

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

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**ANNUAL  
REPORT  
2007**

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## Directory

### CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

<b>OFFICE:</b>	1st Floor, 26 Colin Street, WEST PERTH, 6005
<b>POSTAL ADDRESS:</b>	PO Box 1333, WEST PERTH, 6872
<b>WEB ADDRESS:</b>	<a href="http://www.walslboard.com.au">www.walslboard.com.au</a>
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<b>TELEPHONE:</b>	08 9476 5400
<b>FACSIMILE:</b>	08 9321 5404
<b>BANKERS:</b>	Bank of Western Australia Limited
<b>ACTUARIES:</b>	Price Waterhouse Coopers
<b>AUDITORS:</b>	Auditor-General's Office
<b>BUSINESS HOURS:</b>	8.30 am to 5.00 pm Monday to Friday
<b>PUBLICATIONS:</b>	Pamphlets and other material explaining the Scheme are available from the Board's Office and the Board's web site.

24 AUG 2007

**The Hon Michelle H Roberts BA DipEd MLA  
Minister for Employment Protection; Housing and Works;  
Indigenous Affairs; Heritage; Land Information  
13th Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005**

**Minister**

**In accordance with Section 61 of the Financial Management Act 2006, 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 2007.**

**The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.**



**T. Lang  
Chairman**



**G. Thomson  
Member**

## OVERVIEW

### *Executive Summary*

This financial year saw the introduction on 1 October 2006 of the changes to the Scheme legislation passed by Parliament on 4 July 2006 providing for long service leave of 8 2/3 rd weeks leave after 10 years of service and a pro rata entitlement after only 7 years.

Previously the Scheme was based on a 15 year service period with a pro rata entitlement only available after 10 years of service.

The change to the minimum period to gain a benefit down from 10 years to 7 years has significantly improved the opportunity for employees to gain a benefit under the Scheme and the number of employees with a benefit has increased from approximately 5,000 to over 9,100 and the number of long service leave payments made increased from just over 1,000 last financial year to nearly 2,500 this year.

In addition a change was made to the definition of the 'ordinary rate of pay' used for the payment of employee entitlements. The ordinary rate of pay is now the rate of pay due to employees when taking paid leave from their employer, averaged over the last 12 months.

This change has ensured that employees taking long service leave receive a rate of pay similar to that due to them when taking other paid leave from their employer and removes a source of long standing complaint from employees.

Due to the significant increase in the number of employees with an entitlement under the Scheme the liabilities of the Scheme grew to such an extent that in order to ensure the financial viability of the Scheme it was necessary to increase the contribution rate for employers from 1% to 1.25% with effect from 1 January 2007.

In order to minimise the contributions payable by employers to fund the Scheme the Board aims to maximise the rate of return on its investments over the long term, which matches the long term nature of the Scheme's liabilities. This past financial year has been another excellent year for the Scheme in respect of investment returns with the Scheme achieving a rate of return of 15.1% and in the last 15 years the Scheme has averaged an investment return of 10.29% per annum which has added approximately \$110 million to the Scheme's income compared to contributions from employers of \$56 million over the same period.

### *Operational Structure*

#### **Enabling Legislation**

The Construction Industry Long Service Leave Scheme (the Scheme) was established by 'The Construction Industry Portable Paid Long Service Leave Act, 1985' (the Act) 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.

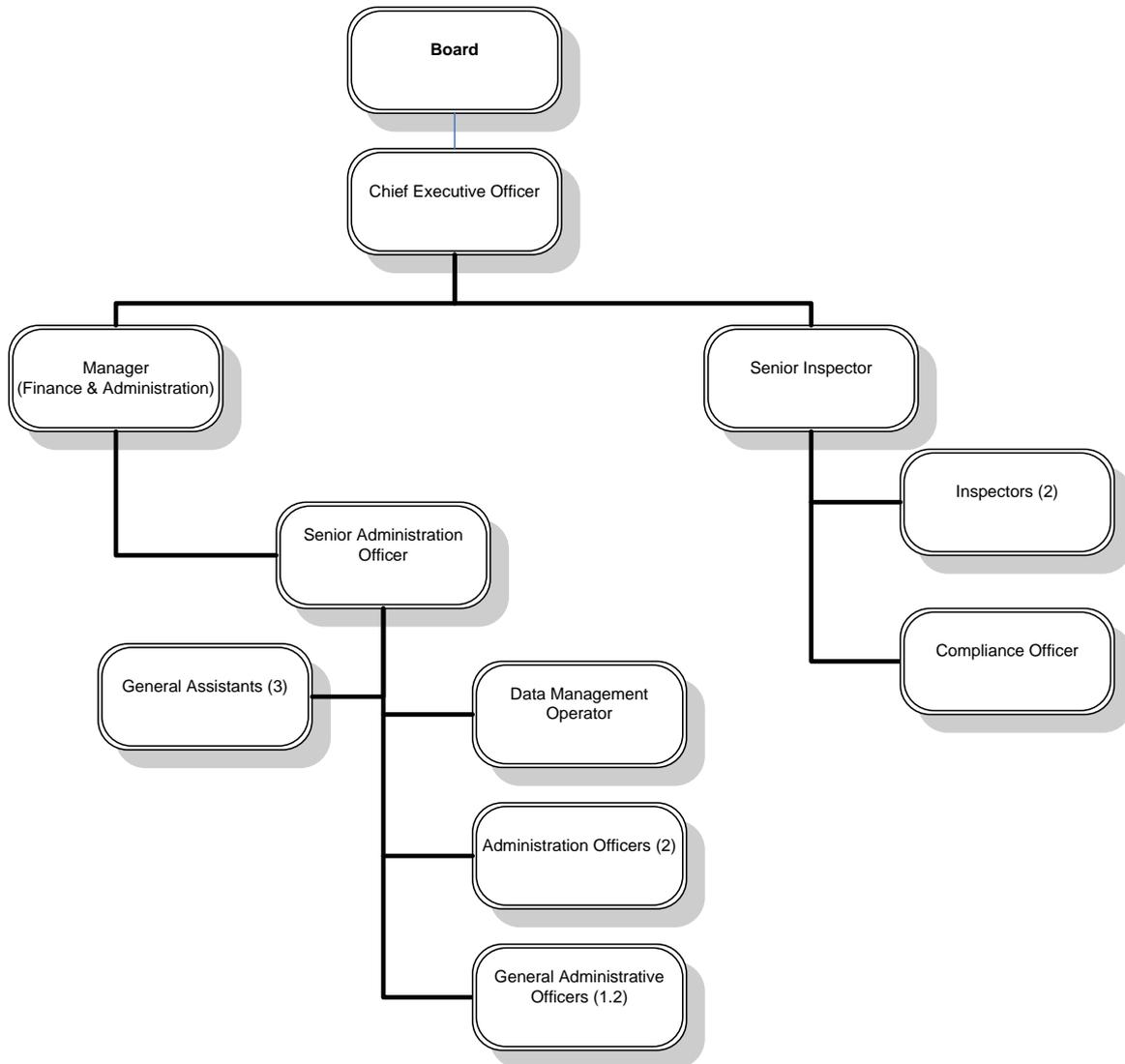
#### **Responsible Minister**

The Hon Michelle H. Roberts, BA DipEd MLA, Minister for Employment Protection; Housing and Works; Indigenous Affairs; Heritage; Land Information effective from March 2007.

#### **Mission**

To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.

## Organisational Chart



## The Board

Formal title: Construction Industry Long Service Leave Payments Board (the Board)

## Appointment:

The Act provides for the Scheme to be administered by the Board which is a body corporate comprising of seven members. The members of the Board are appointed by the responsible Minister for a period of 2 years. Current Board member appointments end on 27 September 2007.

In accordance with the provisions of the Act, three members representing employers are selected by the responsible Minister from nominations by the Master Builders Association of W.A. and the Chamber of Commerce and Industry of W.A. To represent employees three members are selected from nominations by Unions W.A. and the Building Trades Association of Unions of W.A.

The Chairman is a separate appointment by the Minister.

## Current Board Members

### CHAIRMAN

Mr T. A. Lang F.C.A.

### MEMBERS

Nominated under section 6(b) of the Act to represent employers:-

Mr M. McLean  
Mr R. Sputore  
Mr G. Thomson

Nominated under section 6(c) of the Act to represent employees:-

Mr J. Ferguson  
Mr L. McLaughlan  
Mr K. Reynolds

### SENIOR STAFF

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

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

## Board Meetings Attendance

	NUMBER OF MEETINGS ELIGIBLE TO ATTEND	NUMBER ATTENDED
Mr T Lang (Chairman)	6	6
Mr J Ferguson	6	3
Mr L McLaughlan	6	4
Mr M McLean	6	6
Mr K Reynolds	6	3
Mr R Sputore	6	6
Mr G Thomson	6	4

## Key Legislation Impacting on Activities

Financial Management Act 2006

Freedom of Information Act

Public Sector Management Act 1994

State Records Act 2000

Trustees Act 1962

In the financial administration of the Scheme the Board has complied with the requirements of the Financial Management Act and other relevant written law and exercised controls which provide reasonable assurance that the receipt and expenditure of monies and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing the Board is not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

## ***Performance Management Framework***

### **Outcome Based Management Framework**

A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.

### **Changes to the Outcome Based Management Framework**

The current Outcome Based Management Framework was approved by the Outcome Structure Review Group in September 2006 and have been implemented for the first time this financial year. The Key Performance Indicators approved do not differ significantly from those used in previous financial years.

### **Shared Responsibilities with Other Agencies**

The Board does not share responsibilities with any other agencies.

## ***Report on Operations***

### **Financial Targets: Actual performance compared to the Board's Budget Estimates.**

	<b>2006-07 Estimate (1) \$000</b>	<b>2006-07 Actual \$000</b>	<b>2006-07 Variation \$000</b>
Contribution From Employers	\$13,200	\$16,380	\$3,180 (a)
Investment Income	\$8,175	\$13,247	\$5,072 (b)
Total Equity	\$4,698	(\$226)	(\$4,924) (c)

(1) As per the Board's Budget estimates.

(a) The number of employees in the construction industry contributed for and the average rate of pay were higher than estimated.

(b) The investment return was 15.1% compared to the estimate of 8%.

(c) The Scheme liability was higher than that forecast by the Board's actuaries resulting in reduced equity.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2007**

**Key Performance Indicators: Actual performance compared to the Board's Budget Forecasts.**

	<b>2006-07 Estimate (1)</b>	<b>2006-07 Actual</b>	<b>2006-07 Variation</b>
<p><b>Outcome:</b> A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.</p> <p><b>Key Effectiveness Indicators:</b></p> <p>(i) construction industry employers who have registered with the Board.</p> <p>(ii) eligible and registered construction industry employees for whom contributions have been made.</p> <p>(iii) qualifying service profile of construction industry employees for whom contributions have been made:-  - Total number of employees qualified for a long service leave benefit</p> <p>(iv) construction industry employees who have received a long service leave payment.</p> <p>(v) construction industry employers long service leave contribution rate.</p> <p>(vi) annual return derived from the Board's investments.</p>	<p>4,651</p> <p>40,114</p> <p>9,000</p> <p>2,637</p> <p>1.25%</p> <p>8%</p>	<p>4,673</p> <p>45,022</p> <p>9,159</p> <p>2,483</p> <p>1.25%</p> <p>15.1%</p>	<p>22</p> <p>4908</p> <p>159</p> <p>(154)</p> <p>-</p> <p>7.1%</p>
<p><b>Service:</b> Management of the Construction Industry Long Service Leave Scheme.</p> <p><b>Key Efficiency Indicators:-</b></p> <p>(i) average administrative cost per registered construction industry employee.</p> <p>(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.</p>	<p>\$35.88 p.a</p> <p>0.19</p>	<p>\$44.02 p.a</p> <p>0.28</p>	<p>\$8.14 p.a</p> <p>0.09</p>

(1) As per the Board's Budget, internal modelling and actuarial forecasts.

The Key Effectiveness Indicators show that the Board has in most cases met or exceeded its estimates for the financial year with no significant differences.

The Key Efficiency Indicators show that average administrative costs and the ratio of staff to registered employees was higher than expected. This was due to the increased workload associated with the changes to the benefits available under the Scheme, which came into effect in October 2006, being greater than anticipated. The changes increased the number of employees with an entitlement under the Scheme from approximately 5,000 to over 9,000 and resulted in claims for long service leave benefits more than doubling from 1,059 to 2,483.

## ***Significant Issues and trends***

### **Current and emerging issues and trends.**

The major changes to the benefits available under the Scheme have been well received by employees and it is now much more likely that employees can achieve a benefit under the Scheme given that a pro rata benefit is available after only 7 years of service being accumulated in the construction industry.

In addition whereas in the past base rates of pay were used in calculating long service leave payments, when in fact most employees were being paid above those base rates, the change to the rate of pay using pay rates that employees would normally receive when taking paid leave has improved the payouts to employees and removed a legitimate source of employee complaint.

In addition to these welcome changes to benefits the Board is pleased that the administrative changes to the legislation being sought by the Board are being actively progressed.

The increased contribution rate, from 1% to 1.25% effective from January 2007, is a necessary step in returning the Scheme's finances to a fully funded position within a reasonable timeframe. The excellent double digit investment returns achieved in the last financial year have significantly improved the Scheme's funding position but such high returns are unlikely to be repeated in the coming financial year and anticipated returns in the near future are expected to be in the single digit range.

Overall the Scheme has been greatly improved with a shorter qualifying time to gain a benefit under the Scheme and the excellent investment returns being achieved by the Board have reduced the financial impact of the Scheme on employers.

### **Changes in Written Law**

Major changes to the Construction Industry Portable Paid Long Service Leave Act 1985 governing the Scheme were assented to on 4 July 2006 and came into effect on 1 October 2006.

The amendments provided for long service leave after 10 years and a pro rata benefit after only 7 years. Previously 15 years service was required before long service leave was due and the pro rata benefit was only available after 10 years of service.

In addition the definition of 'ordinary rate of pay' was amended to that due to an employee when taking paid leave or if the employee has no entitlement to paid leave the rate of pay paid for ordinary hours. When taking leave an employee is paid the average rate of the last 12 months of ordinary pay recorded by the Board.

This new definition of 'ordinary rate of pay' is also required to be used now for the calculation of contributions due to be paid to the Scheme by employers in the construction industry.

In addition to the changes to the Act the regulations were also amended to provide for a contribution rate of 1.25% with effect from 1 January 2007.

### **Likely Developments**

Further changes to the legislation have been sought which the Minister has advised are being progressed. The Board is pleased that the changes sought are proceeding. The changes sought while important in improving the operation of the Scheme will not impact significantly on the operations of the Board.

## ***Other Financial Disclosures***

### **Capital Works**

No capital works were undertaken during 2006/2007.

## ***Employment and Industrial Relations***

### **Staff Profile**

	2006/2007	2005/2006
Full time Permanent	13	10
Part Time Measured on a FTE Basis	1.2	1
Total	14.2	11

### **Staff Development**

The Board encourages its employees to maintain and improve their skills and to that end funds appropriate training courses and the membership of professional bodies.

### **Workers Compensation**

No compensation claims have been made in this or the previous financial year.

## ***Governance Disclosures***

### **Contracts with Senior Officers**

Other than normal contracts of employment, no Senior Officers or firms of which Senior Officers are members or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Board.

### ***Other Legal Requirements***

### **Compliance with Public Sector Management Act Section 31 (1)**

The Board complies with the provisions of the Public Sector Management Act and has no compliance issues or breaches to report.

### **Electoral Act Section 175ZE Statement**

The Board has not incurred any expenditure required to be reported under this section.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2007**

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## Annual Estimates

The Minister has approved the following estimates for the 2007/2008 financial year:-

<b>Income</b>	<b>\$000</b>
Contribution from employers	18,830
Net investment revenue	9,114
<b>Total income</b>	<u>27,944</u>

<b>Expenses</b>	<b>\$000</b>
Long service leave payments	16,300
Employee benefits expense	1,072
Supplies and services	870
Depreciation and amortisation expense	79
Finance costs	33
Accommodation expenses	175
Increase in long service leave liability	5,000
Other expenses	189
<b>Total expenses</b>	<u>23,718</u>

## Corruption Prevention

The Board's policies and procedures relating to the financial management processes it follows, the management of its computer information systems data, its risk management plan, the extensive use of independent external advisors and auditors together with regular Board oversight of operations fosters a strong corporate culture of accountability across the organisation which minimises the risk of misconduct and corrupt behaviour.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**DISCLOSURES AND LEGAL COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2007**

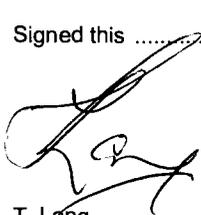
**FINANCIAL STATEMENTS**

**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 Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

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

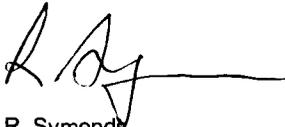
Signed this .....<sup>24<sup>th</sup></sup>..... day of August, 2007



T. Lang  
Chairman of the Board



G. Thomson  
Member of the Board



R. Symonds  
Principal Accounting Officer

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$000	2006 \$000
<b>INCOME</b>			
<b>Revenue</b>			
Contribution from employers		16,353	11,492
Employer surcharges		27	6
Investment revenue	6	13,247	9,153
Interest revenue	7	174	161
Property revenue		17	-
Other revenue		2	1
<b>Gains</b>			
Gains on disposal of investments	9	1,273	3,387
Gains on disposal of non-current assets	10	-	-
<b>Total Income</b>		<b>31,093</b>	<b>24,200</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Long service leave payments		15,902	5,746
Employee benefits expense	11	992	691
Supplies and services	12	903	866
Depreciation and amortisation expense	13	71	54
Finance costs	14	35	27
Accommodation expenses	15	167	130
Property expenses		4	-
Accrued long service leave liability	8	47,608	4,446
Other expenses	16	168	123
<b>Total expenses</b>		<b>65,850</b>	<b>12,083</b>
<b>(Loss)/profit for the period</b>		<b>(34,757)</b>	<b>12,117</b>

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

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**BALANCE SHEET  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$000	2006 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	27	2,276	2,836
Receivables	17	114	112
Available for sale financial assets	18	114,898	102,400
Other current assets	19	4,675	2,770
<b>Total Current Assets</b>		<u>121,963</u>	<u>108,118</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	20	179	125
Intangible assets	21	24	14
<b>Total Non-Current Assets</b>		<u>203</u>	<u>139</u>
<b>Total Assets</b>		<u>122,166</u>	<u>108,257</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued long service leave benefits liability	8	87,382	42,119
Trade and other payables	23	118	146
Provisions	24	238	170
Other current liabilities	25	74	66
<b>Total Current Liabilities</b>		<u>87,812</u>	<u>42,501</u>
<b>Non-Current Liabilities</b>			
Accrued long service leave benefits liability	8	34,537	32,192
Provisions	24	43	81
<b>Total Non-Current Liabilities</b>		<u>34,580</u>	<u>32,273</u>
<b>Total Liabilities</b>		<u>122,392</u>	<u>74,774</u>
<b>NET ASSETS</b>		<u>(226)</u>	<u>33,483</u>
<b>EQUITY</b>			
Fair value reserve	26	5,839	4,791
(Accumulated losses)/Retained earnings		(6,065)	28,692
<b>TOTAL EQUITY</b>		<u>(226)</u>	<u>33,483</u>

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

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$000	2006 \$000
<b>Balance of equity at start of period</b>	26	33,483	20,030
<b>RESERVES</b>			
<b>Fair Value Reserve</b>			
Balance at start of period		4,791	3,455
Gains from fair value movement		1,048	1,336
Balance at end of period		5,839	4,791
<b>(ACCUMULATED LOSSES)/ RETAINED EARNINGS</b>			
26			
Balance at start of period		28,692	16,575
(Loss)profit for the period		(34,757)	12,117
Balance at end of period		(6,065)	28,692
<b>Balance of equity at end of period</b>		<b>(226)</b>	<b>33,483</b>
Total income and expense for the period <sup>(a)</sup>		(33,709)	12,117

(a) The aggregate net amount attributable to each category of equity is: deficit \$34,756,862 (2006: surplus \$12,117,000) and gains from fair value movement \$1,047,928 (2006: \$1,336,000).

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

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$000	2006 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from employers		14,472	10,878
Interest received		174	161
Other receipts		18	1
<b>Payments</b>			
Employee benefits		(962)	(713)
Supplies and services		(917)	(755)
Finance costs		(35)	(27)
Accommodation		(167)	(130)
GST payments to taxation authority		(5)	(13)
Payments for long service leave		(15,902)	(5,746)
Other payments		(171)	(123)
<b>Net cash (used in)/provided by operating activities</b>	27	<b>(3,494)</b>	<b>3,533</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		-	9
Purchase of non-current physical assets		(117)	(70)
Purchase of non-current intangible assets		(18)	(17)
Proceeds from sale of investments		15,730	24,789
Purchase of investments		(12,660)	(26,800)
<b>Net cash provided by/(used in) investing activities</b>		<b>2,935</b>	<b>(2,089)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(560)</b>	<b>1,444</b>
Cash and cash equivalents at the beginning of period		2,836	1,392
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	27	<b>2,276</b>	<b>2,836</b>

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

## 1. Australian equivalents to International Financial Reporting Standards

### General

The Construction Industry Long Service Leave Payments Board's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Board has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

### Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ended 30 June 2007.

## 2. Summary of significant accounting policies

### (a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions ("TI"). Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Modifications or clarifications to accounting standards through the TI's are to provide certainty and ensure consistency and appropriate reporting across the public sector.

### (b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except that the following assets are stated at their fair value: financial instruments classified as available-for-sale.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 4 'Key sources of estimation uncertainty'.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**INDEX OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**(c) Reporting Entity**

The reporting entity comprises the Construction Industry Long Service Leave Payments Board ("the Board").

**(d) Income**

***Revenue***

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Contribution from employers*

Contributions from employers are due at the end of each 3 month period. Consequently contributions due in respect of the quarterly period to 30 June 2007 have been accrued.

*Investment revenue*

Investment revenue comprises distributions received from managed funds investments and is recognised when the Board becomes entitled to receive the distributions.

*Interest*

Revenue is recognised as the interest accrues. The effective interest method is used where applicable.

*Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and gains on redemptions of investments in managed funds.

**(e) Income Tax**

The Board does not operate within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the WA Treasury. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, the Board is not required to comply with AASB 112 "Income Taxes".

**(f) Finance costs**

Borrowing costs are expensed when incurred.

**(g) Property, Plant and Equipment and Infrastructure**

*Capitalisation/Expensing of assets*

Items of property, plant and equipment costing over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$1,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

*Initial recognition and measurement*

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

*Subsequent measurement*

After recognition as an asset, the Board uses the cost model for the measurement of property, plant and equipment. All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

*Depreciation*

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

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Leasehold improvements	5 years
Furniture and fittings	10 years
Office equipment	3 to 5 years
Motor vehicles	6 to 7 years

**(h) Intangible Assets**

*Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing \$1,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$1,000 are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Board have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Licences	3 to 5 years
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Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

**(i) Impairment of Assets**

Property, plant and equipment, and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Board is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See note 22 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 2(m) 'Receivables' and note 17 'Receivables' for impairment of receivables.

**(j) Leases**

The Board has entered into a number of operating lease arrangements for the rent of the office building and motor vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Lease payments are expensed on a straight line basis over the lease terms as this is representative of the pattern of benefits to be derived from the leased property and motor vehicles.

**(k) Financial Instruments**

The Board has four categories of financial instrument:

- Loans and receivables (includes cash and cash equivalents, receivables, term deposits);
- Held-to-maturity investments (commercial bills);
- Non-trading financial liabilities (includes payables); and
- Available-for-sale financial assets (includes units in quoted managed investment funds).

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method. The subsequent measurement of available for sale financial assets is at fair value.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Fair value of the Available-for-sale financial assets are based on current bid prices.

See note 2(n) for 'Investments and other financial assets'.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

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**INDEX OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**(l) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**(m) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(k) 'Financial Instruments and note 17 'Receivables'.

**(n) Investments and Other Financial Assets**

The Board classifies its investments into the following categories: loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each balance sheet date. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

**(i) Loans and receivables**

Loans and receivables and held-to-maturity investments, such as commercial bills, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

**(ii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's management has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

**(iii) Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally marketable units in managed investment funds, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statements. Fair value of quoted investments are based on current bid prices.

Purchases and sales of investments are recognised on trade-date – the date on which the Board commits to purchase or sell the asset. Investments are initially recognised at fair value being the fair value, including transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership.

The Board assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

**(o) Payables**

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(k) 'Financial Instruments and note 23 'Payables'.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**INDEX OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**(p) Provisions**

Provisions are liabilities of uncertain timing and amount. The Board only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

**(q) Employee Benefits**

*Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

*Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who are not members of either the Pension Scheme or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Board makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes

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 and the contributions made to this scheme extinguish any future liability for the Board. Employees who commenced working with the Board after July 1991 are only able to join the West State Superannuation Scheme (WSS) operated by GESB.

The WSS Scheme and the GESBS Scheme, where the current service superannuation charge is paid by the Board to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, the WSS Scheme and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**INDEX OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

*Employment On-Costs*

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. See note 16 'Other expenses' and note 24 'Provisions'.

**(r) Accrued Salaries**

Accrued salaries (refer note 25 'Other liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value.

**(s) Accrued Long Service Leave Benefits Liability**

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 liability has been calculated by the Board's Actuary using an actuarial valuation method which takes into account details of eligible workers and assumptions on the rates of departure from the industry, mortality rates, increases in wages and discounting the inflated liability using the Commonwealth Government Bond of 6.4%.

Current accrued long service leave benefits represent the liability to workers who are entitled to claim their long service leave benefits within 12 months of balance sheet date.

**(t) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

**3 Judgements made by management in applying accounting policies**

There have been no judgements made by management in applying accounting policies that have significant effect.

**4 Key sources of estimation uncertainty**

There are no key estimates and assumptions made concerning the future.

**5. Disclosure of changes in accounting policy and estimates**

The Board has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, ASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Board does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the Board has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Board has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Board as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

2005-1	'Amendments to Australian Accounting Standard' (AASB 139 –Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standards [AASB 1 &AASB 139]'
2006-1	'Amendments to Australian Accounting Standards [AASB 121]'
2006-3	'Amendments to Australian Accounting Standards [AASB1045]'
2006-4	'Amendments to Australian Accounting Standards [AASB 134]'
2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118,AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participating in a Specific Market –Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	'Scope of AASB 2'

**INDEX OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**Future impact of Australian Accounting Standards not yet operative**

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Board's exposure to risks, enhanced disclosure regarding components of the Board's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Board does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Board does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Board is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
5. AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Board does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**INDEX OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

6. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Board has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
  
7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Board if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Board has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods.
  
8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Board has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Board as they will have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	<u>2007</u>	<u>2006</u>
	<u>\$000</u>	<u>\$000</u>
<b>6. Investment revenue</b>		
Distributions from managed funds	13,247	9,153
	<u>13,247</u>	<u>9,153</u>
<b>7. Interest revenue</b>		
Bank account and term deposit interest	174	161
	<u>174</u>	<u>161</u>
<b>8. Accrued long service leave benefits</b>		
<i>The Scheme's long service leave liability at 30 June 2007 has been calculated by the actuaries as \$121.919 million</i>		
Opening balance	74,311	69,865
Increase/(Decrease) in provision	47,608	4,446
Closing balance	<u>121,919</u>	<u>74,311</u>
The liability is allocated as follows:		
Current		
Accrued long service leave benefits liability	87,382	42,119
Non-current		
Accrued long service leave benefits liability	34,537	32,192
Total	<u>121,919</u>	<u>74,311</u>
<b>9. Net gain/(loss) on disposal of investments</b>		
Costs of Disposal of Investments	8,797	21,400
Proceeds from Disposal of Investments	10,070	24,787
Net gain/(loss)	<u>1,273</u>	<u>3,387</u>
<b>10. Net gain/(loss) on disposal of non-current assets</b>		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	-	9
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	-	9
Net gain/(loss)	<u>-</u>	<u>-</u>
<b>11. Employee benefits expense</b>		
Wages and salaries <sup>(a)</sup>	695	457
Superannuation – defined contribution plans	232	187
Long service leave <sup>(b)</sup>	31	10
Annual Leave <sup>(b)</sup>	34	37
	<u>992</u>	<u>691</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 16 'Other Expenses'. The employment on-costs liability is included at note 24 'Provisions'.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$000	\$000
<b>12. Supplies and Services</b>		
Communications	183	201
Consultants and contractors	483	429
Consumables	122	101
Travel	32	37
Other	83	98
	903	866
<b>13. Depreciation and amortisation expense</b>		
<b>Depreciation</b>		
Plant, equipment and vehicles	49	46
Leased plant, equipment and vehicles	13	5
Total depreciation	62	51
<b>Amortisation</b>		
Intangible assets	9	3
Total amortisation	9	3
Total depreciation and amortisation	71	54
<b>14. Finance costs</b>		
Bank charges	35	27
	35	27
<b>15. Accommodation expenses</b>		
Lease rentals	155	115
Repairs and maintenance	2	5
Light and power	10	10
	167	130
<b>16. Other expenses</b>		
Board members fees	52	48
Employment on-costs <sup>(a)</sup>	7	7
Annual leave provision	(4)	3
Long service leave provision	33	(24)
Doubtful debts expense	1	(1)
Bad debts expense	-	9
Insurances	51	51
Motor vehicle expenses	28	30
	168	123

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 24 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$000</b>	<b>\$000</b>
<b>17. Receivables</b>		
Current		
Employer debtors	26	55
Allowance for impairment of employer debtors	(18)	(17)
	<u>8</u>	<u>38</u>
Prepayments	29	34
Other debtors	39	7
GST receivable	38	33
	<u>114</u>	<u>112</u>

See also note 2(m) 'Receivables' and note 32 'Financial Instruments'.

**18. Investments**

At fair value:

- Credit Suisse Cash Fund	4,646	4,373
- Credit Suisse International Fund	12,914	12,326
- Credit Suisse Fixed Interest	15,412	14,815
- Maple Brown Abbott	13,635	11,739
- Macquarie Property Securities	14,026	7,797
- Macquarie True Index Global	9,293	8,933
- UBS Investment Funds	-	6,503
- Bernstein Global Value Trust	6,597	5,693
- Morgan Stanley Global Fund	7,041	6,452
- Schroder Australian Equity Trust	14,091	11,748
- Ausbill Australian Active Equity Fund	13,890	12,021
- AMP Property Trust	3,353	-
	<u>114,898</u>	<u>102,400</u>

**19. Other assets**

Current

Accrued contributions	4,675	2,770
	<u>4,675</u>	<u>2,770</u>

**20. Property, plant and equipment**

Furniture and fittings

At cost	28	19
Accumulated depreciation	(3)	(16)
	<u>25</u>	<u>3</u>

Leasehold improvements

At cost	76	47
Accumulated depreciation	(16)	(33)
	<u>60</u>	<u>14</u>

Office equipment

At cost	158	137
Accumulated depreciation	(92)	(65)
	<u>66</u>	<u>72</u>

Motor vehicles

At cost	56	56
Accumulated depreciation	(28)	(20)
	<u>28</u>	<u>36</u>
	<u>179</u>	<u>125</u>

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	Furniture and fittings	Leasehold improvements	Office equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000
<b>2007</b>					
Carrying amount at start of year	3	14	72	36	125
Additions	23	59	34	-	116
Depreciation	(1)	(13)	(40)	(8)	(62)
Carrying amount at end of year	25	60	66	28	179
	Furniture and fittings	Leasehold improvements	Office equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000
<b>2006</b>					
Carrying amount at start of year	6	7	66	36	115
Additions	-	12	40	18	70
Disposals				(9)	(9)
Depreciation	(3)	(5)	(34)	(9)	(51)
Carrying amount at end of year	3	14	72	36	125

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$000	\$000
<b>21. Intangible assets</b>		
Licences		
At cost	36	17
Accumulated amortisation	(12)	(3)
	24	14
Reconciliation		
Licences		
Carrying amount at start of year	14	-
Additions	19	17
Amortisation expense	(9)	(3)
Carrying amount at end of year	24	14

**22. Impairment of assets**

There were no indications of impairment to Property, plant and equipment and intangible assets at 30 June 2007.

The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

There were no surplus assets held at 30 June 2007.

**23. Payables**

<u>Current</u>		
Trade payables	118	146
	118	146

See also note 2(o) 'Payables' and note 32 'Financial Instruments'.

**24. Provisions**

<u>Current</u>		
Employee benefits provision		
Annual leave <sup>(a)</sup>	26	30
Long service leave <sup>(b)</sup>	201	139
	227	169
Other provisions		
Employment on-costs	11	1
	238	170
<u>Non-current</u>		
Employee benefits provision		
Long service leave <sup>(b)</sup>	41	80
	41	80
Other provisions		
Employment on-costs	2	1
	43	81

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$000	\$000

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	26	30
	26	30

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	161	139
More than 12 months after balance sheet date	62	63
	223	202

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 19 'Other expenses'.

## 25. Other liabilities

Current		
Accrued expenses	67	63
Accrued salaries	7	3
	74	66

## 26. Equity

### Reserves

#### Fair value reserve:

Balance at start of year	4,791	3,455
Fair value increments/(decrements):		
Investments	1,048	1,336
Balance at end of year	5,839	4,791

#### (Accumulated Losses)/Retained Earnings

Balance at start of year	28,692	16,575
Result for the period	(34,757)	12,117
Balance at end of year	(6,065)	28,692

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$000	\$000

## 27. Notes to the Cash Flow Statement

### Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	2,276	2,836
	2,276	2,836

### Reconciliation of (loss) to net cash flows (used in)/provided by operating activities

(Loss)/Profit	(34,757)	12,117
Non-cash items:		
Depreciation and amortisation expense	72	54
Investment income reinvested	(13,247)	(9,153)
Doubtful debts expense	1	(1)
Net (gain)/loss on sale of investments	(1,273)	(3,387)
(Increase)/decrease in assets:		
Current receivables	(2)	(1)
Other current assets	(1,905)	(620)
Increase/(decrease) in liabilities:		
Current payables	(28)	99
Current provisions	67	(38)
Other current liabilities	8	-
Non-current provisions	(38)	17
Accrued LSL benefits liability	47,608	4,446
Net cash (used in)/provided by operating activities	(3,494)	3,533

## 28. Commitments

### Lease commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:

Within 1 year	108	117
Later than 1 year and not later than 5 years	318	425
	426	542

### Representing:

Non-cancellable operating leases	426	542
	426	542

### Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Motor vehicles		
Within 1 year	2	11
Later than 1 year and not later than 5 years	-	1
Property lease		
Within 1 year	106	106
Later than 1 year and not later than 5 years	318	424
	426	542

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$000	\$000
<p>The property lease is a non-cancellable lease with a five-year term, with rent payable in advance. Contingent rent provisions within the lease agreement require that the rent is reviewed on the first and third anniversaries to market rental. The lease agreement provides for the rent to be reviewed to market rent on the commencement of the option period and on the second and fourth anniversaries.</p>		
<p>Other expenditure commitments contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:</p>		
<i>Advertising</i>		
Within 1 year	-	6
<i>Printing &amp; stationery</i>		
Within 1 year	8	-
<i>Consultancy reviews</i>		
Within 1 year	13	-
	21	6

**29. Contingent liabilities and contingent assets**

There were no significant contingent liabilities or contingent assets existing at reporting date.

**30. Events occurring after the balance sheet date**

There were no significant events occurring after the balance sheet date that require disclosure.

**31. Explanatory statement**

This statement provides details of any significant variations between estimates and actual results for 2007 and between the actual results for 2006 and 2007. Significant variations are considered to be those greater than 10% or \$100,000.

**Significant variances between estimate and actual results for the financial year**

	2007	2007	Variation
	Estimate	Actual	Variation
	\$000	\$000	\$000
<b>INCOME</b>			
Contribution from employers	13,200	16,380	3,180 <sup>(a)</sup>
Investment revenue	8,175	13,247	5,072 <sup>(b)</sup>
<b>EXPENSES</b>			
Long service leave payments	15,246	15,902	656 <sup>(c)</sup>
Employee benefits expense	820	992	172 <sup>(d)</sup>
<b>OTHER</b>			
Increase in long service leave liability	6,900	47,608	40,708 <sup>(e)</sup>

(a) Contributions were received for 5,000 additional workers.

(b) The return on investments was 15.1% compared with the estimate of 8%.

(c) The number of claims for long service leave were greater than expected.

(d) Temporary staff were required to assist payment of additional long service leave claims.

(e) The increase in the long service leave liability provided by the Board's actuary was greater than estimated

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 \$000	2006 \$000	
<b>Significant variances between actual and prior year actual – revenues and expenditures</b>			
	2007 \$000	2006 \$000	Variance \$000
<b>INCOME</b>			
Contribution from employers	16,380	11,498	4,881 <sup>(a)</sup>
Investment revenue	13,247	9,153	8,369 <sup>(b)</sup>
Gains on disposal of investments	1,273	3,387	(2,114) <sup>(c)</sup>
<b>EXPENSES</b>			
Long service leave payments	15,902	5,746	10,156 <sup>(d)</sup>
Employee benefits	992	691	300 <sup>(e)</sup>
Increase in long service leave liability	47,608	4,446	43,162 <sup>(f)</sup>

(a) The contribution levy was increased from 1% to 1.25% from 1 January 2007 and from 1 October 2006 the levy has been calculated using the actual rate of pay instead of an Award or EBA rate.

(b) An additional \$16 million was held in investments during the current year.

(c) Gains & losses on investments result from movements into new investments & out of under-performing existing investments.

(d) From 1 October 2006 the minimum period was reduced from 10 to 7 years to claim long service leave entitlement. This resulted in 2,483 claims being paid compared with 1,059 for the previous year.

(e) Additional temporary staff were required following the legislative changes introduced on 1 October 2006 .

(f) The liability as calculated by the Board's Actuary at 30 June 2007 has significantly increased due to the minimum entitlement period being reduced from 10 years to 7 years from 1 October 2006.

## **32. Financial Instruments**

### **(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Board are cash and cash equivalents, commercial bills, term deposits, receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

#### *Credit risk*

The Board trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

#### *Liquidity risk*

The Board's objective is to maintain a positive cash flow. The Board has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

#### *Cash flow interest rate risk*

The Board is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and the Board is not permitted to have borrowings.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**2007**  
**\$000**

**2006**  
**\$000**

**(b) Financial Instrument disclosures**

**(a) Interest Rate Risk Exposure**

The following table details the Board's exposure to interest rate risk as at the reporting date:

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity						Non- Interest Bearing \$000	Total \$000
			Within 1 year \$000	1-2 Years \$000	2- 3 Years \$000	3-4 Years \$000	4-5 Years \$000	More than 5 Years \$000		
<b>2007</b>										
Financial assets										
Cash and cash equivalents	5.99	1,240	1,036	-	-	-	-	-	-	2,276
Receivables	-	-	-	-	-	-	-	-	114	114
Investments	-	-	-	-	-	-	-	-	114,898	114,898
		1,240	1,036	-	-	-	-	-	115,012	117,288
Financial liabilities										
Payables	-	-	-	-	-	-	-	-	118	118
Accrued salaries	-	-	-	-	-	-	-	-	7	7
Employee benefits	-	-	-	-	-	-	-	-	281	281
	-	-	-	-	-	-	-	-	406	406

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity						Non- Interest Bearing \$000	Total \$000
			Within 1 year \$000	1-2 Years \$000	2- 3 Years \$000	3-4 Years \$000	4-5 Years \$000	More than 5 Years \$000		
<b>2006</b>										
Financial assets										
Cash and cash equivalents	5.2	927	1,909	-	-	-	-	-	-	2,836
Receivables	-	-	-	-	-	-	-	-	112	112
Investments	-	-	-	-	-	-	-	-	102,400	102,400
		927	1,909	-	-	-	-	-	102,512	105,348
Financial liabilities										
Payables	-	-	-	-	-	-	-	-	146	146
Accrued salaries	-	-	-	-	-	-	-	-	3	3
Employee benefits	-	-	-	-	-	-	-	-	251	251
	-	-	-	-	-	-	-	-	400	400

**(c) Fair Values**

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

**33. Remuneration of members of the Accountable Authority and senior officers**

Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are

\$		
0 – 20,000	7	7

The total remuneration of members of the Accountable Authority is: 57      53

The superannuation included here represents the superannuation expense incurred by the Board in respect of the members of the Accountable Authority.

No members of the Accountable Authority are members of the Pension Scheme.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$000	\$000

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Accountable Board, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$		
100,001 – 110,000	1	1
130,001 – 140,000	-	1
140,001 – 150,000	1	-

The total remuneration of senior officers is: 256 236

The superannuation included here represents the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Accountable Board.

No senior officers are members of the Pension Scheme.

**34. Remuneration of auditor**

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	21	21
	21	21

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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STATEMENT:

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Construction Industry Long Service Leave Payments Board's performance and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ended 30 June 2007.

Signed this 24<sup>th</sup>..... day of August 2007



Chairman of the Board



Member of the Board

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**DESIRED OUTCOME**

A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.

**KEY EFFECTIVENESS INDICATORS**

**(i) CONSTRUCTION INDUSTRY EMPLOYERS WHO HAVE REGISTERED WITH THE BOARD.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Registered Employers – Average for the year (Number)	4,673	4,401	4,052	3,896
Change in Number of Registered Employers. (%)	6.2%	8.6%	4%	1.12%
Growth in Firms in the Industry. (%) (IBISWORLD Pty Ltd)	*	9.1%	9.7%	4%

\* 2006/2007 statistics were not available at the time of preparation of this report.

**(ii) ELIGIBLE AND REGISTERED CONSTRUCTION INDUSTRY EMPLOYEES FOR WHOM CONTRIBUTIONS HAVE BEEN MADE.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Employees contributed for - Average for the year. (number)	45,022	40,224	34,950	32,066
Change in number of contributed for. (%) Employees	11.9%	15.1%	9.00%	12.88%
Change in number of in the industry.* (%) Employees	16.8%	8.86%	19.00%	9.00%

\* Based on construction industry employment statistics published by the Australian Bureau of Statistics.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**(iii) QUALIFYING SERVICE PROFILE OF CONSTRUCTION INDUSTRY EMPLOYEES FOR WHOM CONTRIBUTIONS HAVE BEEN MADE.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Employees Registered in the Scheme. (number)	53,012	53,120	46,268	41,611
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit. (number)	43,853	N/A*	N/A*	N/A*
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service. (number)	3,916	N/A*	N/A*	N/A*
Employees qualified for a long service leave benefit - more than 10 years of service. (number)	5,243	5,352	4,860	4,321

\* These figures prior to 2007 are not available as the minimum qualifying service period for a long service leave benefit prior to 2007 was 10 years of service. This changed in October 2006 when the minimum qualifying period of service was reduced from a minimum of 10 years to a minimum of 7 years of service.

**(iv) CONSTRUCTION INDUSTRY EMPLOYEES WHO HAVE RECEIVED A LONG SERVICE LEAVE PAYMENT.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Employees Registered in the Scheme. (number)	53,012	53,120	46,268	41,611
Number of Employees paid a benefit. (number) *	2,483*	1,059	820	789

\* 2006/2007 statistics are not comparable to previous years as the minimum qualifying service period for long service leave was reduced from 10 years to 7 years in October 2006 resulting in a large increase in the number of employees lodging a claim due to their being newly qualified under the revised entitlement provisions.

**(v) CONSTRUCTION INDUSTRY EMPLOYERS LONG SERVICE LEAVE CONTRIBUTION RATE.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Contribution Rate. (%)	1.25%*	1%	1%	0.5%

\* The contribution rate was increased from 1% to 1.25% with effect from 1 January 2007.

**CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD**  
**PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

(vi) **ANNUAL RETURN DERIVED FROM THE BOARD'S INVESTMENTS.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Board's Investment Return (%)	15.1%	15.6%	13.2%	14.3%
Investment Return - (Average) Pooled Growth Funds (%)	16.4%	15.5%	13.1%	14.4%

**SERVICE**

Management of the construction industry long service leave scheme.

**KEY EFFICIENCY INDICATORS**

(i) **AVERAGE ADMINISTRATIVE COST PER REGISTERED CONSTRUCTION INDUSTRY EMPLOYEE.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
W.A. Scheme Cost per Employee (\$)	\$44.14	\$35.60	\$37.20	\$35.66
Other State Schemes (average) (\$)	*	\$60.34	\$56.50	\$56.13

\* 2006/2007 figures not available at the time of preparation of the Report.

(ii) **FULL TIME EQUIVALENT STAFF EMPLOYED PER THOUSAND OF REGISTERED WESTERN AUSTRALIAN CONSTRUCTION INDUSTRY EMPLOYEES.**

**YEAR BY YEAR COMPARISONS**

<b>FINANCIAL YEAR</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Staff per thousand employees. (number)	0.27	0.21	0.22	0.25
Other State Schemes (average) (number)	*	0.48	0.49	0.53

\* 2006/2007 figures not available at the time of preparation of the Report.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Construction Industry Long Service Leave Payments Board.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Board's Responsibility for the Financial Statements and Key Performance Indicators**

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Construction Industry Long Service Leave Payments Board**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Construction Industry Long Service Leave Payments Board at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2007.

  
COLIN MURPHY  
AUDITOR GENERAL  
25 September 2007