be replaced if the Authority were deprived of it. Non-financial assets which have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

(n) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, 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.

(o) Receivables

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

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

Other receivables arise outside the normal course of providing services to registered employees and contractors. Other receivables are payable within 30 days after the issue of an invoice or when the goods/services have been provided under a contractual arrangement.

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

- (a) becoming aware of financial difficulties of debtors;
- (b) default payments; or
- (c) 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 Operating Statement. The allowance for impairment losses is written off 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.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(p) Investments

Investments are held as units in wholesale pooled funds managed by an independent investment manager and the underlying portfolio includes cash deposits, fixed interest investments, property securities, and equity investments. Investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on quoted market prices as at the reporting date. The quoted market price used is the current bid price.

(q) 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.

(r) 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, motor vehicles under a finance lease, and furniture and fittings are measured at cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value for land and non-specialised buildings is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets.

Land and buildings are re-valued at least once every three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be re-valued 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 re-valued amount of the asset.

(s) Investment Properties

Investment properties consisting of land and buildings held primarily to generate income are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investment properties reflects market conditions at the end of the reporting period i.e. they are valued annually as at the end of the reporting period. Changes in fair values are recorded in the Operating Statement. Investment properties are not depreciated.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(t) Intangible Assets

The Authority's intangible assets are comprised of internally developed and externally acquired computer software for internal use. Externally acquired 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 developed software is recognised when it meets the general recognition criteria outlined above and where it also meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Capitalised software has a finite useful life. Software is amortised on the diminishing value basis over its useful life.

Intangible assets are measured at cost.

(u) 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 re-valued, it is depreciated/amortised over its newly 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. All depreciation/amortisation is calculated after first deducting any residual value which remains for each asset.

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

| Class of Asset | Depreciation/Amortisation Method | Depreciation Rate |
|--------------------------------------|----------------------------------|-------------------|
| | | Useful life |
| Buildings | Straight Line | 40 Years |
| Furniture and Fittings | Diminishing Value | 7.5%-30% |
| Plant and Equipment | Diminishing Value | 7.5%-50% |
| Motor Vehicles under a Finance Lease | Straight Line | 2 Years |
| Intangibles | Diminishing Value | 14%-50% |

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

(v) Payables

Payables are a financial liability and are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(v) Payables - Continued

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 reporting period but not yet paid.

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.

(w) Leases

The Authority has entered into finance leases and operating leases.

Finance Leases

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 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. Assets under a finance lease are depreciated on a straight-line basis. The depreciation is calculated after first deducting any residual values which remain for each leased asset. Each lease payment is allocated between interest expense and reduction of the lease liability. Lease liabilities are classified as current and non-current.

Operating Leases

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

Motor Vehicle Leasing Arrangements 2014-15

Changes were made to the whole-of-government motor vehicle leasing arrangements with SG Fleet as a result of which all such leases were classified as operating leases rather than finance leases from 23 April 2015. The leased vehicle held as Property, Plant and Equipment (under the previous finance lease arrangement with SG Fleet) was derecognised and the associated loss on the derecognition of the leased vehicle assets reflected under Other Expenses (refer to Note 12: *Other Expenses*). The corresponding finance lease liability (current and non-current) was also derecognised and the associated gain from the derecognition of the liability reflected under Other Revenue (refer to Note 8: *Other Revenue*). Accordingly, gross amounts for the loss on the derecognition of the leased vehicles and the gain on the derecognition of the finance lease liability have been reported separately rather than on a net basis, in these financial statements.

(x) Employee Benefits

Employee benefits include:

- short-term employee benefits, such as wages and salaries, annual leave loading, and applicable on-costs, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services;
- other long-term benefits, such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(x) Employee Benefits - Continued

Wages and Salaries

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

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs, that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. In 2014-15, the rate used to estimate the present value of future payments is 101.0% (100.9% in 2013-14). In 2014-15, the rate used to estimate the present value of future long service leave payments is 104.2% (103.5% in 2013-14).

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.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in May 2014. The assessment by an actuary is performed every 5 years. However it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2014 report. The next actuarial review is expected to be undertaken by May 2019.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

(y) Superannuation

The Authority makes payments fortnightly to cover the Authority's superannuation liability for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS) and 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), and schemes of employee choice.

Superannuation employer contribution payments for the CSS and PSS, are calculated, by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal CSS and PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employers contribution rate (approximately 3%) for each employee.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(y) Superannuation - Continued

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.

The total Territory superannuation liability for the CSS, PSS, and ComSuper is recognised in the Chief Minister, Treasury and Economic Development Directorate's Superannuation Provision Account and the external schemes recognise the superannuation liability for the PSSAP and other schemes respectively. This superannuation liability is not recognised at individual agency level.

The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the CSS and PSS in respect of the ACT Government service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

(z) Long Service Leave Benefits

(i) Building and Construction Industry

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 7 years for workers registered after 1 July 2012 and 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 (or 5 years for new workers registered on or after 1 July 2012) of service in the Scheme in certain cases of the employee leaving the industry due to illness, injury, reaching retirement age (55 years) or death.

(ii) Contract Cleaning Industry

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 7 years of service in the scheme or 5 years of service 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 (or 5 years for new workers registered on or after 1 July 2012) in the scheme in certain cases of the employee permanently leaving the industry due to illness, injury or at retirement age (55 years), or death.

(iii) Community Sector

Employees and contractors in the community sector who are registered with the Authority accrue 8.67 weeks (i.e. 2 months) long service leave after 10 years of service in the community sector industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating 5 years of service. A further benefit is available upon accrual of 55 days of service (or 5 years for new workers registered on or after 1 July 2012) in the scheme in certain cases of the employee permanently leaving the industry due to illness, injury or at retirement age (55 years), or death.

(iv) Security Industry

Employees and contractors in the security 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 security 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 7 years of service or 5 years of service if the worker ceases employment with the purpose of leaving the industry permanently. A further benefit is available upon accrual of 5 years of service in the scheme in certain cases of the employee permanently leaving the industry due to illness, injury or at retirement age (55 years), or death.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies – Continued

(z) Long Service Leave Benefits – Continued

(v) Accrued Long Service Leave Benefit Liability

The total 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 Balance Sheet where the Authority does not have an unconditional right to defer the settlement of the liability for at least 12 months. The balance of the liability is classified as non-current in the balance sheet. In the context of a statutory scheme, this means the current liability is calculated on a conservative basis making the assumption all workers who have sufficient service to receive long service leave benefits leave the industry in which they are employed within the next 12 months and claim their entitlements.

(aa) Insurance

The Authority's general business and investment property risks are insured with the ACT Insurance Authority. Workers' Compensation cover is provided by the ACT Government through Comcare as all staff are public servants employed under the *Public Sector Management Act 1994*.

(ab) Budgetary Reporting

Explanations of major variances between the 2014-15 original budget and the 30 June 2015 actual results are discussed in *Notes 34 - Budgetary Reporting*.

The definition of 'major variances' is provided in *Note 2(ac) Significant Accounting Judgements and Estimates – Budgetary Reporting*.

Original budget refers to the original budgeted financial statements presented to the Legislative Assembly in a form that is consistent with the agency's annual financial statements. The 2014-15 budget numbers have not been audited.

Budgetary reporting is disclosed for the consolidated financial statements with the exception of Statement of Changes in Equity as relevant line items are included in other financial statements.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(ac) 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 – Building and Construction Industry

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

- The rates at which workers of different ages might leave the scheme due to:
 - Retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 4% at age 55, to 4% at age 60, 10% at age 65, 10% to age 70 and then 15% each year thereafter;
 - Deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.024% at age 20 to 0.532% at age 65 and the incapacity rates increase from 0.025% at age 20 to 0.248% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement;
 - Leaving the industry rates vary from 35% for workers with less than 1 year of service to 10% for workers with 20 or more years of service.
- The rates at which workers with different periods of service might take their benefit vary from 15% with 10 years of service, to 7% with 15 years of service and to 5% for 16 or more years of service;
- The actuary reviewed the financial assumption of discount rate for long service leave provisions and determined it is appropriate to use the expected return on assets as discount rate, which was used in the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's actuary regarded the expected return of assets to be a reliable measure, according to AASB 137 'Provisions, Contingent Assets and Contingent Liabilities', of the time value of money for the long service leave liabilities. The expected return on assets used as discount rate, 7.5% per annum (30 June 2014: 7.5% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority may from time to time vary the discount rate to assess the long service leave benefits in light of actuarial review and investment conditions;
- Increases in future wages due to inflation of 3.5% per annum (30 June 2014: 3.5% per annum);
- Increases in future wages due to age progression over and above inflation, ranging from 12% at age 18 reducing to nil at age 36 and over (30 June 2014: same assumptions applied);
- That 10% of registered workers who do not have any service credits in the previous year will commence receiving service credits while the other 90% will be paid a pro-rata benefit where eligible (30 June 2014: same assumptions applied); and
- The Authority has also made an allowance for the cost of settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to apply the percentage of average claim from workers with a vested benefit to the total long service leave liability to determine the liability for the cost of settling the obligation.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(ac) Significant Accounting Judgements and Estimates - Continued

(ii) Accrued Long Service Leave Benefits – Contract Cleaning Industry

- The rates at which workers of different ages might leave the scheme due to:
 - Retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 3.5% at age 55, 4% at age 60, 10% at age 65, 7.5% per annum each year to age 70 and then 12.5% per annum each year thereafter;
 - Deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.048% at age 20 to 0.710% at age 65 and the incapacity rates increase from 0.034% at age 20 to 0.331% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement;
 - Leaving the industry rates vary from 30% for workers with less than 1 year of service to 3% per annum for workers with 7 or more years of service;
- Workers who are eligible for an in-service benefit after 7 years or more service are assumed to take it at the rates of 0.75 weeks from 7 to 10 years increasing to 1.5 weeks per years;
- The actuary reviewed the financial assumption of discount rate for long service leave provisions and determined it is appropriate to use the expected return on assets as discount rate, which was used in the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's actuary regarded the expected return of assets to be a reliable measure, according to AASB 137 'Provisions, Contingent Assets and Contingent Liabilities', of the time value of money for the long service leave liabilities. The expected return on assets used as discount rate, 7.5% per annum (30 June 2014: 7.5% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority may from time to time vary the discount rate to assess the long service leave benefits in light of actuarial review and investment conditions;
- Increases in future wages due to inflation of 2.5% per annum (30 June 2014: 2.5 %);
- Increases in future wages due to service based wage progression scale over and above inflation, of 30.0% after 1 year of service and 2.5% after each subsequent year of service (30 June 2014: 30% after year 1 then 3.5% per annum thereafter); and
- The Authority has also made an allowance for the cost of settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to apply the percentage of average claim from workers with a vested benefit to the total long service leave liability to determine the liability for the cost of settling the obligation.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(ac) Significant Accounting Judgements and Estimates - Continued

(iii) *Accrued Long Service Leave Benefits – Community Sector*

- The rates at which workers of different ages might leave the scheme due to:
 - Retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 7% at age 55, 8% at age 60, 20% at age 65, 15% for each year of age to age 70 and then 25% per annum each year thereafter;
 - Deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.048% at age 20 to 0.710% at age 65 and the incapacity rates increase from 0.034% at age 20 to 0.331% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement;
 - Leaving the industry rates vary with age from 22% for workers at age 20, to 20% at age 30 to 16% at age 40 and Nil at age 55 and over;
- Workers who are eligible for an in-service benefit after 5 years or more service are assumed to take it at the rates of 0.5 weeks per year from 5 to 10 years and 2.0 weeks per year after 10 years;
- The actuary reviewed the financial assumption of discount rate for long service leave provisions and determined it is appropriate to use the expected return on assets as discount rate, which was used in the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's actuary regarded the expected return of assets to be a reliable measure, according to AASB 137 'Provisions, Contingent Assets and Contingent Liabilities', of the time value of money for the long service leave liabilities. The expected return on assets used as discount rate, 7.5% per annum (30 June 2014: 7.5% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority may from time to time vary the discount rate to assess the long service leave benefits in light of actuarial review and investment conditions;
- Increases in future wages due to inflation of 4.0% per annum (30 June 2014: 4.0% per annum);
- Increase in future wages according to age progression over and above inflation, ranging from 8% per annum for ages up to 25, reducing to 6% per annum at ages 26 and 27, 4% per annum at ages 28 and 29 and nil at ages above 29. (30 June 2014: no such scale); and
- The Authority has also made an allowance for the cost of settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to apply the percentage of average claim from workers with a vested benefit to the total long service leave liability to determine the liability for the cost of settling the obligation.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(ac) Significant Accounting Judgements and Estimates - Continued

(iv) *Accrued Long Service Leave Benefits – Security Industry*

- The rates at which workers of different ages might leave the scheme due to:
 - Retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 7% at age 55, 8% at age 60, 20% at age 65, 15% per annum each year to age 70 and then 25% per annum each year thereafter;
 - Deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.048% at age 20 to 0.710% at age 65 and the incapacity rates increase from 0.034% at age 20 to 0.331% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement;
 - Leaving the industry rates vary from 39% for workers with less than 1 year of service to 3.9% per annum for workers with 7 or more years of service;
- Workers who are eligible for an in-service benefit after 7 years or more service are assumed to take it at the rates of 0.5 weeks from 7 to 10 years increasing to 2.0 weeks per year after 10 years;
- The actuary reviewed the financial assumption of discount rate for long service leave provisions and determined it is appropriate to use the expected return on assets as discount rate, which was used in the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's actuary regarded the expected return of assets to be a reliable measure, according to AASB 137 'Provisions, Contingent Assets and Contingent Liabilities', of the time value of money for the long service leave liabilities. The expected return on assets used as discount rate, 7.5% per annum (30 June 2014: 7.5% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority may from time to time vary the discount rate to assess the long service leave benefits in light of actuarial review and investment conditions;
- Increases in future wages due to inflation of 3.5% per annum (30 June 2014: 3.5%.);
- Increases in future wages according to a service based wage progression scale over and above inflation of 1% after 1 year of service up to 9 years of service then no increase (30 June 2014: no such scale); and
- The Authority has also made an allowance for the cost of settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to apply the percentage of average claim from workers with a vested benefit to the total long service leave liability to determine the liability for the cost of settling the obligation.

(v) *Valuation of Investments*

The Authority invests in wholesale pooled funds managed by a professional fund manager. The underlying portfolio includes listed and unlisted securities, cash and fixed interest deposits which are valued by the fund manager based on market value of these asset classes.

(vi) *Allowance for Impairment Losses*

All receivables are assessed for impairment at balance date. 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.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(ac) Significant Accounting Judgements and Estimates - Continued

(vii) Budgetary Reporting

Significant judgements have been applied in determining what variances are considered as 'major variances' requiring explanations in Notes 34 - *Budgetary Reporting*. Variances are considered to be major variances if both of the following criteria are met:

- The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% for the budget for the financial statement line item.

Further information on this is provided in Note 2(ab) *Budgetary Reporting*.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 2. Summary of Significant Accounting Policies - Continued

(ad) 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 but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Authority does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date.

- AASB 9 Financial Instruments (December 2014) (application date 1 Jan 2018)

This standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of AASB 9 is that it will change the classification, measurement and disclosures of the Authority's financial assets. No financial impact is expected by the Authority however the Authority anticipates there will be changes in relation to the disclosure of financial assets and liabilities required under this standard upon its commencement.

- AASB 15 Revenue from Contracts with Customers (application date 1 Jan 2017)

AASB 15 is the new standard for revenue recognition. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 111 *Construction Contracts* and AASB 118 *Revenue*. The Authority is currently assessing the impact of this standard however no material financial impact on the Authority is expected.

- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (application date 1 July 2016)

This standard extends the scope of AASB 124 *Related Party Transactions* to the not-for-profit sector and updates AASB 124 to include implementation guidance (including illustrative examples) to assist not-for-profit entities to apply the new requirements. While there is no material financial impact in implementing this standard there will be increased disclosure required by the Authority.

Note 3. Change in Accounting Estimates

There were no changes in accounting estimates during the 2014-15 reporting period.

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.

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Contributions from Employers and Contractors | | |
| - Building and Construction Industry | 12,244 | 11,006 |
| - Contract Cleaning Industry | 1,514 | 1,439 |
| - Community Sector Industry | 5,612 | 4,880 |
| - Security Industry | 696 | 742 |
| Total Contributions from Employers and Contractors¹ | 20,066 | 18,067 |

¹ The increase of contributions revenue is mainly due to an increase of the building and construction scheme levy from 1.75% to 2.5% effective 1 October 2013 and an increase in registered employees predominately in the community sector scheme.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 5. Gains from Investments

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

| | 2015 | 2014 |
|--------------------------------------|---------------------|---------------------|
| | \$'000 | \$'000 |
| Gains from Investments | <u>5,059</u> | <u>2,864</u> |
| - Building and Construction Industry | 5,059 | 2,864 |
| - Contract Cleaning Industry | 636 | 516 |
| - Community Sector Industry | 1,200 | 795 |
| - Security Industry | 72 | 23 |
| Total Gains from Investments | <u><u>6,967</u></u> | <u><u>4,198</u></u> |

Note 6. Net Rental Income

| | 2015 | 2014 |
|---|------------------|---------------------|
| | \$'000 | \$'000 |
| Rental Revenue from Investment Properties | <u>-</u> | <u>1,765</u> |
| Manning Clark Offices ² | - | 1,765 |
| National Association Centre, Suite 5 | 20 | 20 |
| Total Rental Revenue from Investment Properties | <u>20</u> | <u>1,785</u> |
| Rental Expenses from Investment Properties | | |
| Management Fees | - | 18 |
| General Expenses | - | (7) |
| Consultant Fees | - | 25 |
| Light and Power | - | 37 |
| Insurance | - | 9 |
| Rates and Land Tax | - | 115 |
| Repairs and Maintenance | - | 65 |
| Total Rental Expenses from Investment Properties | <u>-</u> | <u>262</u> |
| Net Rental Income | <u><u>20</u></u> | <u><u>1,523</u></u> |

Note 7. Interest Revenue

| | 2015 | 2014 |
|--------------------------------------|-------------------|-------------------|
| | \$'000 | \$'000 |
| Interest Revenue | <u>207</u> | <u>139</u> |
| - Building and Construction Industry | 207 | 139 |
| - Contract Cleaning Industry | 7 | 6 |
| - Community Sector Industry | 28 | 18 |
| - Security Industry | 2 | 3 |
| Total Interest Revenue | <u><u>244</u></u> | <u><u>166</u></u> |

² The Manning Clark Offices was sold during 2013-14 hence the rental revenue for 2014-15 was only received from the Authority's remaining investment property at suite 5 of the National Associations Centre in Campbell ACT.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 8. Other Revenue

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Investment Income and Management Fee Rebate³ | | |
| - Building and Construction Industry | 3,913 | 2,012 |
| - Contract Cleaning Industry | 477 | 342 |
| - Community Sector Industry | 944 | 555 |
| - Security Industry | 56 | 19 |
| Total Investment Income and Management Fee Rebate⁴ | 5,390 | 2,928 |
| Income from Penalties | | |
| - Building and Construction Industry | 158 | 132 |
| - Contract Cleaning Industry | 6 | 4 |
| - Community Sector Industry | 6 | 5 |
| - Security Industry | - | 1 |
| Total Income from Penalties | 170 | 142 |
| Reciprocal Agreement Income | | |
| - Building and Construction Industry | 247 | 255 |
| Total Reciprocal Income | 247 | 255 |
| Other Revenue | | |
| - Lease Incentive – Manning Clark Offices ⁵ | - | 468 |
| - Other ⁶ | 77 | 51 |
| Total Other Revenue | 5,884 | 3,844 |

³ The Authority reinvested directly the investment distribution and management fee rebate into its investment portfolio. As the reinvestment does not result in inflows or outflows of cash, they are not included in the Cash Flow Statement. Such investing activities do not require the use of cash and thus do not have a direct impact on current cash flows. This income is shown as non-cash items in Note 32 – *Cash Flow Reconciliation*.

⁴ The increase of investment income and management fee rebate is mainly due to better investment return achieved in the reporting period.

⁵ The lease incentive was provided in the form of reduced rent for the period in the first 5 years of the lease which commenced in March 2013. The incentive was also recognised as an asset and its treatment was to account for the timing mismatches between the accrued rental revenue and rental cash receipts. Due to the Manning Clark Offices being sold during 2013-14, there was no lease incentive in the current reporting period. Refer to Note 12 – *Other Expenses*, for the lease incentive recognition following the sale of the Manning Clark Offices during 2013-14.

⁶ Other revenue is higher than prior year mainly due to the associated gain of \$22,286 from the derecognition of the liability as a result of changes made to the whole-of-government motor vehicle leasing arrangements from finance leases to operating leases from 23 April 2015. Also refer to Note 2(w): *Summary of Significant Accounting Policies – leases*.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 9. Employee Expenses

| | 2015 | 2014 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Wages and Salaries | 1,137 | 1,113 |
| Annual Leave Expense | 6 | 2 |
| Long Service Leave Expense | 3 | 28 |
| Total Employee Expenses | 1,146 | 1,143 |
| | Number | Number |
| Full-Time Equivalent Employees | 10 | 11 |

The Authority's staff are officers of the ACT Public Service.

Wages and Salaries include employee superannuation costs and annual leave loading paid or payable during the reporting period.

The employee expenses on-costs include annual leave, long service leave, and superannuation contributions for the staff at varying rates depending upon which superannuation scheme the staff member joined.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 10. Supplies and Services

| | <u>2015</u> <u>\$'000</u> | <u>2014</u> <u>\$'000</u> |
|------------------------------------|------------------------------|------------------------------|
| Actuarial Charges | 48 | 39 |
| Advertising | 5 | - |
| Audit Fees | 51 | 49 |
| Body Corporate Fees | 35 | 28 |
| Board Member's Fees | 51 | 51 |
| Cleaning | 8 | 8 |
| Consultants and Contractors | 66 | 68 |
| Computer Consumables & Programming | 74 | 92 |
| Insurance | 12 | 15 |
| Legal Fees ⁷ | - | 31 |
| Printing and Stationary | 22 | 25 |
| Postage | 35 | 35 |
| Motor Vehicles | 6 | 4 |
| Rates and Taxes | 16 | 14 |
| Records Management | 6 | 6 |
| Repairs and Maintenance | 2 | 2 |
| Staff Training | 9 | 11 |
| Subscriptions | 8 | 3 |
| Telephone | 19 | 17 |
| Travelling | 3 | 3 |
| Debt Collection | 49 | 48 |
| Operating Lease Payments | 5 | 5 |
| Other ⁸ | 98 | 45 |
| Total Supplies and Services | <u><u>628</u></u> | <u><u>599</u></u> |

⁷ Legal fees incurred in 2013-14 include legal expenses spent in association with sale of the Manning Clark Offices and legal advice sought regarding issues surrounding legislation administration. These expenses did not occur in the reporting period.

⁸ Other expenses in the current reporting period include a staff salary invoice (\$46,090.32) issued by Shared Services Payroll for last pay in 2014-15, which was not received by the Authority until early 2015-16.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 11. Depreciation and Amortisation

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Depreciation | | |
| Buildings | 22 | 22 |
| Plant and Equipment | 7 | 8 |
| Furniture and Fittings | 3 | 2 |
| Motor Vehicles under a Finance Lease | 3 | 3 |
| Total Depreciation | <u>35</u> | <u>35</u> |
| Amortisation | | |
| Internally Developed Software | 52 | 61 |
| Externally Acquired Software | 2 | 3 |
| Total Amortisation | <u>54</u> | <u>64</u> |
| Total Depreciation and Amortisation | <u>89</u> | <u>99</u> |

Note 12. Other Expenses

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Finance Charges on Finance Leases | 1 | 1 |
| Waivers, Impairment Losses and Write Offs (see Note 13 – <i>Waivers, Impairment Losses and Write-Offs</i>) | 280 | 135 |
| Lease Incentive Expense ⁹ | - | 651 |
| Other expense ¹⁰ | 35 | - |
| Total Other Expenses | <u>316</u> | <u>787</u> |

⁹ The lease incentive expense resulted from the sale of the Manning Clark Offices during 2013-14 where the lease incentive asset recorded from the beginning of the lease (1 March 2013) up to the settlement date (15 May 2014) was written down to nil upon disposal of the property.

¹⁰ Other expense is higher than prior year mainly due to the associated loss of \$21,286 from the derecognition of the leased vehicle as a result of changes made to the whole-of-government motor vehicle leasing arrangements from finance leases to operating leases from 23 April 2015. Also refer to Note 2(w): *Summary of Significant Accounting Policies – leases*.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 13. Waivers, Impairment Losses and Write-Offs

A waiver is the relinquishment of a legal claim to a debt over which the Authority has control. Under section 52 (3) of the *Long Service Leave (Portable Schemes) Act 2009*, the Registrar may waive penalty payments associated with the failure to lodge quarterly returns or pay the Authority the levy payable.

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.

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Waivers, Impairment Losses and Write-Offs | 280 | 135 |
| Total Waivers, Impairment Losses and Write-Off | 280 | 135 |

| | No. | 2015 \$'000 | No. | 2014 \$'000 |
|--|------------|----------------|------------|----------------|
| Waivers of Penalty Payment | 327 | 60 | 263 | 48 |
| Total Waivers and Write-Offs | 327 | 60 | 263 | 48 |
| <i>Impairment Losses from Receivables</i> | | | | |
| Bad Debts – Employer Contributions | 101 | 220 | 74 | 87 |
| Total Impairment Losses from Receivables | 101 | 220 | 74 | 87 |
| Total Waivers, Impairment Losses and Write-Offs | 428 | 280 | 337 | 135 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 14. Auditor's Remuneration

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

| | <u>2015</u> <u>\$'000</u> | <u>2014</u> <u>\$'000</u> |
|--|------------------------------|------------------------------|
| Audit Services | | |
| Audit Fees Paid or Payable to the ACT Audit Office | 51 | 49 |
| Total Audit Fees | <u>51</u> | <u>49</u> |
| Total Auditor's Remuneration | <u><u>51</u></u> | <u><u>49</u></u> |

Note 15. Cash and Cash Equivalents

The Authority holds four bank accounts with the Westpac for each administered scheme, as part of whole-of-government banking arrangements. The bank accounts earned a floating interest rate between 2.85% and 3.60% (2.35% and 3.60% in 2014).

| | <u>2015</u> <u>\$'000</u> | <u>2014</u> <u>\$'000</u> |
|--|------------------------------|------------------------------|
| Cash at Bank | | |
| - Building and Construction Industry ⁴¹ | 976 | 26,001 |
| - Contract Cleaning Industry | 95 | 104 |
| - Community Sector Industry | 154 | 266 |
| - Security Industry | 21 | 9 |
| Total Cash and Cash Equivalents | <u><u>1,246</u></u> | <u><u>26,380</u></u> |

⁴¹ The decrease of cash and cash equivalents from the Building and Construction Industry is largely due to the deposit of proceeds from the sale of the Manning Clark Offices in May 2014 being re-invested into the scheme's investment portfolio during 2014-15.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 16. Receivables

| | 2015 \$'000 | 2014 \$'000 |
|--|---------------------|---------------------|
| Employer and Contractor Receivables | <u>286</u> | <u>260</u> |
| Employer and Contractor Receivables | 286 | 260 |
| Less: Allowance for Impairment Losses | (216) | (102) |
| Total Employer and Contractor Receivables | <u>70</u> | <u>158</u> |
| Other Receivables | | |
| Trade Receivables | - | 1 |
| Net Goods and Services Tax Receivables | 83 | 78 |
| Total Other Receivables | <u>83</u> | <u>79</u> |
| Accrued Revenue | | |
| Accrued Industry Contributions | 4,715 | 4,511 |
| Accrued Investment Income | 3,101 | 1,376 |
| Total Accrued Revenue | <u>7,816</u> | <u>5,887</u> |
| Total Receivables | <u><u>7,969</u></u> | <u><u>6,124</u></u> |

Reconciliation of the Allowance for Impairment Losses

| | | |
|---|-------------------|-------------------|
| Allowance for Impairment Losses at the Beginning of the Reporting Period | 102 | 47 |
| Write Back of Receivables | (72) | (18) |
| Additional Allowance Recognised During the Reporting Period | 186 | 73 |
| Allowance for Impairment Losses at the End of the Reporting Period | <u><u>216</u></u> | <u><u>102</u></u> |

Classification of Government/Non-Government Receivables

All receivables are with Non-Government entities.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 16. Receivables - Continued

| Ageing of Receivables 2015 | Not Overdue | Overdue | | | Total |
|----------------------------|-------------|-------------------|---------------|----------------------|--------|
| | | Less than 30 Days | 30 to 60 Days | Greater than 60 Days | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Not Impaired Receivables | 7,702 | 29 | 22 | 216 | 7,969 |
| Impaired Receivables | - | - | - | 216 | 216 |

| Ageing of Receivables 2014 | Not Overdue | Overdue | | | Total |
|----------------------------|-------------|-------------------|---------------|----------------------|--------|
| | | Less than 30 Days | 30 to 60 Days | Greater than 60 Days | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Not Impaired Receivables | 5,785 | 94 | 56 | 189 | 6,124 |
| Impaired Receivables | - | - | - | 102 | 102 |

Note 17. Investments

| Investments | 2015 \$'000 | 2014 \$'000 |
|---------------------------------------|----------------|----------------|
| Investments at Fair Value | | |
| - Building and Construction Industry | 88,982 | 52,820 |
| - Contract Cleaning Industry | 10,538 | 8,933 |
| - Community Sector Industry | 21,550 | 15,353 |
| - Security Industry | 1,328 | 722 |
| Total Investments¹² | 122,398 | 77,828 |

The investment trusts are managed by Vanguard Investments Australia Limited. The investment manager allocates funds in the underlying trust portfolio amongst the asset classes below:

- Australian and International fixed interest;
- Australian and International shares;
- Australian and International properties; and
- Australian cash.

¹² The increase of investments in the reporting period is mainly due to the additional investments made from the sale proceeds of the Manning Clark Offices and better investment return achieved compared to prior year.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 18. Other Assets

| | 2015 \$'000 | 2014 \$'000 |
|--------------------------------------|----------------|----------------|
| Current Other Assets | <u>5</u> | <u>14</u> |
| Prepayments | | |
| - Building and Construction Industry | 5 | 14 |
| Total Current Other Assets | <u>5</u> | <u>14</u> |
| Total Other Assets | <u>5</u> | <u>14</u> |

Note 19. Intangible Assets

The Authority has internally developed and externally acquired software.

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Intangible Assets | <u>312</u> | <u>364</u> |
| <i>Internally Developed Software-Construction</i> | | |
| Computer Software at Cost | 606 | 606 |
| Less: Accumulated Amortisation | (294) | (242) |
| Total Internally Developed Software – Building and Construction Industry | <u>312</u> | <u>364</u> |
| <i>Externally Acquired Software</i> | | |
| Computer Software at Cost | 88 | 87 |
| Less: Accumulated Amortisation | (78) | (75) |
| Total Externally Acquired Software | <u>10</u> | <u>12</u> |
| Total Intangible Assets | <u>322</u> | <u>376</u> |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 19. Intangible Assets - Continued

Reconciliation of Intangible Assets

The following tables show the movement of each class of Intangible Assets distinguishing between internally developed and externally acquired intangibles from the beginning to the end of 2014-15.

| | Internally Developed Software \$'000 | Externally Acquired Software \$'000 | Total \$'000 |
|--|---|--|-----------------|
| Carrying Amount at the Beginning of the Reporting Period | 364 | 12 | 376 |
| Amortisation | (52) | (2) | (54) |
| Carrying Amount at the End of the Reporting Period | <u>312</u> | <u>10</u> | <u>322</u> |

Reconciliation of Intangible Assets

The following tables show the movement of each class of Intangible Assets distinguishing between internally developed and externally acquired intangibles from the beginning to the end of 2013-14.

| | Internally Developed Software \$'000 | Externally Acquired Software \$'000 | Total \$'000 |
|--|---|--|-----------------|
| Carrying Amount at the Beginning of the Reporting Period | 425 | 8 | 433 |
| Additions | - | 7 | 7 |
| Amortisation | (61) | (3) | (64) |
| Carrying Amount at the End of the Reporting Period | <u>364</u> | <u>12</u> | <u>376</u> |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 20. Investment Properties

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| National Associations Centre, Suite 5 | 190 | 195 |
| Total Investment Properties | 190 | 195 |
| Reconciliation of Investment Properties | | |
| Carrying amount at the Beginning of the Reporting Period | 195 | 22,690 |
| Acquisitions – Manning Clark Offices Upgrade | - | 92 |
| Disposal – Manning Clark Offices | - | (22,592) |
| Revaluation (Decrement)/Increment | (5) | 5 |
| Carrying amount at the End of the Reporting Period | 190 | 195 |

Details of the Authority's investment property at fair value and information about the fair value hierarchy as at 30 June 2015 are as follows:

| | Classification According to Fair value Hierarchy | | | Total \$'000 |
|--|--|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| Investment Properties at Fair Value | | | | |
| Land and Building | - | 190 | - | 190 |
| | - | 190 | - | 190 |

Details of the Authority's investment property at fair value and information about the Fair Value Hierarchy as at 30 June 2014 are as follows:

| | Classification According to Fair value Hierarchy | | | Total \$'000 |
|--|--|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| Investment Properties at Fair Value | | | | |
| Land and Building | - | 195 | - | 195 |
| | - | 195 | - | 195 |

Transfer Between Categories

There have been no transfers between Level 1 and Level 2 during the reporting period.

Level 2 Inputs

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties.

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, the Australian Capital Territory Plan and the National Capital Plan, where applicable as well as current zoning.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 20. Investment Properties – Continued

An independent valuation of the investment property at the National Association Centre was obtained at 30 June 2015. The basis of valuation was fair market value and was performed by a qualified valuer (Jones Lang Lasalle). Rental income derived, and direct operating expenses of investment properties are shown in the Operating Statement and in Note 6 - *Net Rental Income*.

Leasing of Investment Property

In 2014-15, the investment property of Suite 5 of the National Associations Centre was leased to the ACT Building and Construction Industry Training Fund Authority on an operating lease to June 2016 with rental income being received monthly. The operating lease is non-cancellable.

The minimum lease payments resulting from the leasing of investment properties that are not recognised in the financial statements are as follows:

| | 2015 | 2014 |
|--|---------------------|---------------------|
| | \$'000 | \$'000 |
| Minimum Lease Payments | <u> </u> | <u> </u> |
| Within One Year | 20 | 20 |
| Later than One Year but not later than 5 Years | - | 20 |
| Later than 5 Years | - | - |
| Total Minimum Lease Payments | <u> 20</u> | <u> 40</u> |

Gain from Sale of Investment Property - Manning Clark Offices

| | 2015 | 2014 |
|--|--------------------|------------------------|
| | \$'000 | \$'000 |
| Gain from sale of Manning Clark Offices | <u> -</u> | <u> 1,468</u> |
| Total Gain from Sale of Investment Property | <u> -</u> | <u> 1,468</u> |

During 2013-14, the Governing Board of the Authority agreed to test the market for a potential sale of its investment property, the Manning Clark Offices (MCO). The decision was in accordance with the Authority's earlier intention as outlined in its Investment Plan 2013, approved by the Treasurer. With the MCO's capital upgrade completed in early 2013, the property was leased to the Commonwealth for 10 years till the end of February 2023. The Authority conducted its due diligence in relation to the sale, including obtaining independent advice on timing and conditions of sale, market evaluation, and other associated costs and benefits analysis before the decision to test the market was made. The MCO was subsequently sold with contract exchanged and settled on 15 May 2014, resulting in a net gain from the sale of approximately \$1.5 million.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 21. Property, Plant and Equipment

Land includes leasehold land held by the Authority. *Buildings* includes office buildings belonging to the Authority. *Plant and equipment* includes office and computer equipment and other mechanical and electronic equipment. *Furniture and fittings* consists only of items of furniture and fittings. Assets under a finance lease are required to be separately disclosed.

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Land | | |
| Land at Fair Value ¹³ | 141 | 141 |
| Total Land Assets | 141 | 141 |
| Buildings | | |
| Buildings at Fair Value | 864 | 864 |
| Less: Accumulated Depreciation | - | - |
| Total Written-Down Value of Buildings | 864 | 864 |
| Plant and Equipment | | |
| Plant and Equipment at Cost | 122 | 119 |
| Less: Accumulated Depreciation | (78) | (71) |
| Total Written-Down Value of Plant and Equipment | 44 | 48 |
| Furniture and Fittings | | |
| Furniture and Fittings at Cost | 56 | 55 |
| Less: Accumulated Depreciation | (38) | (35) |
| Total Written-Down Value of Furniture and Fittings | 18 | 20 |
| Assets under a Finance Lease¹⁴ | | |
| Carrying Amount of Motor Vehicles under a Finance Lease | - | 21 |
| Accumulated Depreciation of Motor Vehicles under a Finance Lease | - | (6) |
| Total Written-Down Value of Motor Vehicles under a Finance Lease | - | 15 |
| Total Written-Down Value of Property, Plant and Equipment | 1,067 | 1,088 |

¹³ Land and Buildings were valued by an independent valuer from Jones Lang LaSalle as at 30 June 2015.

¹⁴ Due to a change in the whole-of-government car leasing arrangements with SG Fleet on 23 April 2015, all motor vehicle leases were reclassified as operating leases rather than finance leases from 23 April 2015 and the Authority no longer holds motor vehicles under a finance lease.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 21. Property, Plant and Equipment - Continued

Reconciliation of Property, Plant and Equipment

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 under a Finance Lease \$'000 | Total \$'000 |
|--|----------------|---------------------|-------------------------------------|----------------------------------|--|-----------------|
| 2015 | | | | | | |
| Carrying Amount at the Beginning of the Reporting Period | 141 | 864 | 20 | 48 | 15 | 1,088 |
| Additions | | - | 1 | 3 | 23 | 27 |
| Depreciation | | (22) | (3) | (7) | (3) | (35) |
| Disposals | | | | | (14) | (14) |
| Other Movements – Derecognition of motor vehicle under a finance lease | | | | | (21) | (21) |
| Revaluation Increments | | 22 | | | - | 22 |
| Carrying Amount at the End of the Reporting Period | 141 | 864 | 18 | 44 | - | 1,067 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 21. Property, Plant and Equipment - Continued

Reconciliation of Property, Plant and Equipment

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

| | Land | Buildings | Furniture and Fittings | Plant and Equipment | Motor Vehicles under a Finance Lease | Total |
|---|------------|------------|---------------------------|------------------------|--|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2014 | | | | | | |
| Carrying Amount at the Beginning of the Reporting Period | 141 | 869 | 17 | 54 | 19 | 1,100 |
| Additions | - | - | 5 | 2 | - | 7 |
| Depreciation | - | (22) | (2) | (8) | (4) | (36) |
| Disposals | - | - | - | - | - | - |
| Revaluation Increments | - | 17 | - | - | - | 17 |
| Carrying Amount at the End of the Reporting Period | 141 | 864 | 20 | 48 | 15 | 1,088 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 21. Property, Plant and Equipment – Continued

Fair Value Hierarchy

The Authority is required to classify property, plant and equipment into a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels:

- Level 1 – quoted price (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs that are unobservable for particular assets or liabilities.

Details of the Authority's property plant and equipment at fair value and information about the fair value hierarchy as at 30 June 2015 are as follows:

| | Classification According to Fair value Hierarchy | | | Total \$'000 |
|--|--|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| Property, Plant and Equipment at Fair Value | | | | |
| Land | - | 141 | - | 141 |
| Buildings | - | 864 | - | 864 |
| | - | 1,005 | - | 1,005 |

Details of the Authority's property plant and equipment at fair value and information about the fair value hierarchy as at 30 June 2014 are as follows:

| | Classification According to Fair value Hierarchy | | | Total \$'000 |
|--|--|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| Property, Plant and Equipment at Fair Value | | | | |
| Land | - | 141 | - | 141 |
| Buildings | - | 864 | - | 864 |
| | - | 1,005 | - | 1,005 |

Transfer between Categories

There have been no transfers between Levels 1, 2 and 3 during the reporting period.

Valuation Techniques, Inputs and Processes

Level 2 Valuation Techniques and Inputs

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regards was taken of the Crown Lease terms and tenure, the Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 22. Payables

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Current Payables | | |
| Long Service Leave Claims Owing to Registered Scheme Participants | | |
| - Building and Construction Industry | 273 | 212 |
| - Contract Cleaning Industry | 26 | 57 |
| | <u>299</u> | <u>269</u> |
| Other Creditors and Accruals | | |
| - Building and Construction Industry | 176 | 172 |
| - Contract Cleaning Industry | 25 | 21 |
| - Community Sector | 19 | 22 |
| - Security Industry | 3 | 1 |
| | <u>223</u> | <u>216</u> |
| Goods and Services Tax Payable | | |
| - Building and Construction Industry | 45 | 39 |
| | <u>45</u> | <u>39</u> |
| Total Payables | <u>567</u> | <u>524</u> |

Payables are aged as follows:

| | | |
|-----------------------|------------|------------|
| Not Overdue | <u>567</u> | <u>524</u> |
| Total Payables | <u>567</u> | <u>524</u> |

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

| | | |
|--|-----------|-----------|
| Other Creditors and Accruals | <u>97</u> | <u>49</u> |
| Total Payables with ACT Government Entities | <u>97</u> | <u>49</u> |

Payables with Non-ACT Government Entities

| | | |
|---|------------|------------|
| Long Service Leave Claims Owing to Registered Scheme Participants | 299 | 269 |
| Other Creditors and Accruals | 126 | 167 |
| Goods and Services Tax Payable | 45 | 39 |
| Total Payables with Non-ACT Government Entities | <u>470</u> | <u>475</u> |

| | | |
|-----------------------|------------|------------|
| Total Payables | <u>567</u> | <u>524</u> |
|-----------------------|------------|------------|

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 23. Provision for Long Service Leave Benefits

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Current Provision for Long Service Leave Benefits | | |
| Long Service Leave Benefits for Registered Scheme Participants | 97,809 | 84,871 |
| Total Current Provision for Long Service Leave Benefits | 97,809 | 84,871 |
| Non-Current Provision for Long Service Leave Benefits | | |
| Long Service Leave Benefits for Registered Scheme Participants | 8,199 | 11,324 |
| Total Non-Current Provision for Long Service Leave Benefits | 8,199 | 11,324 |
| Total Provision for Long Service Leave Benefits | 106,008 | 96,195 |

Reconciliation of the Provision for Long Service Leave Benefits – 2014-15

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

| | Construction \$'000 | Cleaning \$'000 | Community \$'000 | Security \$'000 | Total \$'000 |
|--|------------------------|--------------------|---------------------|--------------------|-----------------|
| Carrying Amount at the Beginning of the Reporting Period | 76,664 | 6,568 | 12,466 | 497 | 96,195 |
| <i>Additional Provision Made During the Year</i> | 8,291 | 542 | 3,639 | 542 | 13,014 |
| <i>Change due to Unwinding of Discount Rate¹⁵</i> | 5,750 | 493 | 935 | 37 | 7,215 |
| <i>Change due to Valuation Assumptions</i> | (87) | (403) | (51) | - | (541) |
| Plus: Total Additional Accrued Long Service Leave Expense | 13,954 | 632 | 4,523 | 579 | 19,688 |
| Less: Long Service Leave Benefit Claims | (8,455) | (682) | (632) | (106) | (9,875) |
| Carrying Amount at the End of the Reporting Period | 82,163 | 6,518 | 16,357 | 970 | 106,008 |

Reconciliation of the Provision for Long Service Leave Benefits - 2013-14

This provision was estimated by Professional Financial Solutions Pty Ltd – Consulting Actuaries. From an assessment pattern of long service benefits, the estimated benefits that will be payable within the 12 months after 30 June 2015 are \$13.12 million, split between \$9.86million for construction, \$0.84 million for cleaning and \$2.42 million for community, and nil for security, with the balance expected to be paid in later years. Refer to Note 27 - Operating Statement and Balance Sheet for the short-term and long-term estimate split of the current provision for long service leave benefits for each scheme.

| | Construction \$'000 | Cleaning \$'000 | Community \$'000 | Security \$'000 | Total \$'000 |
|--|------------------------|--------------------|---------------------|--------------------|-----------------|
| Carrying Amount at the Beginning of the Reporting Period | 76,440 | 6,225 | 8,490 | 91 | 91,246 |
| <i>Additional Provision Made During the Year</i> | 7,350 | 496 | 4,254 | 431 | 12,531 |
| <i>Change due to Unwinding of Discount Rate</i> | 4,969 | 405 | 552 | 6 | 5,932 |
| <i>Change in Discount Rate</i> | (3,952) | (181) | (403) | (29) | (4,565) |
| <i>Change in Wage Assumption</i> | 0 | 211 | 0 | 0 | 211 |
| Plus: Total Additional Accrued Long Service Leave Expense | 8,367 | 931 | 4,403 | 408 | 14,109 |
| Less: Long Service Leave Benefit Claims | (8,143) | (588) | (427) | (2) | (9,160) |
| Carrying Amount at the End of the Reporting Period | 76,664 | 6,568 | 12,466 | 497 | 96,195 |

¹⁵ As a discount rate is applied to a future cash payment to arrive at a present value at the reporting date, it is required to unwind the discount rate applied for each successive year until the Authority eventually arrives at the date of payment. The increase of value due to unwinding of discount rate is to recognize the Authority's liabilities are one year closer than last year.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 24. Employee Benefits

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | \$'000 | \$'000 |
| Current Employee Benefits | | |
| Annual Leave | 171 | 165 |
| Long Service Leave | 236 | 180 |
| Accrued Salaries | 73 | 60 |
| Total Current Employee Benefits | <u>480</u> | <u>405</u> |
| Non-Current Employee Benefits | | |
| Long Service Leave | 6 | 60 |
| Total Non-Current Employee Benefits | <u>6</u> | <u>60</u> |
| Total Employee Benefits | <u><u>486</u></u> | <u><u>465</u></u> |

Estimate of When Leave is Payable:

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | \$'000 | \$'000 |
| Estimated Amount Payable within 12 Months | | |
| Annual Leave | 91 | 88 |
| Long Service Leave | - | - |
| Accrued Salaries | 73 | 60 |
| Total Employee Benefits Payable within 12 Months | <u>164</u> | <u>148</u> |
| Estimated Amount Payable after 12 Months | | |
| Annual Leave | 80 | 77 |
| Long Service Leave | 242 | 240 |
| Total Employee Benefits Payable after 12 Months | <u>322</u> | <u>317</u> |
| Total Employee Benefits | <u><u>486</u></u> | <u><u>465</u></u> |

As at 30 June 2015, the Authority employed 10 full time equivalent (FTE) staff. There were 11 FTE staff as at 30 June 2014.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 25. Finance Leases

The Authority held one finance lease, which has been taken up as finance lease liability and an asset under a finance lease, up to 23 April 2015. The lease was for a motor vehicle. The interest rate implicit in this lease was 5.05% and for a term of 2 years. The lease allowed for extensions, but had no terms of renewal or purchase options, nor escalation clauses. Due to a change in the whole-of-government car leasing arrangements with SG Fleet on 23 April 2015, the lease was reclassified as operating lease rather than finance lease from 23 April 2015.

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Current Finance Leases | | |
| Finance Leases – Motor Vehicles | - | 16 |
| Total Current Finance Leases | <u>-</u> | <u>16</u> |
| Non-Current Finance leases | | |
| Finance Leases – Motor Vehicles | - | - |
| Total Non-Current Finance Leases | <u>-</u> | <u>-</u> |
| Total Finance Leases | <u>-</u> | <u>16</u> |

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Finance lease commitments are payable as follows: | | |
| Within one year | - | 17 |
| Later than one year but no later than five years | - | - |
| Minimum Lease Payments | <u>-</u> | <u>17</u> |
| Less: Future Finance Lease Charges | | |
| Amount recognised as a Liability | <u>-</u> | <u>(1)</u> |
| | <u>-</u> | <u>16</u> |
| Total Present Value of Minimum Lease Payments | <u>-</u> | <u>16</u> |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 26. Equity

Asset Revaluation Surplus

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

| | 2015 \$'000 | 2014 \$'000 |
|---|---------------------|-------------------|
| | <u> </u> | <u> </u> |
| Balance at the Beginning of the Reporting Period | 984 | 967 |
| Revaluation Increment | 22 | 17 |
| Balance at the End of the Reporting Period | <u><u>1,006</u></u> | <u><u>984</u></u> |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes

Building and Construction Industry Scheme – Operating Statement

| | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|---|--------------------------|--------------------------------------|--------------------------|
| Income | | | |
| Contributions from Employers and Contractors | 12,244 | 13,937 | 11,006 |
| Gains from Investments | 5,059 | 2,656 | 2,864 |
| Net Rental Income | 20 | - | 1,523 |
| Interest Revenue | 207 | 36 | 139 |
| Other Revenue | 4,440 | 2,843 | 2,968 |
| Resources Received Free of Charge | - | - | 22 |
| Revaluation (Decrement)/Increment for Investment Property | (5) | - | 5 |
| Gains from Sale of Investment Property | - | - | 1,468 |
| Total Income | 21,965 | 19,472 | 19,995 |
| Expenses | | | |
| Employee Expenses | 600 | 688 | 612 |
| Supplies and Services | 325 | 423 | 342 |
| Depreciation and Amortisation | 89 | 92 | 99 |
| Long Service Leave Benefits Expense | 13,954 | 16,964 | 8,367 |
| Other Expenses | 230 | 104 | 755 |
| Total Expenses | 15,198 | 18,271 | 10,175 |
| Operating Surplus | 6,767 | 1,201 | 9,820 |
| Other Comprehensive Income | | | |
| Increase in the Asset Revaluation Surplus | 22 | - | 17 |
| Total Comprehensive Surplus | 6,789 | 1,201 | 9,837 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued
Building and Construction Industry Scheme – Balance Sheet

| | Actual | Original Budget | Actual |
|---|---------------|--------------------|---------------|
| | 2015 | 2015 | 2014 |
| | \$'000 | \$'000 | \$'000 |
| Current Assets | | | |
| Cash and Cash Equivalents | 976 | 900 | 26,001 |
| Receivables | 5,252 | 4,728 | 3,940 |
| Investments | 88,982 | 83,778 | 52,820 |
| Other Assets | 5 | 27 | 14 |
| Total Current Assets | 95,215 | 89,433 | 82,775 |
| Non-Current Assets | | | |
| Intangible Assets | 322 | 311 | 376 |
| Investment Properties | 190 | 190 | 195 |
| Property, Plant and Equipment | 1,067 | 1,025 | 1,088 |
| Total Non-Current Assets | 1,579 | 1,526 | 1,659 |
| Total Assets | 96,794 | 90,959 | 84,434 |
| Current Liabilities | | | |
| Payables | 471 | 504 | 423 |
| Provision for Long Service Leave Benefits | | | |
| - Expected to be Settled Within 12 months | 9,860 | 10,607 | 9,619 |
| - Expected to be Settled After 12 months | 72,207 | 72,909 | 66,101 |
| Finance Leases | - | - | 16 |
| Employee Benefits | 323 | 233 | 253 |
| Total Current Liabilities | 82,861 | 84,253 | 76,412 |
| Non-Current Liabilities | | | |
| Provision for Long Service Leave Benefits | 96 | 7,613 | 944 |
| Employee Benefits | 3 | 19 | 33 |
| Total Non-Current Liabilities | 99 | 7,632 | 977 |
| Total Liabilities | 82,960 | 91,885 | 77,389 |
| Net Assets/(Liabilities) | 13,834 | (926) | 7,045 |
| Equity | | | |
| Accumulated Funds/(Deficits) | 12,828 | (926) | 6,061 |
| Asset Revaluation Surplus | 1,006 | - | 984 |
| Total Equity | 13,834 | (926) | 7,045 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Contract Cleaning Industry Scheme – Operating Statement

| | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|--|--------------------------|--------------------------------------|--------------------------|
| Income | | | |
| Contributions from Employers and Contractors | 1,514 | 1,461 | 1,439 |
| Gains from Investments | 636 | 299 | 516 |
| Interest Revenue | 7 | 6 | 6 |
| Other Revenue | 483 | 284 | 347 |
| Total Income | 2,640 | 2,050 | 2,308 |
| Expenses | | | |
| Employee Expenses | 120 | 150 | 130 |
| Supplies and Services | 86 | 97 | 79 |
| Long Service Leave Benefit Expense | 632 | 1,723 | 931 |
| Other Expenses | 71 | 3 | 10 |
| Total Expenses | 909 | 1,973 | 1,150 |
| Operating Surplus | 1,731 | 77 | 1,158 |
| Total Comprehensive Income | 1,731 | 77 | 1,158 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued
Contract Cleaning Industry Scheme – Balance Sheet

| | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|---|--------------------------|--------------------------------------|--------------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 95 | 100 | 104 |
| Receivables | 593 | 435 | 534 |
| Investments | 10,538 | 9,050 | 8,933 |
| Other Assets | - | 1 | - |
| Total Current Assets | 11,226 | 9,586 | 9,571 |
| Total Assets | 11,226 | 9,586 | 9,571 |
| Current Liabilities | | | |
| Payables | 56 | 88 | 78 |
| Provision for Long Service Leave Benefits | | | |
| - Expected to be Settled Within 12 months | 840 | 1,199 | 1,134 |
| - Expected to be Settled After 12 months | 4,960 | 5,224 | 4,571 |
| Employee Benefits | 50 | 57 | 46 |
| Total Current Liabilities | 5,906 | 6,568 | 5,829 |
| Non-Current Liabilities | | | |
| Provision for Long Service Leave Benefits | 718 | 960 | 863 |
| Employee Benefits | - | 9 | 8 |
| Total Non-Current Liabilities | 718 | 969 | 871 |
| Total Liabilities | 6,624 | 7,537 | 6,700 |
| Net Assets | 4,602 | 2,049 | 2,871 |
| Equity | | | |
| Accumulated Funds | 4,602 | 2,049 | 2,871 |
| Total Equity | 4,602 | 2,049 | 2,871 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Community Sector Industry Scheme – Operating Statement

| | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|--|--------------------------|--------------------------------------|--------------------------|
| Income | | | |
| Contributions from Employers and Contractors | 5,612 | 5,160 | 4,880 |
| Gain from Investments | 1,200 | 720 | 795 |
| Interest Revenue | 28 | 17 | 18 |
| Other Revenue | 950 | 540 | 558 |
| Resources Received Free of Charge | - | - | 4 |
| Total Income | 7,790 | 6,437 | 6,255 |
| Expenses | | | |
| Employee Expenses | 381 | 440 | 368 |
| Supplies and Services | 230 | 206 | 204 |
| Long Service Leave Benefit Expense | 4,523 | 4,203 | 4,403 |
| Other Expenses | 4 | 1 | 2 |
| Total Expenses | 5,138 | 4,850 | 4,977 |
| Operating Surplus | 2,652 | 1,587 | 1,278 |
| Total Comprehensive Income | 2,652 | 1,587 | 1,278 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued
Community Sector Industry Scheme – Balance Sheet

| | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|---|--------------------------|--------------------------------------|--------------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 154 | 100 | 266 |
| Receivables | 1,908 | 1,425 | 1,451 |
| Investments | 21,550 | 21,473 | 15,353 |
| Other Assets | - | 5 | - |
| Total Current Assets | 23,612 | 23,003 | 17,070 |
| Total Assets | 23,612 | 23,003 | 17,070 |
| Current Liabilities | | | |
| Payables | 39 | 21 | 22 |
| Provision for Long Service Leave Benefits | | | |
| - Expected to be Settled Within 12 months | 2,420 | 2,971 | 100 |
| - Expected to be Settled After 12 months | 7,522 | 2,670 | 3,346 |
| Employee Benefits | 108 | 104 | 105 |
| Total Current Liabilities | 10,086 | 5,766 | 3,573 |
| Non-Current Liabilities | | | |
| Provision for Long Service Leave Benefits | 6,415 | 10,475 | 9,020 |
| Employee Benefits | 2 | 16 | 19 |
| Total Non-Current Liabilities | 6,417 | 10,491 | 9,039 |
| Total Liabilities | 16,503 | 16,257 | 12,612 |
| Net Assets | 7,109 | 6,746 | 4,458 |
| Equity | | | |
| Accumulated Funds | 7,109 | 6,746 | 4,458 |
| Total Equity | 7,109 | 6,746 | 4,458 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Security Industry Scheme – Operating Statement

| | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|--|--------------------------|--------------------------------------|--------------------------|
| Income | | | |
| Contributions from Employers and Contractors | 696 | 672 | 742 |
| Gain from Investments | 72 | 49 | 23 |
| Interest Revenue | 2 | 4 | 3 |
| Other Revenue | 56 | 25 | 20 |
| Total Income | 826 | 750 | 788 |
| Expenses | | | |
| Employee Expenses | 45 | 41 | 33 |
| Supplies and Services | 32 | 21 | 23 |
| Long Service Leave Benefit Expense | 579 | 339 | 408 |
| Other Expenses | 11 | 1 | 20 |
| Total Expenses | 667 | 402 | 484 |
| Operating Surplus | 159 | 348 | 304 |
| Total Comprehensive Income | 159 | 348 | 304 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 27. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued
Security Industry Scheme – Balance Sheet

| | Actual 2015 \$'000 | Original Budget 2015 \$'000 | Actual 2014 \$'000 |
|---|--------------------------|--------------------------------------|--------------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 21 | 20 | 9 |
| Receivables | 216 | 184 | 199 |
| Investments | 1,328 | 1,329 | 722 |
| Other Assets | - | 1 | - |
| Total Current Assets | 1,565 | 1,534 | 930 |
| Total Assets | 1,565 | 1,534 | 930 |
| Current Liabilities | | | |
| Payables | 4 | - | 1 |
| Provision for Long Service Leave Benefits | | | |
| - Expected to be Settled Within 12 months | - | - | - |
| - Expected to be Settled After 12 months | - | - | - |
| Employee Benefits | - | 17 | 1 |
| Total Current Liabilities | 4 | 17 | 2 |
| Non-Current Liabilities | | | |
| Provision for Long Service Leave Benefits | 970 | 715 | 497 |
| Employee Benefits | - | 4 | - |
| Total Non-Current Liabilities | 970 | 719 | 497 |
| Total Liabilities | 974 | 736 | 499 |
| Net Assets | 591 | 798 | 431 |
| Equity | | | |
| Accumulated Funds | 591 | 798 | 431 |
| Total Equity | 591 | 798 | 431 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 28. 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*.

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 mainly 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 Operating Statement. The Manning Clark Offices sale proceeds were deposited in the Authority's saving account temporarily and was progressively invested into its investment portfolio during early 2014-15. The cash component in the Authority's funds under management is managed by Vanguard Australia by maintaining the fixed-term deposits and debt securities in high-quality, short-term money market and by continuously monitoring the market trends to produce a portfolio return broadly in line with that of the benchmark. 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 losses.

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 expects to collect all financial assets that are not past due or impaired. The Authority manages its overdue debtors by sending out reminder notices to all outstanding debtors before and after the due date.

Credit risk is managed by the Authority for investments by only investing surplus funds with the appointed external fund manager (Vanguard), which has appropriate investment criteria to invest the Authority's surplus funds in accordance with the Authority's approved investment strategy.

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.

The Authority manages the liquidity risk related to financial liabilities by maintaining sufficient cash reserves and liquid investments to meet the obligations as and when they fall due. The Authority has sufficient 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.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 28. 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 by 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 Australia). The manager targeted a portfolio allocation of 65% to growth-oriented assets (shares and property securities) and 35% to income-oriented 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.

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 unit price of the fund in which the schemes have invested and therefore a +/- 20% in the value of the 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 |
| | 2015 \$'000 | 2015 \$'000 | 2015 \$'000 |
| Financial Assets | | | |
| Investments | 122,398 | 24,480 | (24,480) |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 28. Financial Instruments - Continued

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 and there are no investments in foreign currency, the Authority has no exposure to currency risk.

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:

| | <u>Carrying Amount</u> | <u>Fair Value</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
|------------------------------------|----------------------------|-----------------------|----------------------------|-----------------------|
| | 2015 | 2015 | 2014 | 2014 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | |
| Cash and Cash Equivalents | 1,246 | 1,246 | 26,380 | 26,380 |
| Investments | 122,398 | 122,398 | 77,828 | 77,828 |
| Receivables | 3,254 | 3,254 | 1,613 | 1,613 |
| Total Financial Assets | 126,898 | 126,898 | 105,821 | 105,821 |
| Financial Liabilities | | | | |
| Payables | 567 | 567 | 524 | 524 |
| Finance Leases | - | - | 16 | 16 |
| Total Financial Liabilities | 521 | 521 | 540 | 540 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 28. Financial Instruments - Continued

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

| | Note No. | Weighted Average Interest Rate | 2015 | | | | Total 2015 | Weighted Average Interest Rate | 2014 | | | | Total 2014 |
|------------------------------------|----------|--------------------------------|------------------------|---|---|----------------------|----------------|--------------------------------|------------------------|---|---|----------------------|----------------|
| | | | Floating Interest Rate | Fixed Interest Maturing in 1 Year or Less | Fixed Interest Maturing between 1 and 5 years | Non Interest Bearing | | | Floating Interest Rate | Fixed Interest Maturing in 1 Year or Less | Fixed Interest Maturing between 1 and 5 years | Non Interest Bearing | |
| | | | \$'000 | \$'000 | \$'000 | \$'000 | | \$'000 | \$'000 | \$'000 | \$'000 | | \$'000 |
| Financial Assets | | | | | | | | | | | | | |
| Cash | 15 | 3.24% | 1,246 | - | - | - | 1,246 | 3.29% | 26,380 | - | - | - | 26,380 |
| Investments | 17 | | - | - | - | 122,398 | 122,398 | | - | - | - | 77,828 | 77,828 |
| Receivables | 16 | | - | - | - | 3,254 | 3,254 | | - | - | - | 1,613 | 1,613 |
| Total Financial Assets | | | 1,246 | - | - | 125,652 | 126,898 | | 26,380 | - | - | 79,441 | 105,821 |
| Financial Liabilities | | | | | | | | | | | | | |
| Payables | 22 | | - | - | - | 567 | 567 | | - | - | - | 524 | 524 |
| Finance Leases | 25 | | - | - | - | - | - | 5.28% | - | 17 | - | - | 17 |
| Total Financial Liabilities | | | - | - | - | 567 | 567 | | - | 17 | - | 524 | 541 |
| Net Financial Assets | | | 1,246 | - | - | 125,085 | 126,331 | | 26,380 | (17) | - | 78,917 | 105,280 |

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 28. Financial Instruments - Continued

| | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Carrying Amount of Each Category of Financial Assets and Financial Liability | | |
| Financial Assets | | |
| Financial Assets at Fair Value through the Profit and Loss Designated upon Initial Recognition | 122,398 | 77,828 |
| Loans and Receivables Measured at Amortised Costs | 3,254 | 1,613 |
| Financial Liabilities | | |
| Financial Liabilities Measured at Amortised Cost | 567 | 540 |

The Authority does not have any financial assets in the 'Held to Maturity' or 'Available for Sale' categories and as such these categories 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.

| | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Gains/(Losses) on Each Category of Financial Assets and Financial Liability | | |
| Gains on Financial Assets | | |
| Financial Assets at Fair Value through the Profit and Loss Designated upon Initial Recognition | 6,967 | 4,198 |
| 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.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 28. Financial Instruments - Continued

Fair Value Hierarchy - Continued

| 2015 | <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 Profit and Loss | | | | |
| Investments | - | 122,398 | - | 122,398 |
| | <u>-</u> | <u>122,398</u> | <u>-</u> | <u>122,398</u> |

Fair Value Hierarchy

The Fair Value Hierarchy for financial instruments measured at fair value is shown in the table below for the year ended 30 June 2014 in accordance with AASB 7.27A – *Financial Instruments: Disclosures*.

| 2014 | <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 Profit and Loss | | | | |
| Investments | - | 77,828 | - | 77,828 |
| | <u>-</u> | <u>77,828</u> | <u>-</u> | <u>77,828</u> |

Transfer Between Categories

There have been no transfers of financial assets or financial liabilities between levels during the current and previous reporting periods.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 29. Commitments

Capital Commitments

There were no capital commitments as at the reporting date.

Operating Lease Commitments

The Authority has one non-cancellable operating lease entered during the reporting period for two photocopy machines. The lease expires in December 2016.

Due to a change in the whole-of-government car leasing arrangements with SG Fleet on 23 April 2015, the motor vehicle under a finance lease was converted into an operating lease from 23 April 2015. The lease is for 31 months and expires on 27 November 2017.

Non-cancellable operating lease commitments are payable as follows:

| | 2015 | 2014 |
|--|-----------|-----------|
| | \$'000 | \$'000 |
| Within One Year | 13 | 5 |
| Later than One Year but no Later than Five Years | 13 | 8 |
| Total Operating Lease Commitments | <u>26</u> | <u>13</u> |

All amounts shown in the commitment note are inclusive of GST.

Note 30. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at the reporting date.

Note 31. Events Occurring after Balance Date

There were no events occurring after balance date that would affect the financial statements as at 30 June 2015.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 32. Cash Flow Reconciliation

(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period in the Cash Flow Statement equivalent items in the Balance Sheet.

| | 2015 <u>\$'000</u> | 2014 <u>\$'000</u> |
|---|-----------------------|-----------------------|
| Total Cash and Cash Equivalents Recorded in the Balance Sheet | 1,246 | 26,380 |
| Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement | <u>1,246</u> | <u>26,380</u> |

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

| | | |
|--|--------------|----------------|
| Operating Surplus | 11,361 | 12,560 |
| Add/(Less) Items Classified as Investing or Financing | | |
| (Gain) on Disposal of Non-Current Assets | (1) | - |
| (Gain) on Investment | (6,967) | (4,198) |
| Investment Distributions | (5,126) | (2,745) |
| Management Fee Rebate | (263) | (183) |
| (Gain) on Sale of Investment Property | - | (1,468) |
| Add/(Less) Non-Cash Items | | |
| Accrued Long Service Leave Liability | 9,813 | 4,949 |
| Depreciation and Amortisation | 89 | 99 |
| Waivers and Impairment Losses | 280 | 88 |
| Loss/(Gain) on Revaluation of Investment Properties | 5 | (5) |
| Other Non-Cash Items | (316) | 183 |
| Cash before Changes in Operating Assets and Liabilities | <u>8,875</u> | <u>9,280</u> |
| Changes in Operating Assets and Liabilities | | |
| (Increase) in Trade and Other Receivables | (120) | (1,273) |
| Decrease/(Increase) in Other Assets | 9 | (11) |
| (Decrease) in Other Payables | (3) | (296) |
| Increase in Other Liabilities | 51 | 42 |
| Net Changes in Operating Assets and Liabilities | <u>(63)</u> | <u>(1,538)</u> |
| Net Cash Inflow from Operating Activities | <u>8,812</u> | <u>7,742</u> |

(c) Non-Cash Financing and Investing Activities

There was one new motor vehicle lease entered into by the Authority under a finance lease during the reporting period. Due to a change in the whole of government car leasing arrangements on 23 April 2015, the finance lease was changed to an operating lease from 23 April 2015.

| | | |
|--|----|---|
| Acquisition of a Motor Vehicle by means of Finance Lease | 23 | - |
|--|----|---|

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 33. Related Party Transactions

Governing Board

Ms Glenys Roper was appointed as the independent Chair of the Board from 1 January 2010 for four years to 31 December 2013, and she was re-appointed as Chair on 19 February 2014 for a further four years.

Mr Howard Pender was appointed as the Deputy Chair from 25 May 2012 as an independent member for a term of four years.

Ms Kim Sattler was appointed as the employees' representative on 22 June 2012 for a term of four years. Ms Sattler resigned during 2014-15 and was replaced by Ms Erryn Cresshull, whose appointment took effect on 3 April 2015, for a term of four years to 2 April 2019.

Mr Peter Middleton was appointed as the employers' representative on 1 January 2010 for four years to 31 December 2013, and he was re-appointed on 19 February 2014 for a further four years.

Ms Shayne Hall was appointed as the employees' representative on 19 February 2014 for a term of four years to 18 February 2018.

Mr Chris Redmond was appointed on 11 October 2013 representing employer organisations for a term of four years.

The Chief Executive Officer/Registrar is a non-voting member of the Governing Board. Mr Rob Barnes was appointed in June 2012 for a term of three years to end of his contract on 11 June 2015. The Deputy Registrar, Mr Goran Josipovic, was the acting CEO since Mr Barnes' departure. The Authority is currently undertaking the recruitment for the CEO position and it is anticipated the new CEO will be appointed in early 2015-16.

Board Member Compensation

The remuneration for the Chair and Deputy Chair is set annually 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 9.50% of remuneration is paid to the Chair's and Deputy Chair's superannuation funds.

The Registrar's remuneration is in accordance with his senior executive contract with the ACT Government.

There were no other transactions with any other related parties.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 34. Budgetary Reporting

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are considered to be major variances if both of the following criteria are met:

- (a) The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- (b) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

| Operating Statement Line Items | Actual 2014-15 \$'000 | Original Budget ¹⁶ 2014-15 \$'000 | Variance \$'000 | Variance % | Variance Explanation |
|--------------------------------------|-----------------------------|---|--------------------|---------------|--|
| Gains from Investments | 6,967 | 3,724 | 3,243 | 87% | The higher than budgeted investment gain in 2014-15 is primarily because of a much higher investment return (approximately 11.7%) achieved from the more growth-oriented asset allocation outlined in the latest investment plan, compared to the 6.5% assumed in the original budget. Total gains from investment were also aided by a larger investment base contributed by the sale proceeds from the sale of the Authority's investment property, the Manning Clark Offices, in May 2014. (Note: the investment return includes both gain from investment and distributions.) |
| Other Revenue | 5,884 | 3,692 | 2,192 | 59% | Other revenue predominantly includes investment distributions and management fee rebate. Other revenue is higher than expected in the original budget mainly as a result of better investment return achieved in 2014-15 as discussed above. |
| Long Service Leave Benefits Expenses | 19,688 | 23,229 | (3,541) | (15%) | The long service leave benefits expenses include both benefits paid during the year and the additional accrued expenses following actuary's review. The actual expenses in 2014-15 were seen lower than the original budget from the Building and Construction scheme (\$-3 million) and the Contract Cleaning scheme (\$-1 million) but higher in the Community Sector (\$0.3 million) and Security schemes (\$0.2 million). Overall, the lower expenses than anticipated in the original budget is mainly because of the higher discount rate of 7.5% applied in 2014-15, compared to 6.5% used in the budget. |

¹⁶ Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2014-15 Statement of Intent).

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 34. Budgetary Reporting - Continued

| Operating Statement Line Items | Actual 2014-15 \$'000 | Original Budget ¹⁷ 2014-15 \$'000 | Variance \$'000 | Variance % | Variance Explanation |
|--|--------------------------|---|--------------------|---------------|---|
| Long Service Leave Benefits Expenses - Continued | | | | | Other scheme specific factors include: For Building and Construction scheme, it was observed by the actuary that the ACT's construction industry experienced some contraction from the demographic data obtained which resulted in lower liability; for Contract Cleaning scheme, lower long service expenses were from both lower benefits paid than anticipated, and changes made in the actuarial valuation assumptions on worker wage rates. For both Community sector and Security schemes, the increase of long service leave expense was mainly from an increase of active workers. |

Note: # in the Line Item Variance % column represents a variance that is greater than 999 per cent or less than -999 per cent.

| Balance Sheet Line Items | Actual 2014-15 \$'000 | Original Budget 2014-15 \$'000 | Variance \$'000 | Variance % | Variance Explanation |
|---|--------------------------|-----------------------------------|--------------------|---------------|--|
| Non-Current Provision for Long Service Leave Benefits | 8,199 | 19,763 | (11,564) | (58.51%) | Non-current long service leave provision was lower than originally anticipated by the actuary mainly due to two factors which were not foreseen. Firstly, the original budget was prepared based on 6.5% discount rate applicable to the nominal value of overall non-current long service leave liability while the actual provision was discounted by 7.5%, in line with the long term asset return rate of the revised investment plan. Secondly, the latest actuary's report discovered a moderate contraction in the ACT's construction industry shown in the demographic data provided to the actuary. Both factors have contributed to a reduction of the overall long service leave provision (Note: total actual long service provision, including the current long service leave liability is \$9 million, or 8 per cent, lower than the original budget). |
| <i>Statement of Changes in Equity</i> | | | | | These line items are covered in other financial statements |

¹⁷ Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2014-15 Statement of Intent).

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

Note 34. Budgetary Reporting - Continued

| Cash Flow Statement Line Items | Actual 2014-15 \$'000 | Original Budget 2014-15 \$'000 | Variance \$'000 | Variance % | Variance Explanation |
|-------------------------------------|-----------------------------|---|--------------------|---------------|--|
| Payments to Suppliers and Employees | 1,764 | 2,405 | (641) | (27%) | The lower than anticipated payments to suppliers and employees is mainly as a result of cost saving from expenses such as audit and consultant expenditure, travelling costs, staff training, debt collection payments, and IT and computer related expenses. The Authority also achieved lower than expected employee expenses in the reporting period as the original budget was prepared based on 12 FTE while there were only 10 FTE at the end of the reporting period. There were also an approximately four month's gap between one staff member's termination and a replacement during 2014-15. <i>Note: Variance between actual and original budget is reduced to \$326,000 (or 14%) if the goods and services tax paid to suppliers and remitted to the Australian Taxation Office in 2014-15 is included in the actual figure for comparison against the original budget.</i> |
| Proceeds from Sale of Investments | 22,788 | - | (22,788) | (100%) | The original budget was prepared on the basis that the sale proceeds from the Authority's investment property, the Manning Clark Offices, would be directly invested into the Authority's investment portfolio in line with the previous investment plan, without the need to transfer between existing funds. In June 2014, the Authority revised its investment plan to allocate its growth assets from 45% to 65% and the defensive assets from 55% to 35%. There were three funds switches during July, September, and November 2014, to align the total investments to the 65/35 growth/defensive splits specified in the revised investment plan. The proceeds of the sale of investments are from these fund switches. |
| Purchase of Investments | 56,729 | 30,289 | 26,440 | 87% | As discussed above, out of the \$57 million purchase of investments, \$23 million was due to three tranches of fund switch during 2014-15. The net total investment addition of \$34 million is mainly from the \$25 million of sale proceeds from the sale of the Manning Clark Offices, with the rest contributed from the administered four long service leave schemes. |

B.3 CAPITAL WORKS

The Authority had no capital projects planned or undertaken for 2014-15.

B.4 ASSET MANAGEMENT

The Authority managed a total of \$133.2 million assets as at 30 June 2015. These assets were cash (\$1.2 million), receivables (\$8.0 million), investments (\$122.4 million), intangible assets (\$0.3 million) and properties (\$1.3 million). During 2014-15, the Authority had few asset additions and no asset disposals to the asset register. Refer to Note 21 – Property, Plant and Equipment under B2. Financial Statements, page 71. There were no assets under upgrade or capital works during the reporting period.

CASH AND CASH EQUIVALENTS

The Authority has four accounts for the four administered schemes with Westpac as part of the Whole of Government banking contract arrangement. Funds for each scheme are held separately in these accounts for the receipting and payment of the day to day operational income and expenses, including long service leave claim payments.

FUNDS UNDER MANAGEMENT

The authority invests scheme assets in pooled funds managed by Vanguard Australia. Underlying asset allocation is structured in accordance with the Authority's investment plan, approved by the Treasurer.

PROPERTIES - UNIT 5-8, NATIONAL ASSOCIATIONS CENTRE, 71 CONSTITUTION AVE, CAMPBELL, ACT

The Authority owns unit 5 to unit 8 of the National Associations Centre, at 71 Constitution Ave in Campbell ACT. Unit 5 is leased to the ACT Building and Construction Training Fund Authority until June 2016. The Authority uses unit 6 to 8 as its office accommodation with a total of 281 square meter for 11 staff (FTE). There were no staff employed in non-office environments.

These units were valued at \$1.2 million as at 30 June 2015. The valuation was conducted using the 'fair value' methodology by a qualified independent property valuer.

INTANGIBLE ASSETS - INFORMATION TECHNOLOGY AND SOFTWARE

The Authority developed its own database system, Leave Track, in 2010 soon after the Authority was established under the *Long Service Leave (Portable Schemes) Act 2009*. Leave Track maintains long service leave benefits records of the registered employees and issues return statement and levy payment notices to registered employers and contractors of the administered schemes. Leave Track was also leased to the New South Wales Long Service Corporation for 3 years at \$50,000 per year until the end of 2016-17.

B.5 GOVERNMENT CONTRACTING

During 2014-15, the Authority engaged external contractors to provide IT, investment management, internal audits and other assurance reviews, etc. for its governance and administrative support. The Authority's procurement and contracting activities are in accordance with the provisions under the *Government Procurement Act 2001* and the *Government Procurement Regulation 2007*. The Governing Board's approval is required for large projects and with appropriate legal advice sought from the ACT Government Solicitor's Office should circumstances require.

A summary of the Authority's main contracts used during 2014-15 is provided below:

| Contract | Contractor | Additional Information | Amount | Date |
|---|--|---|--|---|
| Review of privacy arrangements | Meyer Vandenberg Lawyers | The contractor provided a review of the Authority's storage arrangement of personal information to ensure compliance with applicable privacy laws and its compliance with Information Privacy Principles. | \$18,040 | April to July 2014 |
| Property Valuation | Jones Lang LaSalle | The contractor provided independent property valuation services to the Authority's office premises in Campbell for financial reporting purpose at the financial year end. | \$2,200 | 30 June 2015 |
| System Application Security Consulting Services | Shelde Pty Ltd | The contractor provided penetration testing on the Authority's IT system. | \$13,750 | January 2015 |
| Funds Management | Vanguard Investments Australia Limited | Management of the Authority's investment funds for all administered schemes during the financial year, in accordance with the Authority's approved Investment Plan. The management fee applicable is based on an agreed percentage of the value of the units held by the schemes in the Vanguard funds. | Management fee is reflected in the unit price allotted to the investment portfolio. No other fees were paid to Vanguard. | Contract was entered in 2009 with no expiry date. |
| Software Support and Maintenance and Software Development Services for Leave Track Software | Formation Technology | Leave Track is the Authority's long service leave database and the IT consultant provides software maintenance services and any system enhancement. | \$150,070.25 | 15 October 2013 to 14 October 2015 |
| Provision of Actuarial Services | Professional Financial Solutions Pty Ltd | The contractor provides actuarial services to the Authority including long service leave benefits estimate and levy recommendations. The original contract was entered in October 2010 for 3 years with an | \$108,036.50 plus annual AWOTE increase | 1 Oct 2013 to 30 Sep 2016 |

| Contract | Contractor | Additional Information | Amount | Date |
|--|--|---|---------------|-------------|
| | | option of 3-year extension exercised at the end of the original contract. | | |
| Human Resource Recruitment Service | Executive Intelligence Group Pty Ltd | The consultant was engaged to conduct CEO recruitment activity for the Authority. | \$27,500 | 9 Apr 2015 |
| Office Accommodation Relocation Consulting Service | Canberra Commercial Consulting Pty Ltd | The consultant provided advice to the Authority in searching for suitable office accommodation and brief on market conditions. | \$5,500 | 11 Dec 2014 |
| Organisation Structure Review Consulting Service | KMR Consulting Pty Ltd | The consultant was engaged to provide a comprehensive review of the Authority's current structure and positions and made recommendations for further consideration. | \$12,331 | April 2015 |

Note: the contract amount above is inclusive of GST.

B.6 STATEMENT OF PERFORMANCE



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

REPORT OF FACTUAL FINDINGS

LONG SERVICE LEAVE AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the Long Service Leave Authority (the Authority) for the year ended 30 June 2015 has been reviewed.

Responsibility for the statement of performance

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

The auditor's responsibility

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

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

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

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

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

Electronic presentation of the statement of performance

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

Independence

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

Review opinion

Based on the review procedures, no matters have come to my attention which indicate that the results of the accountability indicators, reported in the statement of performance of the Authority for the year ended 30 June 2015, are not fairly presented in accordance with the *Financial Management Act 1996*.

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



Malcolm Prentice
Acting Director, Financial Audits
11 September 2015

Long Service Leave Authority
Statement of Performance
For the Year Ended 30 June 2015

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Long Service Leave Authority's records and fairly reflects the service performance of the Long Service Leave Authority for the year ended 30 June 2015 and also fairly reflects the judgements exercised in preparing it.



Glens Roper
Chairperson
Long Service Leave Authority
23 July 2015

**LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015**

| Objective | Measure | 2014-15 Target | 2014-15 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 a correctly completed and verified application form. | 95% | 100% | 5.26% | 1 |
| | Number of visits to employer sites or premises to ensure that all employees working in the covered industries are registered with the Authority. | 65 | 69 | 6.15% | 2 |
| | Percentage of eligible unregistered active businesses, identified through a Yellow Pages review, contacted and registered with the Authority. | 100% | 100% | - | 3 |
| 2. Ensure that employers' contribution levies are collected efficiently and effectively. | Percentage of employer returns and payments submitted by due date (five working days after the end of the month following the relevant quarter). | 80% | 87.72% | 9.65% | 4 |
| 3. Ensure that payments to employees, contractors and reimbursements 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. | 85% | 100% | 17.64% | 5 |
| 4. Ensure that long service leave funds are invested to ensure a long term surplus of assets over liabilities. | Annual net return on funds under management in accordance with the Investment Plan. | 3.5% above CPI averaged over five years. | 8.74% | 49.66% | 6 |

**LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015**

| Objective | Measure | 2014-15 Target | 2014-15 Result | Variance from Target | Notes |
|---|--|----------------|----------------|----------------------|-------|
| 5. Ensure adequate liquidity to meet payment requirements as they arise. | The Authority liquidity ratio as at 30 June of the financial year (current assets over current liabilities). | 90% | 133.14% | 47.93% | 7 |

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

Notes to the Statement of Performance

1. The Authority registered 296 employers during the year ended 30 June 2015. The Authority registered all 296 employers within the 10 working days of receipt of a correctly completed registration form.
2. The Authority visited 65 construction sites to ensure that these employers and workers are registered according to the *Long Service Leave (Portable Schemes) Act 2009*. The Authority also visited four employer premises to discuss the scope of industry coverage within the legislation and to ensure all employees working in the covered industries are registered. A total of 69 visits to employers within the Building and Construction Industry were conducted.
3. The 2014/2015 annual yellow pages review required staff to contact employers in the Building and Construction Industry. The 2014-15 review identified 30 unregistered businesses within the Industry. All businesses were registered before 30 June 2015.
4. The Authority processed 8,491 returns and payments for the 2014-15 financial year and 7,448 were received within 5 working days from the quarterly return due date.
5. The Authority processed 1,248 eligible claims within the reporting period, with all claims paid within 10 working days from receipt of a completed claim form.
6. The Authority invests funds of its administered schemes in the investment portfolio according to the Authority's investment plan, approved by the Treasurer. In June 2014, the investment plan was revised with a strategic asset allocation incorporating 65 per cent in growth-oriented assets, such as equity and property funds, and the rest 35% in defence assets including cash and fixed interest investments through Vanguard Australia. Investment return is net of management fees and includes reinvestment of all distributions. The target for this measure as at the reporting date (3.5% above CPI averaged over 5 years) is 5.84%.
7. As at 30 June 2015, the Authority had sufficient funds to cover its short-term debts when they fall due within 12 months after the reporting date.

JUSTICE AND COMMUNITY SAFETY

C.1 BUSHFIRE RISK MANAGEMENT

The Authority is exempt from the reporting requirement under the *Emergencies Act 2004* as the Authority is not a manager or owner of unleased Territory Land.

C.2 FREEDOM OF INFORMATION (FOI)

Under the *Freedom of Information Act 1989*, the Authority made the following statements:

SECTION 7 STATEMENT – ORGANISATION, FUNCTION, AND DECISION-MAKING POWERS

The Authority was established under its enabling legislation, the *Long Service Leave (Portable Schemes) Act 2009* (the Act) on 1st of January 2010⁴, and its main function is to administer the long service leave schemes for the covered industries, including the Building and Construction Industry, Contract Cleaning Industry, the Community Sector, and the Security Industry.

In accordance with the Act, the Governing Board of the Authority was formed with representation from the industry employers and employees, to ensure fairness and balance in any policies and procedures discussed or decisions made during the year. Both the Chair and Deputy Chair of the Board are independent from management and industry. Board meetings are carefully documented with proposed actions undertaken to follow up decisions made by the Board.

The Authority publishes its annual reports on its official website and maintains a range of promotional and explanatory documents and booklets explaining the benefits and obligations under each long service leave schemes. Members of the public can contact the Authority via phone, email, and visits to the office located in Campbell to obtain any information in association with the administration of the covered schemes by the Authority. The Authority also holds industry consultation sessions from time to time, usually when a new scheme is established or as requested through industry representations or stakeholders.

The Authority's maintains a register (Leave Track) to record employee service history, accrued long service leave benefits, and correspondence with employers regarding their compliance activities. An annual statement summarising the employees' service days and average wage information is made available to all scheme workers. Registered employers and employees are also provided with secure access to their account details on line, through the Authority's website at www.actleave.act.gov.au.

SECTION 8 STATEMENT – INDEX OF DOCUMENTS

The Authority maintains documents and guidelines for the purpose of making decisions and recommendations under the Act – all of which are available to the public on the Authority's website or upon request. They include:

- *Long Service Leave (Portable Schemes) Act 2009* and its instruments;

⁴ Prior to the establishment of the one Authority administering multiple portable long service leave schemes, there were two independent long service leave Boards for the building and construction industry and contract cleaning industry respectively in the ACT.

- Composition of the Governing Board and Audit Committee;
- Annual reports;
- Statements of Intent;
- Fact sheets for each administered scheme;
- Guidelines for Employees;
- Guidelines for Employers;
- Guidelines for Contractors;
- Registration application forms for employers;
- Registration application forms for employees;
- Long Service Leave Entitlement Claim forms for employees; and
- Interstate long service leave entities' contact details.

SECTION 79 STATEMENT – NUMBER OF FOI REQUESTS

There were no FOI inquiries or applications made to the Authority to access documents during 2014-15.

C.3 HUMAN RIGHTS

The Authority endeavours to follow the human rights standards under the *Human Rights Act 2004* (HRA) when administering the *Long Service Leave (Portable Schemes) Act 2009*. The Authority promotes, among its staff and stakeholders, human right principles such as freedom, respect, equity, and dignity, and makes decisions that are consistent with these rights. The processes and procedures adopted by the Authority for its business operations are in line with the provisions of the HRA.

Staff members are aware of the public information provided by the ACT Human Rights Commission and training opportunities. The Authority made available for staff suitable training in relation to HRA, with such training mainly sourced from Shared Services Human Resources and/or the Human Rights Commission ACT.

There were no cabinet submissions or human rights issues identified or consulted with any human rights advisors or any litigation cases brought before courts or tribunals which have involved arguments concerning the HRA during 2014-15.

C.4 LEGAL SERVICES DIRECTIONS

The Authority may from time to time bring legal cases to the ACT Civil and Administrative Tribunal (ACAT) regarding non-complying employers. The Authority may also seek legal advice from the ACT Government Solicitor's Office should the legal matter become complicated and therefore external legal advice would be sought. The Authority is well aware of the requirements and the responsibilities under the *Law Officers Act 2011* and its directions such as the *Law Officers (General) Legal Services Directions 2012* and *Model Litigant Guidelines 2010*. The Authority ensures these legal provisions are complied with throughout the litigation process.

During 2014-15, there were some legal matters that required liaison or advice from the ACT Government Solicitor's Office in relation to the interpretation of the *Long Service Leave (Portable Schemes) Act 2009* and how it should be applied on industry coverage. There were no breaches of the legal services directions during the reporting period.

PUBLIC SECTOR STANDARDS AND WORKFORCE PROFILE

D.1 CULTURE AND BEHAVIOUR

The Authority is committed to creating a positive, respectful, supportive and fair work environment where employee differences are respected, valued and utilised to create a productive and collaborative workplace. Almost one third of Authority staff are from a culturally and linguistically diverse background, around 65% of Authority staff are female and all age ranges, from under 25 to over 55, are represented.

In order to support staff the Authority has a Performance Framework which is aimed at providing all employees the opportunity to plan, discuss and review performance on a regular basis. In support of this framework, individual performance agreements describe staff outputs and deliverables, their expected conduct and behaviour and the skills and knowledge that each employee should have, or is developing, in order to effectively meet work performance expectations. This Framework will be reviewed in 2015-16 to ensure that it continues to align with the broader ACT Public Service Performance Framework.

In 2014-15, several Authority staff attended training in relation to:

- team building and managing people; and
- ACT public service Respect, Diversity, and Equity (RED) framework.

D.2 PUBLIC INTEREST DISCLOSURE

The Authority recognises its responsibilities under the Public Interest Disclosure Act 2012 (the PID Act) to ensure legislative requirements are fulfilled. The Authority's public interest disclosure requests are overseen by the Registrar and the Registrar undertakes necessary investigations if required. During reporting period, there were:

- No PID requests received or investigated;
- No PIDs were referred by other agencies; and
- No PIDs were referred to other agencies.

D.3 WORKFORCE PROFILE

The Authority's staff are employed under the Public Sector Management Act 1994 and are officers of the ACT Public Service. The Registrar is also the Chief Executive Officer of the Authority and a non-voting member of the Authority's Governing Board. Under the Long Service Leave (Portable Schemes) Act 2009, members of the Governing Board were appointed by the responsible Minister, currently comprising two independent members, two members representing employers, and two members representing employees. Refer to A.1 Organisational Review, page 7, for the Authority's organisation structure.

ATTRACTION AND RETENTION INCENTIVES (ARINS):

During 2014-15:

- No staff entered into or were terminated under the Attraction and Retention Incentives (ARIns);
- No staff were transferred from Special Employment Arrangements (SEAs); and
- No staff were provided with privately plated vehicles.

STAFF PROFILE

The Authority employed 11 Full Time Equivalent (FTE) Permanent staff as at 30 June 2015 with the staff profile as shown in the tables below:

FTE & Headcount by Gender

| | Female | Male | Total |
|-----------------------------|------------|------------|-------------|
| Full Time Equivalent | 7 | 4 | 11 |
| Headcount by Gender | 7 | 4 | 11 |
| % of Workforce | 64% | 36% | 100% |

Headcount by Classification and Gender

| Classification Group | Female | Male | Total |
|--------------------------------|----------|----------|-----------|
| Administrative Officers | 6 | 2 | 8 |
| Senior Officers | 1 | 1 | 2 |
| Executive Officer | 0 | 1 | 1 |
| TOTAL | 7 | 4 | 11 |

Headcount by Employment Category and Gender

| Employment Category | Female | Male | Total |
|----------------------------|----------|----------|-----------|
| Casual | 0 | 0 | 0 |
| Permanent Full-time | 6 | 2 | 8 |
| Permanent Part-time | 0 | 0 | 0 |
| Temporary Full-time | 1 | 2 | 3 |
| Temporary Part-time | 0 | 0 | 0 |
| TOTAL | 7 | 4 | 11 |

Headcount by Age Group and Gender

| Age Group | Female | Male | Total |
|--------------------|--------|------|-------|
| Under 25 | 1 | 0 | 0 |
| 25-34 | 1 | 1 | 3 |
| 35-44 | 3 | 0 | 3 |
| 45-54 | 0 | 2 | 2 |
| 55 and over | 2 | 1 | 3 |

Headcount by Length of Service, Generation and Gender

| Average Length of Service | Pre-Baby Boomers | | Baby Boomers | | Generation X | | Generation Y | | Total | |
|---------------------------|------------------|---|--------------|---|--------------|---|--------------|---|-------|---|
| | F | M | F | M | F | M | F | M | F | M |
| 0-2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 1 | 2 | 1 |
| 2-4 | 0 | 0 | 1 | 1 | 2 | 0 | 0 | 0 | 3 | 1 |
| 4-6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6-8 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 1 |
| 8-10 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |

| | | | | | | | | | | |
|---------|---|---|---|---|---|---|---|---|---|---|
| 10-12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12-14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 plus | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |

| Generation | Birth years covered | Generation | Birth years covered |
|------------------|------------------------|--------------|------------------------|
| Pre-Baby Boomers | prior to 1946 | Generation X | 1965 to 1979 inclusive |
| Baby Boomers | 1946 to 1964 inclusive | Generation Y | from 1980 and onwards |

Average Length of Service by Gender

| Gender | Average length of service |
|--------|---------------------------|
| Female | 4.1 |
| Male | 8.2 |
| Total | 5.3 |

Headcount by Diversity Group

| | Headcount | % of Total Staff |
|--|-----------|------------------|
| Aboriginal and/or Torres Strait Islander | 0 | 0.0% |
| Culturally & Linguistically Diverse | 3 | 27.0% |
| People with a disability | 0 | 0.0% |

D.4 TERRITORY RECORDS

The Authority's records are managed in accordance with Records Management Program endorsed by the Authority's Registrar and the Disposal Schedule approved by the Territory Records Office. The purpose of this program is to comply with the current requirements specified by the Territory Records Act 2002 and to provide the Authority and its staff with clear guideline on the management of the Authority records.

The records management procedures outlined in the Program are implemented within the Authority. There is also training and resources are available to all staff on records management.

The Authority's records are backed up daily and stored in a secured location which is part of the Authority's business contingency plan and risk management.

The Authority's staff are well aware of the importance of sound recordkeeping and the Authority endeavours to ensure compliance with the records keeping policy issued by the Territory Records Office.

| Records Disposal Schedule | Effective | Year and No. |
|--|--------------|--------------|
| Territory Records (Records Disposal Schedule – Industry Long Service Leave Records) Approval 2006 (No 1) | 14 July 2006 | NI2006—256 |

COMPLIANCE STATEMENT

The 2014-15 Long Service Leave Annual Report must comply with the 2015 Annual Report Directions (the Directions). The Directions are found at the ACT Legislation Register:

<http://www.legislation.act.gov.au/ni/2015-207/default.asp>.

The Compliance Statement indicated the subsections, under the five parts of the Directions, which are applicable to the Long Service Leave Authority and the location of information that satisfies these requirements:

PART 1 – DIRECTIONS OVERVIEW

The requirements under part 1 of the 2015 Directions relate to the purpose, timing and distribution, and records keeping of annual reports. The 2014-2015 Long Service Leave Annual Report complies with all subsections of Part 1 under the Directions.

In compliance with section 13 Feedback, Part 1 of the Directions, contact details for the Long Service Leave Authority are provided within the 2014-2015 Long Service Leave Annual Report to provide readers with the opportunity to provide feedback.

PART 2 – AGENCY ANNUAL REPORT REQUIREMENTS

The requirements within Part 2 of the Directions are mandatory for all agencies and the Long Service Leave Authority complies with all subsections. The information that satisfies the requirements of Part 2 is found in the 2014-2015 Long Service Leave Annual Report as follows:

- Transmittal Certificate, see page 5.
- Organisational Overview and Performance, inclusive of all subsections, see pages 7-22.
- Financial Management Reporting, inclusive of all subsections, see pages 23-107.

PART 3 – REPORTING BY EXCEPTION

The Long Service Leave Authority has nil information to report by exception under Part 3 of the Directions for the 2014-15 Reporting Period.

PART 4 – AGENCY SPECIFIC ANNUAL REPORT REQUIREMENTS

The Long Service Leave Authority has no agency specific reporting obligation under the Directions.

PART 5 – WHOLE OF GOVERNMENT ANNUAL REPORTING

All subsections of Part 5 of the Directions apply to the Long Service Leave Authority. Consistent with the Directions, the information satisfying these requirements is reported in the one place for all ACT Public Service Directorates, as follows:

- Community Engagement and Support, see the 2014-15 annual report of Chief Minister, Treasury and Economic Development Directorate;
- Justice and Community Safety, including all subsections C.1 – C.4, see pages 108-109.
- Territory Records, see page 112.

COMPLIANCE INDEX

TRANSMITTAL CERTIFICATE

ORGANISATION OVERVIEW AND PERFORMANCE

- A.1 Organisational Overview
- A.2 Performance Analysis
- A.3 Scrutiny
- A.4 Risk Management
- A.5 Internal Audit
- A.6 Fraud Prevention
- A.7 Work Health and Safety
- A.8 Human Resources Management
- A.9 Ecologically Sustainable Development

FINANCIAL MANAGEMENT REPORTING

- B.1 Financial Management Analysis
- B.2 Financial Statements
- B.3 Capital Works
- B.4 Asset Management
- B.5 Government Contracting
- B.6 Statement of Performance

JUSTICE AND COMMUNITY SAFETY

- C.1 Bushfire Risk Management
- C.2 Freedom of Information (FOI)
- C.3 Human Rights
- C.4 Legal Services Directions

PUBLIC SECTOR STANDARDS AND WORKFORCE PROFILE

- D.1 Culture and Behaviour
- D.2 Public Interest Disclosure
- D.3 Workforce Profile
- D.4 Territory Records