

the year in review

1998/99 has produced excellent results as well as significant initiatives, new developments and challenges for the future.

The 1997 decision to revise our investment strategy and appoint fund managers resulted in an improved return of 8.2% in 1998/99. This is marginally under the average return for market-linked pooled funds.

While the number of new employers and workers joining the scheme fell by 58% and 12% respectively this year, this was not reflected in the year's levy income of \$2.46m, which is the highest since 1993 when the levy rate was reduced from 1.5% to 1.25%. Investment income was \$2.1m.

In 1998/99, the Board paid out \$3.2m to workers (\$43.5m since the scheme's inception). 1643 registered workers are currently entitled to long service leave. Employment patterns within the construction industry remain itinerant with our database indicating 57% of registered workers having worked for more than one employer.

The Board made significant progress towards improving internal productivity and efficiencies while also providing expanded client services. This reduced administrative costs by \$274,000 (27.5%). This was achieved in an environment of declining fund reserves brought about in the main by an 8% increase in average weekly earnings across the industry. It is therefore imperative for the Board to continue to focus both on cost control and investment returns.

Act amendments, first sought by the Board in November 1998, were an important measure in protecting the Fund while also making the scheme more equitable and consistent with state long service leave. The protracted consultation process with Government has however impacted on projected cash flow and in turn exacerbated the tenuous position of the Fund.

The Board has established a solid foundation for the future. The current momentum and strategic direction will be maintained in 2000 to support the construction industry and the significant contribution it makes to the South Australian economy.

actuarial review of fund

The Board has recently received a report on the annual actuarial review of the accrued liability and sufficiency of the Fund.

The report identified an accrued liability of \$24,597,000. On the basis of audited financial statements, the scheme has net assets of \$24,870,000.

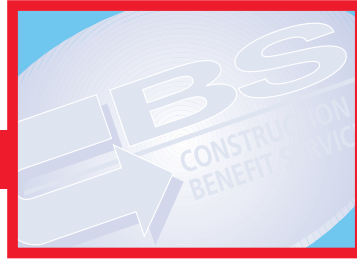
The Fund therefore has a reserve of \$273,000 at 30th June 1999.

The actuary has also reported to the Board on the diminishing Fund reserve (24% in June 1995 to 1% at 30th June 1999). This reduction in reserve is a direct result of:

- the levy being set at the low rate of 1% in 1995 to utilise the excess reserves in the Fund for the benefit of employers; and
- wage increases totalling 15% within the construction industry over the last two years through enterprise bargaining agreements.

The actuary has recommended the levy rate now be increased. The Board has referred the report to Government.

www.cbsserv.com.au



CBS is now on the web.

The first stage of our internet development is complete. This will provide on line access to scheme information previously only available in brochure form.

In addition, current and previous issues of *Insite* and the Annual Report will be available to download in PDF format.

The next stage of development planned for 2000 will allow clients to directly and securely access personal scheme data, lodge return forms and apply for long service leave.

The site will link to other long service leave schemes throughout Australia who are presently developing similar sites.

employer return lodgement

Every 2 months, CBS issues an "Employer Return Form" to every registered employer for completion of details of their worker's employment.

This information is used to update your workers' service records to ensure prompt payment of long service leave claims.

Return forms and levies are required by law to be lodged within 21 days after the end of each 2 month period. The due date is printed on each return.

Unfortunately, a small percentage of employers do not comply with this requirement, necessitating additional follow up action by CBS at a cost to the industry.

If you do not employ during a particular period, you must still lodge a "NIL" return. If you cease to employ altogether, you should apply to CBS to cancel your registration.

christmas office hours

Construction Benefit Services will close from 12 noon on Friday 24th December 1999.

We apologise for any inconvenience this may cause and would be pleased to assist with your enquiries when we re-open on Tuesday 4th January 2000.

*Merry Christmas
and a Prosperous
New Year*



new Board appointed

The new Board was appointed for a term of 3 years concluding on 30th June 2002.

The Board consists of seven members appointed to represent the interests of workers and employers in the scheme.

The members are:

Presiding Officer

David McNeil

Employer Representatives

David Steel

Gail Baranovskis

Sandra Rennneisen

Worker Representatives

Ben Carslake

John Gresty

David Smith

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