

**WESTERN AUSTRALIA
CONSTRUCTION INDUSTRY
LONG SERVICE LEAVE
PAYMENTS BOARD**

**ANNUAL
REPORT
2001**

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

CHAIRMAN

Mr T A Lang F.C.A.

MEMBERS

Mr J Ferguson
Australian Manufacturing Workers Union

Mr L McLaughlan
CEPU Engineering and Electrical Division WA

Mr M G McLean
Master Builders Association

Mr C Mitsopolous
Chamber of Commerce and Industry

Mr K N Reynolds
The Western Australian Builders' Labourers, Painters
and Plasterers Union of Workers

Mr G Thomson
Chamber of Commerce and Industry

SENIOR STAFF

Mr W F Fairclough
Chief Executive Officer

Mr L R Symonds
Finance & Administration Manager

OFFICE:	1st Floor, 26 Colin Street WEST PERTH
POSTAL ADDRESS:	PO Box 1333, WEST PERTH 6872
WEB ADDRESS:	www.lslboard.com.au
BANKERS:	Bank of Western Australia Limited
ACTUARIES:	NSP Buck
AUDITORS:	Auditor-General's Office and Arthur Andersen & Co
BUSINESS HOURS:	8.30 am to 5.00 pm Monday to Friday
PUBLICATIONS:	Pamphlets and other material explaining the Scheme are available from the Board's Office.

ISSN 1033-4173

30 August 2001

The Honourable John C Kobelke, MLA
Minister for Consumer and Employment Protection;

Minister

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation to Parliament the Annual Report of the Construction Industry Long Service Leave Payments Board for the financial year ending 30 June 2001.

The Annual Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.



Chairman



Member

CONTENTS

	PAGE
CORPORATE MISSION AND OBJECTIVES	1
REVIEW OF OPERATIONS	2

Introduction, Review of Scheme, Scheme Portability Benefit, Actuarial Review, Promotion of Scheme, Computerisation, Registrations, Financial Operations, Investments, Staffing, Inspections and Prosecutions, Legislative Amendments, Reciprocal Arrangements, Summary.

APPENDICES

A -	Overview of Scheme Concept, Legislation, Scheme Commencement, The Board, Powers of the Board, Functions of the Board, Funds of the Board, Operation of the Scheme.	6
B -	Organisational Structure	9
C -	Prescribed Awards	10
D -	Performance Indicators	13
E -	Financial Statements and Notes	18

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

CORPORATE MISSION

The primary mission of the Board is to manage in an efficient and effective manner the portable long service leave Scheme for construction industry employees established by the Construction Industry Portable Paid Long Service Leave Act, 1985.

OBJECTIVES

The specific objectives of the Board are:

1. To fully implement the Scheme within the Western Australian construction industry:-
 - by ensuring all eligible construction industry employers are registered and that contributions are being paid for eligible employees and
 - by registering all eligible construction industry employees.
2. To minimise the contribution rate payable:-
 - by maximising the rate of return on investment funds and
 - by minimising the administrative cost of the Scheme.

REVIEW OF OPERATIONS

INTRODUCTION

The employer contribution rate of 0.1% that was introduced in January 1999, has remained in effect for the 2000/2001 financial year.

The contribution rate has varied over the years as follows:

1987	3%	1991	1.6%	1994	0.5%
1988	2%	1992	1%	1998	0.25%
1990	1.7%	1993	0.75%	1999	0.1%

The Board is pleased that it has been able to reduce the contribution rate and intends to maintain a low contribution rate for as long as circumstances permit.

This reduced rate has been enabled primarily as a result of the excellent investment returns that have been achieved by the Board.

Over the last five years the Board has achieved an investment performance which has averaged 12.74%, which compares favourably to the 5-year return of balanced Superannuation funds of 10.8% and places the Board in the upper quartile of investment results over that period.

The main purpose of the Scheme is of course to provide a portable long service leave benefit to employees in the Scheme and during the year the Board paid out \$4.7 million in long service leave benefits to 930 employees.

REVIEW OF SCHEME

As at the time of writing this report the Board was not aware of what changes if any, will be made to the Scheme as a result of the various past reviews of the Scheme.

The Board is of the view that the legislation governing the Scheme is outdated and in need of revision.

The lack of change to the provisions of the Scheme is of concern to the Board and the cause of some complaints from members of the Scheme especially in regard to the rates of pay used when calculating employee entitlements.

This matter is being pursued with the Minister.

SCHEME PORTABILITY BENEFIT

The main benefit of the Scheme is that it is a portable Scheme allowing registered employees to accrue service towards their long service leave from service to the construction industry rather than to one employer.

Board statistics indicate that as at 30 June 2001 approximately 85% of all registered employees have had more than one employer since they commenced in the Scheme.

All those employees have then already received a benefit from the Scheme in that their change of employers has not resulted in any loss of accrued service towards their long service leave entitlement.

In addition since the Scheme commenced the Board has assumed the liability for approximately 4.8 million days of prior long service leave accruals at no direct cost to employers.

ACTUARIAL REVIEW

The Board is required under the legislative provisions governing the Scheme to have the funds of the Board actuarially reviewed following the end of each financial year.

The actuarial firm of NSP Buck has reported on the Board's operations as at the end of the previous financial year 1999/2000. It found that as at 30 June 2000 the Board's assets exceeded its liabilities and concluded that the contribution rate could be maintained at the discounted rate of 0.1%.

PROMOTION OF SCHEME

The Board continues to use direct mailing as the main avenue of promotion of the Scheme to employers in the construction industry with additional promotional advertising being undertaken in industry and union magazines.

All new business registrations of firms in the construction industry and firms that come to the Board's notice through avenues such as industry publications regarding construction projects, are advised by mail about the Scheme and the requirements of the legislation for employers in the construction industry to be registered with the Board.

The Board also takes active measures to encourage all eligible employees to be registered in the Scheme. Only employees registered with the Board are eligible to receive benefits under the Scheme. Initially the approach is through employers. Application forms to enable employees to register are supplied to employers with their Returns. In addition to this approach application forms are mailed direct to unregistered employees where an address is held by the Board.

COMPUTERISATION

The Board aims for maximum utilisation of computer resources and all staff have on line access to the Board's system.

The Board has installed a client/server system using industry standard programs in conjunction with its own in house systems.

The Board has this year completed an enhancement program which allows on-line access via the Internet by employees and employers registered in the Scheme

Employees in the Scheme can access their service details on-line over the Internet and can submit changes of address. Employers can submit their quarterly Returns on-line via the Internet.

The Board is promoting the use of the Internet as a way of providing a high standard of service to the Board's client base at a much reduced cost.

REGISTRATIONS

As at 30 June 2001 the Board had 3800 employers registered, down from 3970 last year, and 37,222 employees registered in the Scheme, down from 40,000 at the end of the previous financial year. The lower number of registered employees is due to a slowing down of activity in the construction industry over the last few years due to the completion of some major projects.

FINANCIAL OPERATIONS

Total Income to the Board in 2000/2001 was approximately \$5.7 million. Average Contributions per quarterly Employer Return period were approximately \$164,000.

Administration expenses amounted to \$1.34 million and payments of long service leave benefits totalled just over \$4.7 million. The Balance of retained earnings at 30 June 2001 was \$27.6 million and the total cash and investments of the Board as at 30 June 2001 was \$83 million.

The Board has incorporated an actuarial estimate of the liability of the Long Service Leave Scheme in the Balance Sheet. The Board's actuaries, NSP Buck, have estimated the liability of the Scheme at \$58.8 million as at 30 June 2001.

INVESTMENTS

The Board is restricted to investments that meet the requirements of the WA Trustees Act. Short-term funds are invested in the money market and in fixed interest deposits with the Banks.

The Board's long-term funds are managed on behalf of the Board by six funds managers:- Merrill Lynch, MFS, Credit Suisse, ABN Amro, Maple Brown Abbott and Deutsche Asset Management.

This financial year the overall return on funds invested by the Board was 4.7%. As a point of comparison, the average return achieved by pooled superannuation fund managers for the year ended June 2001 was 5.5%.

Over the past 5 years the Board has averaged 12.74% return on its investments. This result places the Board in the top quartile for investment returns of pooled superannuation fund managers whose average return for the same period was 10.8%.

STAFFING

The Board's establishment is 9.5 full time equivalent staff. This number comprises 2 Executive Staff, 3 Inspectors and 4.5 full time equivalent Administrative staff.

The Board is a respondent to the Government Salaries Allowances and Conditions Award and all staff are covered by the provisions of that Award and an Enterprise Bargaining Agreement.

INSPECTIONS AND PROSECUTIONS

The Board carried out 756 record inspections of firms in the Construction Industry during the financial year; 486 metropolitan and 270 country inspections covering the whole State. 64 notices requesting firms to supply information were issued under Section 45 of the Act.

During the year 460 prosecution actions were initiated against firms for failing to lodge Employer Returns. The bulk of these actions were withdrawn following satisfactory compliance with the legislation by the firms concerned. However, 87 of these actions resulted in court prosecutions with fines totalling approximately \$56,000 being imposed by the Courts.

LEGISLATIVE AMENDMENTS

There were no amendments during the 2000/2001 financial year.

SUMMARY

Approximately 37,000 employees are gaining benefits from the Scheme and over 3,800 employers are registered in the Scheme. The Board's investments have continued to provide strong long-term returns which has enabled the Board to discount the Employer contribution rate.

The contribution rate for employers has been maintained at 0.1% which is a large discount on the true long-term cost of the Scheme, which is approximately 1.4% of the ordinary rate of pay as determined by the Board's Actuaries.

While concerned about the need for the Scheme's enabling legislation to be updated, overall the Board remains of the view that the Scheme is continuing to operate satisfactorily, providing a significant benefit to a large number of employees in the construction industry at a minimal cost to employers.

Appendix A -

CONSTRUCTION INDUSTRY PORTABLE PAID LONG SERVICE LEAVE SCHEME.

OVERVIEW OF SCHEME

CONCEPT:

The Construction Industry Portable Paid Long Service Leave Scheme embodies the concept of providing long service leave based on service to an industry rather than service to a single employer.

Employees in the construction industry become eligible after 15 years of service in the industry rather than after 15 years of service to one employer.

The construction industry is characterised by the short-term nature of employment contracts and the resultant high mobility of labour means that many employees in the industry are unable to qualify for long service leave.

By providing for a Scheme based on service to the industry many employees who were previously unable to qualify for long service leave will in the future be able to qualify.

The Scheme thus provides a significant benefit in the form of long service leave to a substantial section of the workforce.

LEGISLATION AND SCHEME COMMENCEMENT

The Construction Industry Long Service Leave Scheme was established by 'The Construction Industry Portable Paid Long Service Leave Act, 1985' which was assented to on 13 December 1985.

The Act and the Regulations prescribing the Awards to be included in the Scheme (see Appendix C) were proclaimed on 19 December 1986. The Scheme commenced by Ministerial Order on the appointed day of 6 January 1987.

The Act comes under the Ministerial responsibility of the Minister for Consumer and Employment Protection.

The benefits provided by the Act are similar to those applicable under the Long Service Leave Act 1958-1973 and the General Order of the Industrial Relations Commission applicable to employees covered by State awards.

The benefits of the Scheme are 13 weeks long service leave after 15 years of service in the industry with pro rata benefits payable after 10 years of service.

THE BOARD

The Act provides for the Scheme to be administered by a Board, a body corporate, of seven members. The members of the Board are appointed by the Minister for Consumer and Employment Protection.

Three members representing employers are selected by the Minister from nominations by the Master Builders Association of WA and the Chamber of Commerce and Industry of WA. To represent employees three members are selected from nominations by Unions WA and the Building Trades Association of Unions of WA.

The Chairman is a separate appointment by the Minister.

POWERS OF THE BOARD

The Board is a Statutory Authority established as a corporate body and is funded "off-budget". The Board has the power to engage staff and to do all such things as are necessary or convenient in connection with the performance of its functions.

FUNCTIONS OF THE BOARD

The functions of the Board are -

- (a) to maintain the register of employers and register of employees;
- (b) to administer the Scheme of payment to employees during long service leave established under the Act;
- (c) to advise the Minister on the administration of the Act;
- (d) to carry out such other functions as are conferred on the Board under the Act.

FUNDS OF THE BOARD

The Board is funded by compulsory contributions from employers in the Construction Industry. These contributions together with investments of the Board meet the costs of the long service Scheme and the administrative expenses of running the Scheme. The Board may invest monies as it sees fit in investments that meet the requirements of the WA Trustees Act.

OPERATION OF THE SCHEME

The legislation provides for a portable long service leave Scheme for employees in the construction industry based on service to the industry rather than continuous service to one employer. To be eligible for benefits under the Scheme employees must be registered.

To meet the costs of the Scheme each employer pays a contribution to the Board based on a percentage of their employees' "ordinary pay", except in the case of apprentices for whom no contribution is payable. The contribution rate is currently set at 0.1% of ordinary pay. The rate of contribution is set by the Board based on actuarial advice of the amount of funds needed to meet the liabilities of the Board under the Scheme and all the costs associated with administering the Scheme.

The liabilities of the Board include assuming, without cost to employers, the liability for less than ten years of registered employees' long service leave credits for past continuous service with an employer prior to 6 January 1987, the commencement date of the Scheme. In addition the Board accepts the liability for service credits for apprentices without cost to employers.

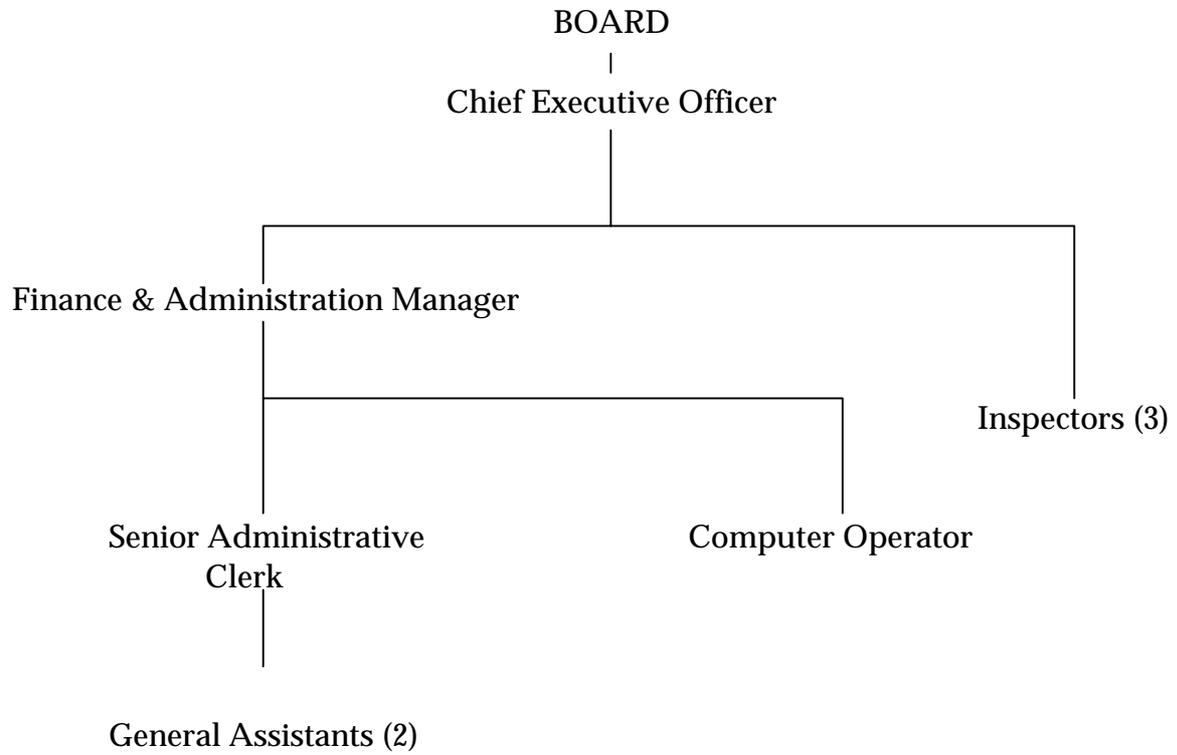
The Scheme enables registered employees to carry their long service leave entitlements from employer to employer as the responsibility for payment of the long service leave rests with the Board and not individual employers. This is the "portability" aspect of the Scheme.

The Board keeps a record in a centralised register of the number of days each employee is engaged in the industry regardless of how many employers the employee works for. An employee may be credited with a maximum of 220 days per calendar year.

After 15 years of service in the industry (3300 days of service) a registered employee is entitled to 13 weeks long service leave. The Board pays the employee for the long service leave at the "ordinary rate of pay" as set out in the appropriate award or registered enterprise bargaining agreement.

Appendix B -

ORGANISATIONAL STRUCTURE



**Appendix C -
PRESCRIBED AWARDS**

CLASSIFICATIONS OF WORK

1. Awards made under the Industrial Relations Act 1988 of the Commonwealth Parliament.
 - (1a) Australian Workers' Union Asphalt and Bitumen Industry (W.A.) Award 1988
 - (1b) Australian Workers' Union Construction and Maintenance (Consolidated) Award 1987
 - (2) Australian Workers' Union Construction, Maintenance and Services (WA Government) Award, 1984
 - (2a) Australian Workers' Union Geomembrane and Geotextile Installation Award 1989
 - (3) Bitumen Spraying Services Award 1985
 - (4) Mobile Crane Hiring Award 1990
 - (5) National Building and Construction Industry Award 1990
 - (6) Plumbing Industry (Qld and WA) Award 1979
 - (7) Professional Divers' Award 1988
 - (8) Transport Workers Spraypave Pty Ltd Award 1990
 - (9) Sprinkler Pipe Fitters' Award 1975

 2. Awards made under the Industrial Relations Act 1979 of the State Parliament.
 - (1) Airconditioning and Refrigeration Industry (Construction and Servicing) Award
 - (2) Building Trades Award 1968
 - (3) Building Trades (Construction) Award 1987
- Limited to temporary employees in receipt of an industry allowance under the award.

PRESCRIBED AWARDS

- (4) Building Trades (Fremantle Port Authority) Award 1968
- (5) Building Trades (Government) Award 1968
- (6) Building Trades (State Energy Commission) Award

- (7) Earth Moving and Construction Award
- (8) Electrical Contracting Industry Award 1979
- (8a) Electrical Trades (Security Alarms Industry) Award 1980
- (8b) Electronics Industry Award
- (9) Engine Drivers' (Building and Steel Construction) Award
- (10) Engineering Trades (Government) Award 1967

- (11) Engineering Trades (State Energy Commission) Consolidated Award 1978
- (12) Foremen (Building Trades) Award 1991
- (13) Furniture Trades Industry Award
- (13a) Gate Fence and Frames Manufacturing Award
- (14) Government Engineering and Building Trades Foremen and Sub-foremen Award

CLASSIFICATIONS OF WORK

- Limited to temporary employees
- Limited to temporary employees.
- Limited to temporary employees in receipt of construction industry rates of pay under the award.

- Limited to temporary employees in receipt of an allowance for construction work under the award.
- Limited to temporary employees.

- Limited to cabinet making and floor covering.

- Limited to temporary employees in receipt of an allowance for construction work under the award.

PRESCRIBED AWARDS

- (15) Government Water Supply
(Kalgoorlie Pipeline) Award 1981
- (16) Government Water Supply,
Sewerage and Drainage Employees
Award 1981
- (17) Government Water Supply,
Sewerage and Drainage Foremen's
Award 1984
- (17aa) Industrial Spraypainting and
Sandblasting Award 1991
- (17a) Lift Industries (Electrical and Metal
Trades) Award 1973
- 17(b) Materials Testing Employees
Award 1984
- (18) Mechanical and Electrical
Contractors (North West Shelf
Project Platform) Award 1984
- (19) Metal Trades (General) Award 1966
- (19a) North Rankin Construction Award.
- (20) Pest Control Industry Award
No 9 of 1982
- (20aa) Platform Modification and Hook-up
Agreement
- (20a) Radio and Television Employees
Award.
- (21) Roof Tile Fixers Award (Now
defunct)
- (22) Sheet Metal Workers Award
- (23) Sheet Metal Workers (Government)
Award 1973
- (24) State Energy Commission
Construction Award
- (25) Thermal Insulation Contracting
Industry Award

CLASSIFICATIONS OF WORK

Limited to temporary employees in receipt of an allowance for construction work under the award.

Limited to temporary employees in receipt of an allowance for construction work under the award.

Limited to temporary employees in receipt of an allowance for construction work under the award.

Limited to temporary employees in receipt of an allowance for construction work under the award.

Limited to temporary employees.

Appendix D -

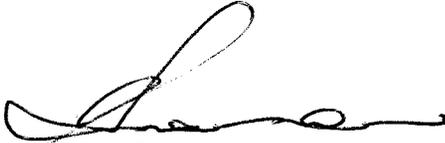
STATEMENT:

We hereby certify that the accompanying performance indicators are based on proper records and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ending 30 June 2001.

Signed this^{30th}..... day of August, 2001



Chairman



Member

PERFORMANCE INDICATORS

OUTCOME

To fully implement the scheme within the Western Australian construction industry:-

- by ensuring all construction industry employers are registered and that contributions are being paid for eligible employees and
- by registering all eligible construction industry employees.

EFFECTIVENESS MEASURES

(i) REGISTRATION OF EMPLOYERS:

Based on Australian Bureau of Statistics (ABS) figures of construction industry employment and statistics from the Board's operations an estimate of the number of employers in the Scheme had been set at 3850 employers for 2000/2001. This figure was set slightly higher than the average number of employers who were registered in the Scheme for the 1999/2000 financial year reflecting the Board's view that activity in the industry would remain relatively active.

The actual result was an average of 3885 employers registered in the Scheme for the financial year ended 30 June 2001 which exceeded the Board's estimate.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2001	2000	1999	1998	1997
Registered- Employers	3,885	3,874	3,753	3,537	3,411
Percentage of Registered Employers	100%	100%	100%	100%	100%

(ii) CONTRIBUTIONS PAID FOR ELIGIBLE EMPLOYEES

Based on ABS surveys of the number of employees engaged on site in the construction industry and past experience, the Board expected to receive contributions for 56% of the persons identified by the ABS as being in the construction industry in specific trade classifications of work in the 2000/2001 financial year.

On this basis the average number of employees engaged in the construction industry throughout the 2000/2001 financial year had been estimated in the order of 27,000.

The average number of employees contributed for by employers in the industry to the Boards was actually 27,380 which was 1.4% more than the Board's estimate.

YEAR BY YEAR
COMPARISONS

FINANCIAL YEAR	2001	2000	1999	1998	1997
Employees contributed for (number)	27,380	27,834	27,542	25,100	19,760
Employees contributed for (%)	100%	96%	100%	100%	98.8%

(iii) REGISTRATION OF EMPLOYEES

The Board's aim is to register all eligible construction industry employees. Due to the nature of the Scheme where employers advise new entrants into the Scheme in arrears, it is not possible to be completely up to date and as at 30 June 2001, 37,272 (86%) (last year 89%) of a possible 43,251 employees considered by the Board as eligible for registration have been registered.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2001	2000	1999	1998	1997
Employees-percentage registered	86%	89.0%	89.5%	88.6%	93.0%

EFFICIENCY MEASURE

OUTPUT: REGISTRATION OF EMPLOYEES AND MAINTENANCE OF EMPLOYEE RECORDS

As a measure of efficiency in producing the above output the staff resources used have been compared with similar Boards in other States.

The average number of staff employed per thousand registered employees in the W.A. Scheme is 0.25. The overall average for the other States was 0.42 staff per thousand registered employees using 1999/2000 figures, the latest figures available.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2001	2000	1999	1998	1997
Staff per thousand employees	0.25	0.23	0.23	0.23	0.25

OUTCOME

To minimise the contribution rate payable:-

- by maximising the rate of return on investment funds and
- by minimising the administrative cost of the Scheme.

EFFECTIVENESS MEASURES

(i) INVESTMENTS

In accordance with the provisions of the Construction Industry Portable Paid Long Service Leave Act all Board investments meet the requirements of the WA trustees Act.

During the year short term funds were placed in the short term money market and on fixed deposit in Banks.

As at the close of the financial year the bulk of the Board's funds were being managed on behalf of the Board by funds managers; Merrill Lynch, Maple Brown Abbott, Credit Suisse, MFS, ABN Amro and Deutsche Asset Management.

The Board's aim is to achieve a rate of return on its funds comparable to that being achieved by large pooled superannuation funds. The average rate of return achieved by pooled superannuation fund managers for the year ended June

2001 was 5.5% according to a survey supplied by the actuarial firm of NSP Buck.

The Board's return on funds invested was 4.7% (16.9% last year).

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2001	2000	1999	1998	1997
Board's Investments Return	4.7%	16.9%	3.8%	16.2%	22.1%
Investment Return- (Average) Pooled Superannuation Funds	5.5%	12.9%	8.6%	8.6%	18.7%

The fall in returns was largely due to the poor performance of the International Equities markets.

Over the last five years the Board's return on investment has averaged 12.74% which compares favourably with the five year average return of 10.8% achieved by pooled superannuation funds.

(ii) MANAGEMENT EXPENSE RATIO

The management expense ratio (MER) is the Administration Expenses expressed as a percentage of the Total Assets. The MER this year was 1.54% compared with 1.51% for 1999/2000.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2001	2000	1999	1998	1997
Management expenses ratio	1.54%	1.51%	1.52%	1.50%	1.61%

EFFICIENCY MEASURE

OUTPUT: REGISTRATION OF EMPLOYEES

An overall measure of efficiency is the cost of administering the Scheme expressed as a cost per registered employee. This has been compared with similar Boards in other States.

The W.A. figure for 2000/2001 is \$36.04 per annum per registered employee and for other States the average cost, based on 1999/2000 figures, the latest figures available, was \$49.46 per annum per employee.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2001	2000	1999	1998	1997
WA Cost per Employee	\$36.04	\$33.35	\$29.54	\$29.03	\$30.02
Other States		\$49.46	\$44.85	\$52.07	\$52.00

Appendix E-

CERTIFICATION STATEMENT:

The accompanying financial statements of the Construction Industry Long Service Leave Payments Board have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2001 and the financial position as at 30 June 2001.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

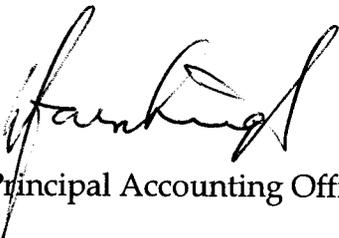
Signed this^{30th}.....day of August, 2001



Chairman



Member



Principal Accounting Officer

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001

2000	NOTES	\$	2001	\$
REVENUE				
Revenue from Ordinary Activities				
695,415	Contribution from Employers		657,629	
5,852,574	Investment Return	3(e)	5,075,609	
289	Profit on sale of Fixed Assets		Nil	
<u>1,709</u>	Employer Surcharges		<u>1,013</u>	
6,549,987	TOTAL REVENUE FROM ORDINARY ACTIVITIES		5,734,251	
EXPENSES				
Expenses from Ordinary Activities				
Administration				
18,928	Advertising/Promotion	20	7,438	
22,700	Accountancy & Audit Fees		25,700	
12,065	Bank Charges		19,999	
29,200	Board Members Fees	16	35,072	
135,458	Consultants/Contractors Fees		153,762	
4,019	Consumables		3,859	
64,729	Depreciation	2	64,623	
155,493	General Expenses		162,336	
47,658	Legal Expenses		41,057	
12,080	Light and Power		10,646	
Nil	Loss on sale of Fixed Assets	19	2,099	
17,914	Motor Vehicle Expenses	5	11,325	
28,692	Motor Vehicle Leases	5 & 22	34,560	
107,594	Postage and Telephones		88,650	
111,323	Printing and Stationery		55,382	
(3,028)	Provision for Doubtful Debts	6	2,370	
73,971	Rent	3(e)	76,278	
467,947	Salaries and Associated Costs	7	520,080	
<u>27,489</u>	Travel Expenses		<u>30,199</u>	
1,334,232	Total Administration Expenses		1,345,435	
Other expenses from Ordinary Activities				
4,487,695	Long Service Leave Payments		4,700,943	
	Accrued Long Service Leave	1(e) and		
<u>6,100,000</u>	Benefits Liability	4	<u>2,300,000</u>	
11,921,927	TOTAL EXPENSES FROM ORDINARY ACTIVITIES		8,346,378	
(5,371,940)	Operating (Loss)		(2,612,127)	
	Net (decrease)/increase in			
<u>7,185,130</u>	Investment Revaluation Reserve	3(b) and (c)	<u>(1,126,542)</u>	
<u>\$1,813,190</u>	TOTAL CHANGES IN EQUITY		<u>(\$3,738,669)</u>	

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

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2001

2000		NOTES	2001	
\$			\$	\$
CURRENT ASSETS				
920,761	Cash Assets	13	3,315,049	
21,844	Receivables	6	55,638	
<u>206,194</u>	Other Assets	8	<u>199,290</u>	
1,148,799	Total current assets			3,569,977
NON-CURRENT ASSETS				
86,947,106	Investments	3(a)	83,037,467	
<u>106,154</u>	Property, Plant and Equipment	2	<u>125,184</u>	
<u>87,053,260</u>	Total non-current assets			<u>83,162,651</u>
88,202,059	TOTAL ASSETS			86,732,628
CURRENT LIABILITIES				
Accrued Long Service Leave				
22,117,000	Benefits Liability	4	22,600,000	
150,304	Payables	9	105,560	
<u>114,520</u>	Provisions	14	<u>101,563</u>	
<u>22,381,824</u>	Total current liabilities			<u>22,807,123</u>
NON-CURRENT LIABILITIES				
Accrued Long Service Leave				
34,383,000	Benefits Liability	1(e) and 4	36,200,000	
<u>25,338</u>	Provisions	14	<u>52,277</u>	
<u>34,408,338</u>	Total non-current liabilities			<u>36,252,277</u>
<u>56,790,162</u>	TOTAL LIABILITIES			<u>59,059,400</u>
<u>\$31,411,897</u>	NET ASSETS			<u>\$27,673,228</u>
EQUITY				
21,687,445	Investment Revaluation Reserve	3(c)		20,560,903
<u>9,724,452</u>	Retained Profits	3(d)		<u>7,112,325</u>
<u>\$31,411,897</u>	TOTAL EQUITY			<u>\$27,673,228</u>

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

**CONSTRUCTION INDUSTRY LONG SERVICE
LEAVE PAYMENTS BOARD**

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2001**

	NOTES	2001 \$	\$ Inflows/ (Outflows)	2000 \$	\$ Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from employers			657,045		710,995
Payments to suppliers			(765,143)		(805,283)
Payments for long service leave			(4,770,089)		(4,487,692)
Payment to employees			(500,480)		(481,194)
Interest and Rent received			<u>260,065</u>		<u>167,564</u>
Net Cash provided by operating activities	12		(5,118,602)		(4,895,610)
Cash flows from investing activities					
Payments for property, plant and equipment		(87,393)		(42,056)	
Proceeds from sale of equipment		1641		409	
Proceeds from sale of investment		32,055,055		NIL	
Payments for Investments		<u>(24,456,413)</u>		<u>1,979,978</u>	
Net Cash used in investing Activities			<u>7,512,890</u>		<u>1,938,331</u>
Net increase/(decrease) in cash held			2,394,288		(2,957,279)
Cash Assets at beginning of year			<u>920,761</u>		<u>3,878,040</u>
Cash Assets at end of year	13		<u>\$3,315,049</u>		<u>\$920,761</u>

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the preceding year.

- (a) General System of Accounting
 - (i) The financial statements are prepared in accordance with the Financial Administration and Audit Act 1985.
 - (ii) Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles.
 - (iii) The accrual basis of accounting is being applied.
 - (iv) The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements. If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable the resulting financial effect are disclosed in individual notes to these financial statements.
- (b) Contributions from Employers are due at the end of each period and consequently contributions due in respect of the quarterly return period to 30 June 2001 have been accrued.
- (c) The Board has been exempted from Income Tax under the provisions of paragraph 23(d) of the Income Tax Assessment Act.

- (d) Depreciation of all non-current assets having a limited useful life is done systematically, over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

Furniture and Fittings	5 years
Leasehold Improvements	10 years
Office Equipment	3 – 5 years
Staff Amenities	5 years

- (e) The liability for accrued long service leave benefits is determined as the present value of all expected future payments which arise from the service of eligible workers up to the reporting date. The stated amount has been calculated by the Board's Actuary using an actuarial valuation method which takes into account details of eligible workers and assumptions of the rates of departure from the industry, mortality rates, increases in wages and rates of return on investment.
- (f) Employee Entitlements

- (i) Provision for Annual and Long Service Leave

These entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an employee has completed four years of service.

An actuarial assessment of long service leave was carried out at 30 June 1996, and it was determined that the actuarial assessment of the liability was not materially different from the liability reported. This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

- (ii) Superannuation

Contributions are made to superannuation funds which exist to provide benefit for employees and their dependants on retirement, disability or death.

The Board contributes to two (2) separate superannuation schemes for its employees. Prior to July 1991 the Board had a private superannuation scheme for employees. This has since been wound up with all assets and members entitlements transferred to the Colonial Master Trust. The Board contributes to the Master Trust for those members still employed by the Board. Employees who commenced working with the Board after July 1991 are only able to join the Government Employees Superannuation Scheme.

The liability for superannuation charges is extinguished by monthly payments of employer contributions to the Colonial Master Trust and quarterly payment to the Government Employees Superannuation Fund.

The note disclosure required by paragraph 51 (e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Board. Accordingly, deriving the information for the Board is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(g) Investments

Non-current investments are brought to account at cost or at Board valuation. The carrying amount of investments is reviewed annually by the Board to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value of the underlying net assets in the particular entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends are brought to account in the operating statement when received.

(h) Leased Assets

The Board has entered into a number of operating lease arrangements for motor vehicles where the lessors effectively retain all of the risks and benefits incident to ownership of the vehicles held under the operating leases. Equal instalments of the lease payments are charged to the operating statement over the period of the lease term, as this is representative of the pattern of benefits to be derived from the vehicles.

(i) Receivables; Payables; Accrued Salaries

Accounts Receivable are recognised at the amounts receivable and are due for settlement no more than 30 days from the date recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists and in any event where the debts are more than 60 days overdue.

Accounts Payable including accruals not yet billed are recognised when the Board becomes obliged to make the future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year as the end of the last period for that financial year does not coincide with the end of the financial year. The board considers the carrying amount approximates net fair value.

2.(a)	<u>PROPERTY, PLANT & EQUIPMENT</u>	2001		2000	
		\$	\$	\$	\$
	Office Furniture, fittings and equipment at cost	534,479		522,388	
	Accumulated depreciation	<u>(448,250)</u>		<u>(450,157)</u>	
			86,229		72,231
	Improvements to office Premises at cost	201,888		196,186	
	Accumulated depreciation	<u>(162,933)</u>		<u>(162,263)</u>	
			<u>38,955</u>		<u>33,923</u>
			<u>\$125,184</u>		<u>\$106,154</u>

(b) Revenue from the Sale of Fixed Assets
 Net revenue from the sale of fixed assets \$1,641
 \$409

(c) Reconciliations of the carrying amounts of property, plant & equipment at the beginning and end of the current financial year are set out below.

	Office Furniture Fittings & Equipment	Improvements to Office Premises	Total
	\$	\$	\$
Carrying amount at start of year	72,231	33,923	106,154
Additions	57,351	30,044	87,395
Disposals	(1,103)	(2,639)	(3,742)
Depreciation	<u>(42,250)</u>	<u>(22,373)</u>	<u>(64,623)</u>
Carrying amount at end of year	<u>\$86,229</u>	<u>\$38,955</u>	<u>\$125,184</u>

3. INVESTMENTS

(a) VALUATION

	<u>2000</u> <u>VALUATION</u> <u>AT 1 JULY</u>	<u>2001</u> <u>VALUATION</u> <u>AT 30 JUNE</u>	<u>1999</u> <u>VALUATION</u> <u>AT 1 JULY</u>	<u>2000</u> <u>VALUATION</u> <u>AT 30 JUNE</u>
Portfolio Investment				
ABN Amro	\$7,079,240	\$5,782,107	\$4,869,277	\$7,079,240
Credit Suisse	\$7,281,198	\$5,977,266	\$5,356,730	\$7,281,198
Credit Suisse–Fixed Interest	NIL	\$13,501,472	NIL	NIL
DeutscheAsset Management	NIL	\$8,466,665	NIL	NIL
Land and Buildings	\$2,750,000	NIL	\$2,750,000	\$2,750,000
Maple Brown Abbott	\$6,708,726	\$8,854,395	\$5,799,871	\$6,708,726
Merrill Lynch	\$30,139,932	\$34,451,637	\$27,432,466	\$30,139,932
MFS Global Equity	\$6,629,341	\$6,003,925	\$5,061,110	\$6,629,341
Salomon Smith Barney	<u>\$26,358,669</u>	<u>NIL</u>	<u>\$24,787,491</u>	<u>\$26,358,669</u>
	<u>\$86,947,106</u>	<u>\$83,037,467</u>	<u>\$76,056,945</u>	<u>\$86,947,106</u>

(b) REVALUATION

Investment - Value at 30 June	<u>2001</u> \$83,037,467	<u>2000</u> \$86,947,106
Less – Value at 1 July	\$86,947,106	\$76,056,945
- Funds invested	\$24,445,340	NIL
Plus – Funds withdrawn	<u>\$32,055,055</u> <u>\$3,700,076</u>	<u>\$1,990,432</u> <u>\$12,880,593</u>
Represented by		
Transferred to Operating Statement	\$4,826,618	\$5,695,463
Revaluation Reserve	<u>(\$1,126,542)</u>	<u>\$7,185,130</u>
	<u>\$3,700,076</u>	<u>\$12,880,593</u>

During the year the Board sold its only property located at 26 Colin Street, West Perth and redeemed its investment with Saloman Smith Barney in their Diversified Trust. The proceeds from these investments have been redistributed to the other existing investments; an AT Call Term Deposit and an additional investment with Deutsche Asset Management in their Australian Equities Alpha Fund.

Details of the investment realisations are:

	26 Colin Street West Perth	Saloman Smith Barney Diversified Trust
Valuation at 1 July 2000	2,750,000	26,358,669
Additions/(Withdrawals)	27,413	(2,250,000)
Amortisation during the year	(11,073)	NIL
Expenses associated with sale	<u>54,894</u>	<u>NIL</u>
	2,821,234	24,108,669
Sale proceeds	<u>2,850,000</u>	<u>24,759,949</u>
Profit on sale of investments	<u>\$28,766</u>	<u>\$651,280</u>

(c) INVESTMENT REVALUATION RESERVE

	2001 \$	2000 \$
Opening Balance at 1 July	21,687,445	14,502,315
Transferred from Operating Statement	<u>(1,126,542)</u>	<u>7,185,130</u>
	<u>\$20,560,903</u>	<u>\$21,687,445</u>

(d) RETAINED PROFITS

Opening Balance at 1 July	9,724,452	15,096,392
Operating Loss	<u>(2,612,127)</u>	<u>(5,371,940)</u>
Closing Balance at 30 June	<u>\$7,112,325</u>	<u>\$9,724,452</u>

(e) RETURN

Income from Investments	4,146,572	5,695,464
Income from Short Term Deposits	145,611	91,427
Income from Property (Net) - Includes notional income of \$66,066 from the Board's occupancy of 26 Colin Street West Perth. (Last year \$65,500)	103,380	65,683
Profit on sale of investments. Refer Note 3(b)	<u>680,046</u>	<u>NIL</u>
	<u>\$5,075,609</u>	<u>\$5,852,574</u>

4. ACCRUED LONG SERVICE LEAVE BENEFITS LIABILITY

The Board's long service leave liability at 30 June 2001 has been calculated by the Actuaries as \$58.8 million.

CURRENT

Accrued Long Service Leave Benefits Liability	22,600,000	22,117,000
---	------------	------------

NON-CURRENT

Accrued Long Service Leave Benefits Liability	<u>36,200,000</u>	<u>34,383,000</u>
---	-------------------	-------------------

TOTAL

	<u>\$58,800,000</u>	<u>\$56,500,000</u>
--	---------------------	---------------------

5. MOTOR VEHICLE EXPENSES

Depreciation is not included in these expenses. Also refer to Notes 1(i) and 8.

6. RECEIVABLES

	2001	2000
	\$	\$
Employer Debtors	17,187	15,590
Less provision for doubtful debts	4,350	9,275
Sundry Receivables	<u>42,801</u>	<u>15,529</u>
	<u>\$55,638</u>	<u>\$21,844</u>

MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS

Balance at start of reporting period	9,275	12,009
Provision in Operating Statement	2,370	(3,028)
Bad debts (written off)/recovered	<u>(7,295)</u>	<u>294</u>
Provision for doubtful debts	<u>\$4,350</u>	<u>\$9,275</u>

7. SALARIES AND ASSOCIATED COSTS

Salaries and associated costs	410,167	364,424
Employer Superannuation	<u>109,913</u>	<u>103,523</u>
	<u>\$520,080</u>	<u>\$467,947</u>

8. OTHER ASSETS

Accrued Income Also refer Note 1(b)	168,500	168,500
Prepayments	<u>30,790</u>	<u>37,694</u>
	<u>\$199,290</u>	<u>\$206,194</u>

9. PAYABLES

Trade Creditors	37,600	42,763
Other Creditors	<u>67,960</u>	<u>107,541</u>
	<u>\$105,560</u>	<u>\$150,304</u>

COMPARISON OF ESTIMATES TO ACTUAL RESULTS

Section 42 of the Financial Administration and Audit Act requires statutory authorities to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between the estimates and actual results. Significant variations are considered to be those greater than 10% of budget and \$10,000.

	2001 \$ BUDGET	2001 \$ ACTUAL	\$ VARIANCE	
Contribution from Employers	703,600	657,629	(45,971)	(a)
Investment Return	9,095,300	5,075,609	(4,019,691)	(b)
Employer Surcharges	<u>0</u>	<u>1,013</u>	<u>1,013</u>	
	9,798,900	5,734,251	(4,064,649)	
LESS EXPENSES				
Advertising/Promotion	14,600	7,438	(7,162)	
Accountancy & Audit Fees	24,500	25,700	1,200	
Provision for Long Service Leave				
Benefits Liability	5,900,000	2,300,000	(3,600,000)	(c)
Bank Charges	15,200	19,999	4,799	
Board Members Fees	35,950	35,072	(878)	
Consultants/Contractors Fees	125,500	153,762	28,262	(d)
Consumables	4,200	3,859	(341)	
Depreciation	76,250	64,623	(11,627)	(e)
General Expenses	179,850	162,336	(17,514)	(f)
Legal Expenses	38,500	41,057	2,557	
Light and Power	11,500	10,646	(854)	
Long Service Leave Payments	4,843,000	4,700,943	(142,057)	(g)
Loss on sale of Fixed Assets	0	2,099	2,099	
Motor Vehicle Expenses	11,850	11,325	(525)	
Motor Vehicle Leases	37,650	34,560	(3,090)	
Postage and Telephones	107,000	88,650	(18,350)	(h)
Printing and Stationery	81,000	55,382	(25,618)	(i)
Provision for Doubtful Debts	2,000	2,370	370	
Rent	78,150	76,278	(1,872)	
Salaries and Associated Costs	498,900	520,080	21,180	(j)
Travel Expenses	<u>27,000</u>	<u>30,199</u>	<u>3,199</u>	
TOTAL EXPENSES	<u>12,112,600</u>	<u>8,346,378</u>	<u>(3,766,222)</u>	
SURPLUS	<u>(2,313,700)</u>	<u>(2,612,127)</u>	<u>(298,427)</u>	

NOTES RE VARIANCES

- (a) The level of employment in the construction industry was less than anticipated.
- (b) The investment return of 4.7% was approximately half that estimated for budgetary purposes.
- (c) The increase in the long service leave liability was less than anticipated due to lower than expected wage growth.
- (d) Increased consultancy costs resulted from a changeover of investment advisers and completing the Board's Internet access project.
- (e) Capital expenditure on depreciable items was less than projected.
- (f) Expenses were less than anticipated due to varied factors.
- (g) The amount paid out in long service leave claims was 3% less than estimated.
- (h) & (i) The number of mail outs to members of the Scheme was reduced following the introduction of Internet access resulting in savings.
- (j) Additional costs in providing support during absence on leave by executive staff.

COMPARISON OF ACTUAL RESULTS WITH PREVIOUS YEAR

Details and reasons for significant variations between actual revenue (income) and expenditure and the corresponding item of the preceding year are detailed below. Significant variations are considered to be greater than 10% and \$10,000.

	2000 \$	2001 \$	\$	
	ACTUAL	ACTUAL	VARIANCE	
Contribution from Employers	695,415	657,629	(37,786)	(a)
Investment Return	5,852,574	5,075,609	(776,965)	(b)
Profit on sale of Fixed Assets	289	0	(289)	
Employer Surcharges	<u>1,709</u>	<u>1,013</u>	<u>(696)</u>	
	6,549,987	5,734,251	(815,736)	
LESS EXPENSES				
Advertising/Promotion	18,928	7,438	(11,490)	(c)
Accountancy & Audit Fees	22,700	25,700	3,000	
Provision for Long Service Leave Benefits Liability	6,100,000	2,300,000	(3,800,000)	(d)
Bank Charges	12,065	19,999	7,934	
Board Members Fees	29,200	35,072	5,872	
Consultants/Contractors Fees	135,458	153,762	18,304	(e)
Consumables	4,019	3,859	(160)	
Depreciation	64,729	64,623	(106)	
General Expenses	155,493	162,336	6,843	
Legal Expenses	47,658	41,057	(6,601)	
Light and Power	12,080	10,646	(1,434)	
Long Service Leave Payments	4,487,695	4,700,943	213,248	(f)
Loss on sale of Fixed Assets	0	2,099	2,099	
Motor Vehicle Expenses	17,914	11,325	(6,589)	
Motor Vehicle Leases	28,692	34,560	5,868	
Postage and Telephones	107,594	88,650	(18,944)	(g)
Printing and Stationery	111,323	55,382	(55,941)	(h)
Provision for Doubtful Debts	(3,028)	2,370	5,398	
Rent	73,971	76,278	2,307	
Salaries and Associated Costs	467,947	520,080	52,133	(i)
Travel Expenses	<u>27,489</u>	<u>30,199</u>	<u>2,710</u>	
TOTAL EXPENSES	<u>11,921,927</u>	<u>8,346,378</u>	<u>(3,575,549)</u>	
SURPLUS	<u>(5,371,940)</u>	<u>(2,612,127)</u>	<u>2,759,813</u>	

NOTES RE VARIANCES

- (a) The level of employment in the construction industry was less than the previous year.
- (b) The return on investments of 4.7% was less than the previous year due to a poorly performing International equities market.
- (c) A more tightly focussed advertising program reduced expenditure.
- (d) The actuarially determined long service leave liability provision was lower than the previous year.
- (e) The Board undertook a major Internet development project which increased expenses.
- (f) Payments increase as the Scheme matures due to employees becoming entitled to long service leave.
- (g)&(h) Following the introduction of Internet access for clients the Board reduced the number of mail outs to the members of the Scheme which resulted in savings.
- (i) Additional staffing resources were required to cover extended executive staff leave.

12	<u>RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING DEFICIT/SURPLUS</u>	2001	2000
		\$	\$
	Operating (Deficit)/Surplus	(2,612,127)	(5,371,940)
	Depreciation	64,623	64,729
	Provision for doubtful debts and bad debts written off	2,370	(3,028)
	Other provisions	13,982	(12,191)
	Net loss/(profit) on sale of fixed assets	2,099	(289)
	Accrued L.S.L. Benefit Liability	2,300,000	6,100,000
	 Changes in Assets and Liabilities		
	(Increase)/Decrease in Debtors	(8,892)	7,107
	(Decrease)/Increase in Sundry Creditors	(44,744)	18,743
	(Increase) in Other Debtors	(27,272)	(13,422)
	Decrease/(Increase) in Prepayments	6,904	(14,224)
	Decrease in Accrued Income	NIL	13,914
	Decrease/(Increase) in Investments	<u>(4,815,545)</u>	<u>(5,685,009)</u>
	Net Cash provided by Operating Activities	<u>(\$5,118,602)</u>	<u>(\$4,895,610)</u>

13 **RECONCILIATION OF CASH**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position.

	2001	2000
	\$	\$
Bank accounts	20,611	106,198
Short term deposits	3,263,502	814,373
Cash advances	<u>30,936</u>	<u>190</u>
	<u>\$3,315,049</u>	<u>\$920,761</u>

14 **PROVISIONS**

Employee Entitlements

	2001	2000
	\$	\$
Current liabilities		
Annual Leave	\$33,591	\$43,075
Long Service Leave	<u>\$67,972</u>	<u>\$71,445</u>
	<u>\$101,563</u>	<u>\$114,520</u>
Non-current liabilities		
Long Service Leave	\$52,277	\$25,338

15 FINANCIAL INSTRUMENTS

The Board's exposure to interest rate risk and the effective rates on financial instruments at the reporting date are:

	Weighted average effective interest rate %	Floating interest rate \$	Non interest bearing \$	Total \$
30 June 2001				
Financial Assets				
Cash Assets	5.97	3,284,113	30,936	3,315,049
Receivables			12,837	12,837
Investments			<u>83,037,467</u>	<u>83,037,467</u>
Total financial assets		3,284,113	83,081,240	86,365,353
Financial Liabilities				
Payables			37,600	37,600
Accrued salaries			8,906	8,906
Employee entitlements			<u>153,840</u>	<u>153,840</u>
Total financial liabilities			200,346	200,346
Net financial assets		<u>\$3,284,113</u>	<u>\$83,281,586</u>	<u>\$86,565,699</u>
	Weighted average effective interest rate %	Floating interest rate \$	Non interest bearing \$	Total \$
30 June 2000				
Financial Assets				
Cash Assets	5.21	920,571	190	920,761
Receivables			6,315	6,315
Investments			<u>86,947,106</u>	<u>86,947,106</u>
Total financial assets		920,571	86,953,611	87,874,182
Financial Liabilities				
Payables			42,763	42,763
Accrued salaries			8,381	8,381
Employee entitlements			<u>139,858</u>	<u>139,858</u>
Total financial liabilities			191,002	191,002
Net financial assets		<u>\$920,571</u>	<u>\$87,144,613</u>	<u>\$88,065,184</u>

Credit risk exposure

All financial assets are unsecured.

In respect of other financial assets the carrying amounts represent the Board's maximum exposure to credit risk in relation to those assets.

Interest rate risk exposure

The Board's exposure to interest rate risk arises from assets bearing variable interest rates.

The effective weighted average interest rate for cash at bank is 5.97%.

Net fair value of financial assets and liabilities on balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Board approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at reporting date.

16	<u>REMUNERATION OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS.</u>	2001	2000
	The total fees, salaries and other benefits received or due and receivable for the financial year by members of the Accountable Authority, from the statutory authority or any related body	\$35,072	\$29,200
	The total fees, salaries and other benefits received or due and receivable for the financial year by Senior Officers other than members of the Accountable Authority, from the statutory authority, or any related body	\$195,244	\$178,670
	The number of members of the Accountable Authority whose total fees, salaries and other benefits received or due and receivable for the financial year falls within the following bands:	2001 No.	2000 No.
	\$0 - \$10,000	7	7
	The number of Senior Officers other than members of the Accountable Authority, whose total fees, salaries and other benefits received or due and receivable for the financial year, falls within the following bands:		
	\$110,000 - \$120,000	1	NIL
	\$100,000 - \$110,000	NIL	NIL
	\$90,000 - \$100,000	NIL	1
	\$80,000 - \$90,000	1	NIL
	\$70,000 - \$80,000	NIL	1

17 RETIREMENT BENEFITS

In respect of members of the Accountable Authority there were no amounts paid or due to be paid for the financial year.

18 <u>REMUNERATION OF AUDITOR</u>	2001	2000
The total of fees paid or due and payable to the Auditor General for the financial year is	\$8,000	\$7,500

19 LOSS ON SALE OF FIXED ASSETS

Office Furniture, Fittings & Equipment	(\$2,099)	Nil
Gross proceeds on disposal of assets	\$1,783	Nil

20 ADVERTISING /PROMOTION

Expenditure incurred with :

Advertising Agencies	NIL	\$14,000
Twenty Twenty Advertising & Marketing		
Media Advertising Organization	<u>\$7,438</u>	<u>\$4,928</u>
Dowd Publications		
Master Builders Association		
Master Painters Association		
Master Plumbers Association		
Mindfield Group Pty Ltd		
Australian News Alliance Pty Ltd		
Chamber of Commerce and Industry		
Proton Promotional Advertising		
Touchstone Colour		
Total Expenditure	\$7,438	\$18,928

21 SEGMENT REPORTING

The Board operates within one industry segment, providing services to the construction industry within Western Australia.

22 SUPPLEMENTARY INFORMATION

EXPENDITURE COMMITMENTS

These relate to commitments entered into prior to 30 June 2001 for the purchase of goods or services that were not received at that date.

Capital Expenditure	\$ 4,350	\$ 5,012
Other Expenditure	\$ 4,467	\$ 2,108
Non-Cancellable operating lease commitments		
- Motor Vehicles		
- Number of Motor Vehicles	5	5
- Not later than 1 year	\$16,696	\$13,397
- Between 1 and 2 years	\$10,803	\$ 4,361
- Between 2 and 5 years	NIL	NIL
- Later than 5 years	NIL	NIL

LEASE COMMITMENTS

Commitments in relation to office accommodation lease contracted for at 30 June 2001 but not recognised as a liability.

- Not later than 1 year	\$54,878	NIL
- Between 2 and 5 years	\$219,214	NIL

23 EVENTS SUBSEQUENT TO REPORTING DATE

Following the terrorist attacks in the US on 11 September 2001 there was increased volatility in asset prices and a significant devaluation in global equities. Although the Board's investments have partially recovered from the initial devaluation, the estimated value of the investments as at 31 October 2001 was less than the value reported in these financial statements. It is not possible to estimate the long term effect of these events on the Board's investments.

No change in value as a result of these post June 30 events has been recognised in the financial statements.



AUDITOR GENERAL

To the Parliament of Western Australia

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the accounts and financial statements of the Construction Industry Long Service Leave Payments Board for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Board.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Board to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Board's financial position, the results of its operations and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Construction Industry Long Service Leave Payments Board provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the financial position of the Board at June 30, 2001 and the results of its operations and its cash flows for the year then ended.

D D R PEARSON
AUDITOR GENERAL
November 8, 2001



AUDITOR GENERAL

To the Parliament of Western Australia

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the key effectiveness and efficiency performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Board's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Construction Industry Long Service Leave Payments Board are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the indicated performance for the year ended June 30, 2001.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
November 8, 2001