

## Year in Review

- At the Minister's request a consultative process was conducted with industry to confirm support for proposed amendments to the Act. Submission now with Government.
- Investment return of 11.1%. \$value of investments under management increased by 26% to \$27.6 million.
- A buoyant industry and full year's application of the 2.5% levy has resulted in improved cash flow. Levy income was \$7.8m (2002/03 - \$6.3m)
- 980 claims processed at a cost of \$4.2million.
- Average weekly earnings increased by 5.4% to \$767.
- The client base increased by 10.2% to 20,826.
- 217 new employers and 4,216 new workers registered during the year.
- Annual scheme cost per worker reduced to \$39.31.

## Contribution Rate now \$120

The contribution rate for self-employed contractors and working directors has been reviewed and will increase from \$100 to \$120 every 2 months effective from the July/August 2004 billing cycle.

When the scheme commenced for self-employed contractors in 1995, the rate was set at \$100. The same rate was set for working directors in 2000 when the voluntary scheme was extended to include them.

Once a self-employed contractor or working director becomes entitled to long service leave, payments from the scheme are based on contributions received plus interest.

In order to maintain the real value of this eventual entitlement from the scheme, it has been necessary to review this contribution rate upward to \$120. Members are reminded that this is a minimum rate only and higher contributions may still be paid.

The method used to calculate interest has also been reviewed and will change from 1 July 2004.

Until now, the 90 day bank bill rate has been used to calculate interest on contributions quarterly.

From July 1, interest will be calculated at the rate of 75% of the return on investment of the Construction Industry Fund for the previous quarter. The remaining 25% offsets administration of this sector of the scheme.

This is considered to be more equitable for contributors in that it links directly to the investment return of the Fund and depending on the state of the market, will provide returns in excess of the 90 day bank bill rate.

Members are assured this rate will never be negative, even if the Fund sustains a negative return in a year.

## Industry Survey

CBS will be utilising the services of UniSA marketing students to conduct a survey of the long service leave scheme.

Employers, workers and self-employed contractors registered with the scheme will be randomly selected to provide feedback as to:

- Whether the services we provide are relevant to the industry,
- How the administration of the scheme can be improved to further benefit clients,
- If CBS's delivery of services meets the industry's expectations.

The results of the survey will form the basis for implementing improved services to all client groups.

## Site Visits

Our Industry Liaison Unit consists of two inspectors responsible for specific country and metropolitan regions.

Building work is monitored throughout the State and visits to construction sites are conducted regularly to ensure compliance and assist workers and employers understand their obligations with the portable long service leave scheme.

Sites are selected randomly and no forewarning is given of the inspection. Site managers should be made aware the Construction Industry Long Service Leave Act 1987 provides Inspectors legal access to any premises for the purposes of the Act.



Industry Liaison Officers Terry Redman and Mike Shanahan have undertaken training in the Common Safety Induction Course and are fully aware of safety issues relating to the construction industry.

## Worker Registrations at Record Levels

During 2003/04 a record of approximately 11,000 workers were actively employed and registered with the scheme. This was achieved despite a modest decline in non-residential building activity.

Research and business analyst firm BIS Shrapnel forecast construction activity to remain strong in 2004/05 with a 5% rise to be led by expansion in the commercial and industrial sectors.

In the medium term, BIS Shrapnel also forecast 15% increases in the \$value of work carried out in the total construction sector (residential, engineering, non-residential) up to 2006/07.

A major economic downturn is then expected to flow through to the construction industry affecting all sectors of activity with the exceptions of alterations and additions work.

Construction activity in Adelaide at present include the Adelaide Airport Project, upgrades to major retail shopping centres, the Commonwealth Law Courts etc.

The Adelaide Airport Project started in November 2003 and is expected to finish in December 2005.

It will feature 14 glass-sided aerobridges; the most advanced of any Australian airport. The airport will measure 750 metres long and 110 metres wide and have the capacity to accommodate 27 aircraft simultaneously.

820 jobs have been generated during construction with currently 300 workers on-site daily and a peak of 450 expected. 1600 workers have been inducted on to site so far.

The project is expected to cost \$260 million and employment at the airport is expected to rise by 10% when the project is complete.



## Employer Calendar

The Return Form calendar assists you complete the Return Form by showing the maximum days to be declared in each return period.

The Return Form calendar for 2004/05 can be downloaded from our website [www.cbserve.com.au](http://www.cbserve.com.au)

It is located under the News & Publications link, under Guides & Instructions.

If you do not have access to the Internet, please telephone CBS to arrange for a copy of the calendar to be posted to you.



**Employer Return Calendar 2004-2005**

Construction Industry Long Service Leave Board  
1st Floor, 40 Davenport Rd  
Melbourne, VIC 3000  
Telephone: (03) 9271 1222  
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Email: [enquiries@cbserve.com.au](mailto:enquiries@cbserve.com.au)  
Website: [www.cbserve.com.au](http://www.cbserve.com.au)

Method of Payment:  
EFT, Cheque, Cash, Credit Card

\*Check due date for lodgment of employer return form and any dependent due dates on based on Monday Friday employment.

## Board Seeks Government Decision

Following extensive consultation with industry bodies, the Board has recommended to Government the Act be amended to provide more flexibility in the areas of levy determination and contracting services to other agencies.

While other amendments are also being sought, these two are important in the context of the financial position of the scheme.

## Investment Review

Despite a pleasing investment return, which met the Board's investment objectives, the 11.1% return fell short of the industry median.

The Board is of the view the current growth based strategy, supported by the use of external investment expertise, is restrictive in its lack of flexibility and timeliness in implementing decisions.

The Board has therefore decided to invite tenders for the provision of implementing consulting services. This has the potential to result in higher returns and provide benefits from combining investment advice and implementation.

The Board hopes to be in a position to appoint a manager by the end of September.

## Internet Speed

As more employers and workers access their long service leave records via our website, it has become necessary to upgrade our Internet connection speed.

The current 256kbps upload capacity will be replaced with a 2048kbps Wideband Transmission Service.

This will ensure a timely response when enquiring on your records or lodging Return Forms.

It is anticipated the service will be operational by the end of September.