

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

**ANNUAL
REPORT
2002**

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 C Mitsopolous
Representing the Chamber of Commerce and Industry

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

Mr R Sputore
Representing the Master Builders' Association

Mr G Thomson
Representing the Chamber of Commerce and Industry

SENIOR STAFF

Mr W F Fairclough B.A., M. Bus, Post Grad Dip (Information Systems)
Chief Executive Officer

Mr L R Symonds C.P.A.
Finance & Administration Manager

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BANKERS:	Bank of Western Australia Limited
ACTUARIES:	NSP Buck
AUDITORS:	Auditor-General's Office and Ernst & Young
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.

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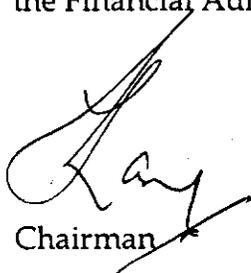
30 August 2002

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

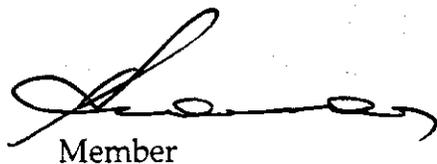
Minister

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 2002.

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



Chairman



Member

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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 2001/2002 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's actuary has estimated that the long term rate of contribution to cover the liabilities of the Scheme is around 1% of the ordinary rate of pay. The current reduced rate of 0.1% is then a significant discounting of the long term rate and cannot be maintained indefinitely.

Due to this level of discounting, relatively high increases in wage levels and a changed investment environment where lower rates of return can be expected, the Board is currently considering an increase in the contribution rate.

While this year saw a negative rate of return for Board investments over the last five years the Board has achieved an investment performance which has averaged 6.96% which compares favourably to the 5-year return of balanced Superannuation funds of 6.2%.

This financial year has been a poor one for the investment community generally in respect of investment returns and the Board remains convinced that its investment strategy is still appropriate given the long term nature of the Board's investments.

The primary 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 approximately \$4.3 million in long service leave benefits to 868 employees.

REVIEW OF SCHEME

The Board is of the view that the legislation governing the Scheme is outdated and in need of revision. Following a meeting with the Minister the Board is to prioritise the changes it sees as necessary to update the Scheme to facilitate government consideration of an amending Bill.

The lack of change to the legislation governing 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.

The Board looks forward to this matter being progressed in the coming financial year.

SCHEME PORTABILITY BENEFIT

While the legislative provisions governing the Scheme are in need of updating the Scheme continues to provide a significant benefit to Construction Industry employees in the form of portability of service for long service leave purposes.

The Scheme allows 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 2002 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 the last five years 3137 employees have been paid long service leave entitlements totalling approximately \$18.6 million.

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 2000/2001. It found that as at 30 June 2001 the Board's assets exceeded its liabilities and concluded that the contribution rate could be maintained at the discounted rate of 0.1%.

However, the actuary also advised that the Board's surplus was being reduced very rapidly due to the large discounting of the contribution rate, the rate of increase in wages and the tougher investment environment where a period of lower investment returns can be expected.

Due to this the actuary was of the view that the contribution rate would have to be increased in the near future.

The Board is at the time of writing this report considering an increase in the contribution rate.

PROMOTION OF SCHEME

Since the Board commenced over 100,000 employees have been registered in the Scheme with 36,600 currently registered. Also 11,000 firms have been registered at some time with 3,800 currently active. Another 51,000 firms have been contacted about the Scheme.

This level of contact has been made possible by the Board's marketing approach of using direct mail to ensure employers and employees in the industry receive specific mailed advice about the Scheme, its requirements and its benefits.

In addition to the ongoing direct mailing campaign additional promotional advertising is undertaken in industry association magazines to target possible employers and union magazines to reach employees who may be eligible.

COMPUTERISATION

The aim of the Board's computerisation is to ensure that the Board's clients, employers and employees are provided with the highest standards of service when dealing with the Board. The systems allow staff to ensure the majority of queries they receive from Board clients can be answered immediately.

Internet access, 24 hour 7 days a week (24 x 7) for employers and employees has also been established. Employers can submit and pay for required Quarterly returns on-line and employees can query their service details and update their contact details on-line at their convenience.

These initiatives have been undertaken both to maintain the low cost structure of the Board by allowing the Board's clients to deal with a range of issues over the Internet by themselves without involving Board staff and to provide a 24 x 7 service to Board clients to supplement the Board's normal office hours.

It is intended to progressively provide more functions over the Internet to enhance the existing services.

REGISTRATIONS

As at 30 June 2002 the Board had 3838 employers registered, up from 3800 last year, and 36,683 employees registered in the Scheme, down from 37,222 at the end of the previous financial year. The slightly lower number of registered employees is due to a slowing down of activity in the construction industry mainly due to the completion of major projects.

FINANCIAL OPERATIONS

Total Income to the Board in 2001/2002 was approximately \$2.9 million. Average Contributions per quarterly Employer Return period were approximately \$153,000.

Administration expenses amounted to \$1.35 million and payments of long service leave benefits totalled just over \$4.25 million. The Balance of retained earnings at 30 June 2002 was \$17.6 million and the total cash and investments of the Board as at 30 June 2002 was \$76 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 \$58.1 million as at 30 June 2002.

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 eight funds managers:- MFS, Credit Suisse, ABN Amro, Maple Brown Abbott, Deutsche Asset Management, Macquarie, UBS and Rothschilds in a range of asset classes to provide a balanced investment portfolio.

This financial year the overall return on funds invested by the Board was -6.8%. As a point of comparison, the average return achieved by pooled growth superannuation fund managers for the year ended June 2002 was -4.3%.

Over the past 5 years the Board has averaged 6.96% return on its investments. This result places the Board above the average investment returns of growth pooled superannuation fund managers whose average return for the same period was 6.2%.

The Board's long service leave fund, like most other investment funds, was not immune from the Global investment market slump that has occurred and which resulted in the first negative investment return experienced by the Board.

The Board's investment strategy, however, contemplates a negative return in one out of every five years. This investment strategy is considered an appropriate one for the long service leave fund which has a long term profile with significant asset backing and is a strategy that has resulted in significant investment performance over many years.

The Board is confident that the investment structure in place is appropriate for the long term benefit of the industry and that its investment strategy should continue to ensure that the Scheme operates at a minimum cost to the industry.

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.

INSPECTIONS

The Board carried out 640 record inspections of firms in the Construction Industry during the financial year; 274 metropolitan and 366 country inspections covering the whole State. 30 notices requesting firms to supply information were issued under Section 45 of the Act.

LEGISLATIVE AMENDMENTS

There were no amendments during the 2001/2002 financial year.

SUMMARY

The Board's finances are in a healthy state although the poor investment return for the year is of concern and the investment returns likely in the near future are anticipated to be in the single digit range. This environment of lower rates of investment return, together with annual increases in wages of around 6% will restrict the Board's ability to continue the current level of discounting of the contribution rate. The need for an increase in the contribution rate in the near future is currently being addressed by the Board.

The Board is also concerned about the need for the Scheme's enabling legislation to be updated and looks forward to necessary changes being progressed in the coming financial year.

Overall the Board remains of the view that the Scheme is continuing to operate satisfactorily, providing a significant benefit in the form of portable long service leave to a significant 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 self funded. 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.

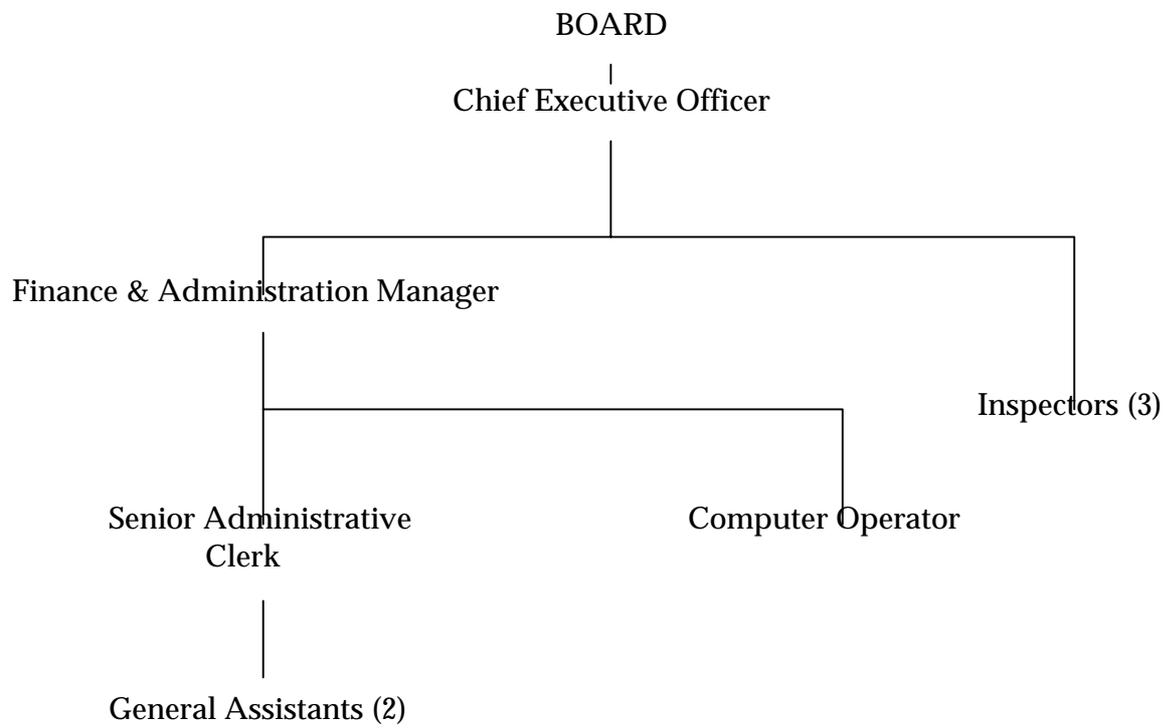
The Scheme enables registered employees to carry their long service leave entitlements from employer to employer as the responsibility for payment of the long service leave rests with the Board and not individual employers. This is the "portability" aspect of the Scheme.

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 performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ending 30 June 2002.

Signed this ^{30th}..... day of August, 2002



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 INDICATORS

(i) REGISTRATION OF EMPLOYERS:

An average of 3819 employers were registered in the Scheme for the financial year ended 30 June 2002 down from 3885 registered last financial year.

This fall in registrations of -1.7% compares with a fall in the number of firms in the construction industry overall of -4.8% based on figures published by IBISWorld Pty Ltd.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2002	2001	2000	1999
Registered- Employers (number)	3819	3,885	3,874	3,753
Change in Number of Registered Employers (%)	(1.7%)	0.28%	3.2%	6.1%
Change in Number of Firms in the Industry (%)	(4.8%)	(3.3%)	11.4%	(17.9%)

(ii) CONTRIBUTIONS PAID FOR ELIGIBLE EMPLOYEES

The average number of employees contributed for by employers in the industry to the Board this financial year was 27,171 which was less than the average of 27,380 for the last financial year.

This fall in the number of employees contributed for of -0.76% compares with a fall in average construction industry employment of -9.41% based on construction industry employment statistics published by the Australian Bureau of Statistics.

YEAR BY YEAR
COMPARISONS

FINANCIAL YEAR	2002	2001	2000	1999
Employees contributed for (number)	27,171	27,380	27,834	27,542
Change in number of Employees contributed for (%)	(0.76%)	(1.63%)	1.06%	9.72%
Change in number of Employees in the industry (%)	(9.41%)	(5.45%)	12.63%	7.14%

(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 2002, 36,600 (87%) (last year 86%) of a possible 42,000 employees considered by the Board as eligible for registration have been registered.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2002	2001	2000	1999	1998
Employees-percentage registered	87%	86%	89.0%	89.5%	88.6%

EFFICIENCY INDICATOR

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 0.39 staff per thousand registered employees using 2000/2001 figures, the latest figures available.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2002	2001	2000	1999	1998
Staff per thousand employees	0.25	0.25	0.23	0.23	0.23

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 INDICATORS

(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; Maple Brown Abbott, Credit Suisse, MFS, ABN Amro, Deutsche Asset Management, Macquarie, UBS and Rothschilds.

The Board's aim is to achieve a rate of return on its funds comparable to that being achieved by pooled superannuation funds. The average rate of return achieved by growth pooled fund managers for the year ended June 2002 was -4.3% according to a information supplied by the actuarial firm of NSP Buck.

The Board's return on funds invested was -6.8% (4.7% last year).

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2002	2001	2000	1999	1998
Board's Investments Return (6.8%)	4.7%	16.9%	3.8%	16.2%	
Investment Return- (Average) Pooled Growth Funds	(4.3%)	5.5%	12.9%	8.6%	8.6%

Over the last five years the Board's return on investment has averaged 6.9% which compares favourably with the five year average return of 6.2% achieved by pooled growth 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 1.76% compared with 1.54% for 2000/2001. This increase is a result of the reduced valuations of investments which are part of the Total Assets.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2002	2001	2000	1999	1998
Management expenses ratio	1.76%	1.54%	1.51%	1.52%	1.50%

EFFICIENCY INDICATOR

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 2001/2002 is \$36.93 per annum per registered employee and for other States the average cost, based on 2000/2001 figures, the latest figures available, was \$41.78 per annum per employee.

YEAR BY YEAR COMPARISONS

FINANCIAL YEARS	2002	2001	2000	1999	1998
WA Cost per Employee	\$36.93	\$36.04	\$33.35	\$29.54	\$29.03
Other States		\$41.78	\$49.46	\$44.85	\$52.07

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 2002 and the financial position as at 30 June 2002.

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.

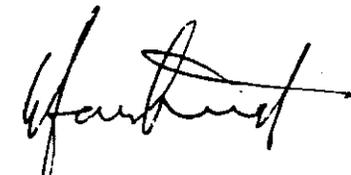
Signed this 30th day of August, 2002



Chairman



Member



Principal Accounting Officer



CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002

2001	NOTES	\$	2002	\$
REVENUE				
Revenue from Ordinary Activities				
657,629	Contribution from Employers		611,730	
5,075,609	Investment Return	3(e)	2,330,354	
0	Profit on sale of Fixed Assets	18	123	
<u>1,013</u>	Employer Surcharges		<u>0</u>	
5,734,251	TOTAL REVENUE FROM ORDINARY ACTIVITIES		2,942,207	
EXPENSES				
Expenses from Ordinary Activities				
Administration				
7,438	Advertising/Promotion		11,950	
25,700	Accountancy & Audit Fees		27,000	
19,999	Bank Charges		7,196	
35,072	Board Members Fees	15	35,950	
153,762	Consultants/Contractors Fees		140,778	
3,859	Consumables		7,758	
64,623	Depreciation	2	63,516	
162,336	General Expenses		146,864	
41,057	Legal Expenses		25,055	
10,646	Light and Power		7,393	
2,099	Loss on sale of Fixed Assets	18	0	
11,325	Motor Vehicle Expenses	5	11,046	
34,560	Motor Vehicle Leases	5 & 22	37,497	
88,650	Postage and Telephones		83,319	
55,382	Printing and Stationery		56,349	
2,370	Provision for Doubtful Debts	6	(133)	
76,278	Rent		80,215	
520,080	Salaries and Associated Costs	7	593,724	
<u>30,199</u>	Travel Expenses		<u>19,290</u>	
1,345,435	Total Administration Expenses		1,354,767	
Other expenses from Ordinary Activities				
4,700,943	Long Service Leave Payments		4,250,760	
	Accrued Long Service Leave	1(e) and		
<u>2,300,000</u>	Benefits Liability	4	<u>(700,000)</u>	
8,346,378	TOTAL EXPENSES FROM ORDINARY ACTIVITIES		4,905,527	
(2,612,127)	NET LOSS		(1,963,320)	
	Net decrease in Investment			
<u>(1,126,542)</u>	Revaluation Reserve	3(b) and (c)	<u>(8,117,413)</u>	
<u>(\$3,738,669)</u>	TOTAL CHANGES IN EQUITY OTHER THAN THOSE		<u>(\$10,080,733)</u>	
	RESULTING FROM TRANSACTIONS WITH WA STATE			
	GOVERNMENT AS OWNERS			

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 AS AT 30 JUNE 2002**

2001 \$	NOTES	2002 \$	\$
CURRENT ASSETS			
3,315,049	Cash Assets	13	1,035,636
55,638	Receivables	6	38,483
<u>199,290</u>	Other Assets	8	<u>190,477</u>
3,569,977	Total current assets		1,264,596
NON-CURRENT ASSETS			
83,037,467	Investments	3(a)	74,622,012
	Property, Plant and Equipment		
<u>125,184</u>	and Motor Vehicles	2	<u>130,149</u>
<u>83,162,651</u>	Total non-current assets		<u>74,752,161</u>
86,732,628	TOTAL ASSETS		76,016,757
CURRENT LIABILITIES			
	Accrued Long Service Leave		
22,600,000	Benefits Liability	4	24,925,000
36,830	Payables	9	104,328
101,563	Provisions	20	107,449
<u>68,730</u>	Other Liabilities	21	<u>70,854</u>
<u>22,807,123</u>	Total current liabilities		<u>25,207,631</u>
NON-CURRENT LIABILITIES			
	Accrued Long Service Leave	1(e) and	
36,200,000	Benefits Liability	4	33,175,000
<u>52,277</u>	Provisions	20	<u>41,631</u>
<u>36,252,277</u>	Total non-current liabilities		<u>33,216,631</u>
<u>59,059,400</u>	TOTAL LIABILITIES		<u>58,424,262</u>
<u>\$27,673,228</u>	NET ASSETS		<u>\$17,592,495</u>
EQUITY			
20,560,903	Investment Revaluation Reserve	3(c)	12,443,490
<u>7,112,325</u>	Retained Profits	3(d)	<u>5,149,005</u>
<u>\$27,673,228</u>	TOTAL EQUITY		<u>\$17,592,495</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 2002**

	NOTES	2002 \$	\$ Inflows/ (Outflows)	2001 \$	\$ Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Receipts from employers			636,058		657,045
Interest received			143,290		260,065
Payments					
Payments to suppliers			(699,562)		(765,143)
Payments for long service leave			(4,241,324)		(4,770,089)
Payment to employees			<u>(597,236)</u>		<u>(500,480)</u>
Net Cash provided by operating activities	12		(4,758,774)		(5,118,602)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(68,644)		(87,393)	
Proceeds from sale of equipment		288		1,641	
Proceeds from sale of investment		33,147,717		32,055,055	
Purchase of investments		<u>(30,600,000)</u>		<u>(24,456,413)</u>	
Net Cash used in investing activities			<u>2,479,361</u>		<u>7,512,890</u>
Net (decrease)/increase in cash held			(2,279,413)		2,394,288
Cash assets at the beginning of the financial year			<u>3,315,049</u>		<u>920,761</u>
Cash assets at the end of the financial year	13		<u>\$1,035,636</u>		<u>\$3,315,049</u>

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

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

1. SIGNIFICANT 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 previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (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 the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, 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.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at valuation.

(a) Revenue Recognition

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 2002 have been accrued.

(b) Income Tax

The Board has been exempted from Income Tax under the provisions of paragraph 23(d) of the Income Tax Assessment Act.

(c) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated 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
Motor Vehicles	6 – 7 years

(d) Accrued Long Service Leave Benefits

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.

(e) Employee Entitlements

Annual Leave

This entitlement is calculated at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

Long Service Leave

Leave 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 liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

Superannuation

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 Asgard. The Board contributes to Asgard 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 fortnightly payments of employer contributions to Asgard and 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.

(f) Investments

Investments are brought to account at the lower of cost and recoverable amount

Interest and dividend revenues are brought to account as they are accrued.

(g) 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 Statement of Financial Performance over the period of the lease term, as this is representative of the pattern of benefits to be derived from the motor vehicles.

(h) Payables

Payables 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.

(i) Receivables

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

Collectability of receivables 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.

(j) Accrued Salaries

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.

(k) Cash

For the purpose of the Statement of Cash Flows cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(l) Web site costs

Costs in relation to the Board's web site are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset in which case they are capitalised and amortised over the period of expected benefit. Generally costs in relation to feasibility studies during the planning phase of a web site and ongoing costs of maintenance incurred in building or enhancing a web site to the extent that they represent probable future economic benefits controlled by the Board that can be reliably measured are capitalised as an asset and amortised over the period of the expected benefits which vary from three to five years.

3. INVESTMENTS

(a) VALUATION

	<u>2001</u> VALUATION AT 1 JULY	<u>2002</u> VALUATION AT 30 JUNE	<u>2000</u> VALUATION AT 1 JULY	<u>2001</u> VALUATION AT 30 JUNE
Portfolio Investment				
ABN Amro	\$5,782,107	\$6,658,180	\$7,079,240	\$5,782,107
Credit Suisse	\$5,977,266	\$7,325,572	\$7,281,198	\$5,977,266
Credit Suisse–Fixed Interest	\$13,501,472	\$14,408,631	NIL	\$13,501,472
Deutsche Asset Management	\$8,466,665	\$10,671,244	NIL	\$8,466,665
Macquarie	NIL	\$3,160,616	NIL	NIL
Macquarie – Fixed Interest	NIL	\$7,136,041	NIL	NIL
Maple Brown Abbott	\$8,854,395	\$12,274,069	\$6,708,726	\$8,854,395
Merrill Lynch	\$34,451,637	NIL	\$30,139,932	\$34,451,637
MFS Global Equity	\$6,003,925	\$7,776,793	\$6,629,341	\$6,003,925
Rothschild	NIL	\$3,137,398	NIL	NIL
UBS	NIL	\$ 2,073,468	NIL	NIL
	<u>\$83,037,467</u>	<u>\$74,622,012</u>	<u>\$57,838,437</u>	<u>\$83,037,467</u>

(b) REVALUATION

	<u>2002</u>	<u>2001</u>
Investment - Value at 30 June	\$74,622,012	\$83,037,467
Less – Value at 1 July	\$83,037,467	\$86,947,106
- Funds invested	\$30,600,000	\$24,445,340
Plus – Funds withdrawn	<u>\$33,147,717</u>	<u>\$32,055,055</u>
	<u>(\$5,867,738)</u>	<u>\$3,700,076</u>
Represented by		
Transferred to Operating Statement	\$2,249,675	\$4,826,618
Revaluation Reserve	<u>(\$8,117,413)</u>	<u>(\$1,126,542)</u>
	<u>(\$5,867,738)</u>	<u>\$3,700,076</u>

During the year the Board redeemed its investment with Merrill Lynch in their Wholesale Balanced Fund. The proceeds from this investment have been redistributed to the other existing investments; an AT Call Term Deposit and additional investments with Macquarie Investment Management in their Australian Fixed Interest Fund and their Property Securities Fund as well as with Rothschild Australia Asset Management in their Property Wholesale Trust and UBS Global Asset Management in their Property Securities Fund.

Details of the investment realisations are:

	Merrill Lynch Balanced Wholesale Fund
Valuation at 1 July 2001	34,451,637
(Withdrawals)	<u>(8,500,000)</u>
	25,951,637
Sale proceeds	<u>24,647,717</u>
Loss on sale of investment	<u>(\$1,303,920)</u>

(c) INVESTMENT REVALUATION RESERVE

	2002 \$	2001 \$
Opening Balance at 1 July	20,560,903	21,687,445
Transferred from Operating Statement	<u>(8,117,413)</u>	<u>(1,126,542)</u>
	<u>\$12,443,490</u>	<u>\$20,560,903</u>

(d) RETAINED PROFITS

Opening Balance at 1 July	7,112,325	9,724,452
Operating Loss	<u>(1,963,320)</u>	<u>(2,612,127)</u>
Closing Balance at 30 June	<u>\$5,149,005</u>	<u>\$7,112,325</u>

(e) RETURN

Income from Investments	3,553,595	4,146,572
Income from Short Term Deposits	80,679	145,611
Income from Property (Net)	NIL	103,380
(Loss)/Profit on sale of investment. Refer Note 3(b)	<u>(1,303,920)</u>	<u>680,046</u>
	<u>\$2,330,354</u>	<u>\$5,075,609</u>

4. ACCRUED LONG SERVICE LEAVE BENEFITS LIABILITY

The Board's long service leave liability at 30 June 2002 has been calculated by the Actuaries as \$58.1 million.

CURRENT

Accrued Long Service Leave Benefits Liability	24,925,000	22,600,000
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NON-CURRENT

Accrued Long Service Leave Benefits Liability	<u>33,175,000</u>	<u>36,200,000</u>
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TOTAL

	<u>\$58,100,000</u>	<u>\$58,800,000</u>
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5. MOTOR VEHICLE EXPENSES

	2002	2001
	\$	\$
Also refer to Notes 1(c) and 1(g).	11,046	11,325

6. RECEIVABLES

	2002	2001
	\$	\$
Employer Debtors	12,703	17,187
Less provision for doubtful debts	4,830	4,350
Sundry Receivables	<u>30,610</u>	<u>42,801</u>
	<u>\$38,483</u>	<u>\$55,638</u>

MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS

Balance at start of reporting period	4,350	9,275
Provision in Operating Statement	(133)	2,370
Bad debts recovered/(written off)	<u>613</u>	<u>(7,295)</u>
Provision for doubtful debts	<u>\$4,830</u>	<u>\$4,350</u>

7. SALARIES AND ASSOCIATED COSTS

Salaries	459,635	386,488
Superannuation	125,634	109,913
Employee entitlement provisions	(4,760)	13,982
Other related expenses	<u>13,215</u>	<u>9,697</u>
	<u>\$593,724</u>	<u>\$520,080</u>

8. OTHER ASSETS

Accrued Income Also refer Note 1(b)	164,000	168,500
Prepayments	<u>26,477</u>	<u>30,790</u>
	<u>\$190,477</u>	<u>\$199,290</u>

9. PAYABLES

Trade Payables	41,240	37,600
GST Payable	61,840	(770)
PAYG Payable	<u>1,248</u>	<u>Nil</u>
	<u>\$104,328</u>	<u>\$36,830</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.

	2002 \$ BUDGET	2002 \$ ACTUAL	\$ VARIANCE	
Contribution from Employers	650,000	611,730	(38,270)	(a)
Investment Return	4,100,000	2,330,354	(1,769,646)	(b)
Employer Surcharges	0	0	0	
Profit on sale of Fixed Assets	<u>0</u>	<u>123</u>	123	
	4,750,000	2,942,207	(1,807,793)	
LESS EXPENSES				
Advertising/Promotion	21,000	11,950	(9,050)	
Accountancy & Audit Fees	22,500	27,000	4,500	
Provision for Long Service Leave				
Benefits Liability	7,700,000	(700,000)	(8,400,000)	(c)
Bank Charges	18,400	7,196	(11,204)	(d)
Board Members Fees	35,950	35,950	0	
Consultants/Contractors Fees	132,000	140,778	8,778	
Consumables	4,000	7,758	3,758	
Depreciation	55,850	63,516	7,666	
General Expenses	170,750	146,864	(23,886)	(e)
Legal Expenses	43,000	25,055	(17,945)	(f)
Light and Power	9,500	7,393	(2,107)	
Long Service Leave Payments	5,250,000	4,250,760	(999,240)	(g)
Loss on sale of Fixed Assets	0	0	0	
Motor Vehicle Expenses	8,000	11,046	3,046	
Motor Vehicle Leases	35,000	37,497	2,497	
Postage and Telephones	89,000	83,319	(5,681)	
Printing and Stationery	52,000	56,349	4,349	
Provision for Doubtful Debts	2,500	(133)	(2,633)	
Rent	81,000	80,215	(785)	
Salaries and Associated Costs	541,850	593,724	51,874	(h)
Travel Expenses	<u>30,000</u>	<u>19,290</u>	<u>(10,710)</u>	(i)
TOTAL EXPENSES	<u>14,302,300</u>	<u>4,905,527</u>	<u>(9,396,773)</u>	
(DEFICIT)	<u>(9,552,300)</u>	<u>(1,963,320)</u>	<u>7,588,980</u>	

NOTES RE VARIANCES

- (a) There were less on site days recorded on employer returns than for the previous year which resulted in lower contribution income being received.
- (b) The realized return on investments was less than budgeted due to the downturn in the investment markets.
- (c) The long service leave liability decreased due to lower than expected wage growth and a revision by the Board's actuary of the parameters underlying the calculation of the Scheme liability.
- (d) A change in cash management practices resulted in lower bank charges.
- (e) Expenses were less than anticipated due to a variety of factors.
- (f) There was less compliance prosecution action than anticipated.
- (g) The amount paid out for long service leave claims was less than anticipated.
- (h) Additional costs in providing support during absences on leave by staff and retrospective salary payments in accordance with the General Agreement for government officers were greater than expected.
- (i) Due to a delay in reappointing Board members the Board did not attend the annual interstate conference of long service leave Boards.

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.

	2001	2002		
	\$	\$	\$	
	ACTUAL	ACTUAL	VARIANCE	
Contribution from Employers	657,629	611,730	(45,899)	(a)
Investment Return	5,075,609	2,330,354	(2,745,255)	(b)
Profit on sale of Fixed Assets	0	0	0	
Employer Surcharges	<u>1,013</u>	<u>123</u>	<u>(890)</u>	
	5,734,251	2,942,207	(2,792,044)	
LESS EXPENSES				
Advertising/Promotion	7,438	11,950	4,512	
Accountancy & Audit Fees	25,700	27,000	1,300	
Provision for Long Service Leave				
Benefits Liability	2,300,000	(700,000)	(3,000,000)	(c)
Bank Charges	19,999	7,196	(12,803)	(d)
Board Members Fees	35,072	35,950	878	
Consultants/Contractors Fees	153,762	140,778	(12,984)	(e)
Consumables	3,859	7,758	3,899	
Depreciation	64,623	63,516	(1,107)	
General Expenses	162,336	146,864	(15,472)	(f)
Legal Expenses	41,057	25,055	(16,002)	(g)
Light and Power	10,646	7,393	(3,253)	
Long Service Leave Payments	4,700,943	4,250,760	(450,183)	(h)
Loss on sale of Fixed Assets	2,099	0	(2,099)	
Motor Vehicle Expenses	11,325	11,046	(279)	
Motor Vehicle Leases	34,560	37,497	2,937	
Postage and Telephones	88,650	83,319	(5,331)	
Printing and Stationery	55,382	56,349	967	
Provision for Doubtful Debts	2,370	(133)	(2,503)	
Rent	76,278	80,215	3,937	
Salaries and Associated Costs	520,080	593,724	73,644	(i)
Travel Expenses	<u>30,199</u>	<u>19,290</u>	<u>(10,909)</u>	(j)
TOTAL EXPENSES	<u>8,346,378</u>	<u>4,905,527</u>	<u>(3,440,851)</u>	
(DEFICIT)	<u>(2,612,127)</u>	<u>(1,963,320)</u>	<u>648,807</u>	

NOTES RE VARIANCES

- (a) There were less on site days shown on the employer quarterly Returns than for the previous year. This resulted in a reduction of contribution income.
- (b) The downturn in the investment markets has resulted in a significant reduction in the Board's investment return.
- (c) As a consequence of the triennial, in-depth actuarial review conducted in August 2001, the parameters underlying the calculation of the Scheme's liability were amended resulting in a reduced long service liability.
- (d) A change in cash management procedures and general banking processes has resulted in reduced charges.
- (e) The Board's Internet site was developed and installed in the previous year. Costs associated with its maintenance this year are significantly reduced.
- (f) Expenses were less than the previous year due to varied factors.
- (g) There was reduced prosecution activity in the current year
- (h) The completion of several major construction projects in the previous year resulted in a higher number of long service leave claims for payment than for the current year.
- (i) Additional costs for temporary staff while some staff were on extended leave in addition to increased salaries resulting from the General Agreement for government officers.
- (j) Due to a delay in reappointing the Board members the Board did not attend the annual interstate conference of long service leave Boards.

12	<u>RECONCILIATION OF NET LOSS TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</u>	2002	2001
		\$	\$
	Net Loss from ordinary activities	(1,963,320)	(2,612,127)
	Non-cash items		
	Depreciation	63,516	64,623
	Provision for doubtful debts and bad debts		
	Written off	(133)	2,370
	Other provisions	(4,760)	13,982
	(Profit)/loss on sale of fixed assets	(123)	2,099
	Accrued L.S.L. Benefit Liability	(700,000)	2,300,000
	(Increase)/decrease in assets		
	Receivables	17,288	(36,164)
	Other Assets	8,813	6,904
	Investments	(2,249,675)	(4,815,545)
	Increase/(decrease) in liabilities		
	Payables	<u>69,620</u>	<u>(44,744)</u>
	Net Cash provided by/(used in) operating activities	<u>(\$4,758,774)</u>	<u>(\$5,118,602)</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.

	2002	2001
	\$	\$
Bank accounts	68,994	20,611
Short term deposits	966,491	3,263,502
Cash advances	151	30,936
	<u>\$1,035,636</u>	<u>\$3,315,049</u>

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 %	Variable interest rate \$	Non interest bearing \$	Total \$
30 June 2002				
Financial Assets				
Cash Assets	4.30	1,035,485	151	1,035,636
Receivables			7,873	7,873
Investments			<u>74,622,012</u>	<u>74,622,012</u>
Total financial assets		1,035,485	74,630,036	75,665,521
Financial Liabilities				
Payables			41,240	41,240
Accrued salaries			8,772	8,772
Employee entitlements			<u>149,080</u>	<u>149,080</u>
Total financial liabilities			199,092	199,092
Net financial assets		<u>\$1,035,485</u>	<u>\$74,829,128</u>	<u>\$75,864,613</u>
	Weighted average effective interest rate %	Variable 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>

21 **OTHER LIABILITIES**

Current		
Accrued expenses	59,773	57,660
Accrued salaries	<u>11,081</u>	<u>11,070</u>
	<u>\$70,854</u>	<u>\$68,730</u>

22 **SUPPLEMENTARY INFORMATION**

EXPENDITURE COMMITMENTS

These relate to commitments entered into prior to 30 June 2002 for the purchase of goods or services that were not received at that date.

	2002	2001
Capital Expenditure	NIL	\$ 4,350
Other Expenditure	\$ 800	\$ 4,467
Non-Cancellable operating lease commitments		
- Motor Vehicles		
- Number of Motor Vehicles	3	5
- Not later than 1 year	\$12,981	\$16,696
- Between 1 and 2 years	\$15,546	\$10,803

LEASE COMMITMENTS

Commitments in relation to office accommodation lease contracted for at 30 June 2002 but not recognised as a liability.

- Not later than 1 year	\$58,720	\$54,878
- Between 2 and 4 years	\$176,160	\$219,214



AUDITOR GENERAL

To the Parliament of Western Australia

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002

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, 2002 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, 2002.

K O O'NEIL
ACTING AUDITOR GENERAL
November 20, 2002



AUDITOR GENERAL

To the Parliament of Western Australia

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

Scope

I have audited the accounts and financial statements of the Construction Industry Long Service Leave Payments Board for the year ended June 30, 2002 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 and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Board's financial position, its financial performance 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 and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Board at June 30, 2002 and its financial performance and its cash flows for the year then ended.

K O O'NEIL
ACTING AUDITOR GENERAL
November 20, 2002