



“Excellence in the
delivery of long service
leave entitlements to
construction industry
employees”

myleave.wa.gov.au

ANNUAL REPORT
2020-2021

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

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ACTUARY:	Pricewaterhouse Coopers
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BUSINESS HOURS:	8.00 am to 4.30 pm Monday to Friday
PUBLICATIONS:	Pamphlets and other material explaining the Scheme are available from the Board's Office and the Board's website.

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STATEMENT OF COMPLIANCE

For year ended 30 June 2021

Hon Stephen Dawson MLC
Minister for Industrial Relations

In accordance with section 63 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 reporting period ended 30 June 2021.

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

The financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.



Susan Barrera

Chair

MyLeave

27 August 2021



Mick Buchan

Member of the Board

MyLeave

27 August 2021



OVERVIEW

Chair's Foreword

While the challenges posed by the Coronavirus are far from over, the Board is confident that the measures implemented to support the building industry during the pandemic were sound. MyLeave continued to provide normal services for employers and employees even during periods of lock down.



The impact of the pandemic on the construction industry can be seen in the decline in number and amount of payments to workers. The reduction in the employer levy (1.0% to 0.01% from September to December 2020, then 0.5% on 1 January 2021) is reflected in the 70% decline in employer contributions. The number of employees registered remains steady at about 106,000.

Despite the economic difficulties, the number of registered employers and the number of apprentices showed small increases.

It was a solid year for the Scheme's investment returns. The Board continues to actively monitor the ability of the Scheme to meet long service leave payments owed to construction workers, guided by our financial advisers. Investment returns were positive during the year and the value of the Scheme's portfolio increased from \$595 million in June 2020 to \$668 million twelve months later, a very pleasing result. The Board is satisfied that the Scheme has a sufficient safety margin to accommodate foreseeable volatility in the financial markets and to meet all its financial obligations to workers in the construction industry.

The Board recognises that MyLeave's IT system is struggling and places a high priority on the project to update our IT capacity. The new system which is planned is an essential part of the Board's strategy to provide more efficient and improved services to employees and employers in the industry. While there have been some teething issues, the Board remains confident that the project will deliver a product fit for purpose in an acceptable timeframe and budget.

I would like to recognise the contributions of two members who left the Board during the year. Mr Michael McLean's term expired after a total of 32 years as a Board member. Ms Meredith Hammat resigned after two years to take up a position as an elected member of parliament. The Board

recognises and appreciates the contributions of both former members and wishes them well in their future endeavours. The Board also welcomes Mr John Gelavis, Executive Director, Master Builders Association, as a new Board member.

The Board appreciates and acknowledges the efforts of the entire MyLeave team who work behind the scenes to ensure that construction industry workers enjoy the same long service leave entitlements as workers in most other industries. During the past year, often under difficult conditions, the team has continued to provide essential support for the Scheme and the Board.

I also thank my fellow Board members for their contributions in providing strategic direction for MyLeave. While Board members represent different sections of the construction industry, we share a common goal of providing improved working conditions for workers and retention of workers for employers. The Board remains focused on our mission to provide a financially sustainable portable long service leave scheme for eligible construction industry employees in Western Australia.

Susan Barrera

Chair

MyLeave Board

OVERVIEW CONTINUED

Chief Executive's Report

The year was initially characterised by the disruption of COVID-19 and concerns for the impact on workers and businesses in the construction industry. This was followed by a period of recovery and strong demand for the construction sector.



The Board responded to the initial concerns by recommending to government a reduced levy for the first six months that was implemented and provided a direct financial saving of \$15.2 million in contributions from construction employers.

It was also proposed to amend the legislation to provide financial assistance to construction workers by allowing early access to long service leave benefits at five years for a temporary period of twelve months. Although the legislation passed through the Lower House of Parliament, it did not complete its progress through the Upper House before Parliament was prorogued in November, prior to the State election held in March.

The Western Australian economy has managed well through the pandemic and the construction industry recovered strongly with stimulus from government infrastructure spending, housing construction incentives and private sector investment. This, together with reduced ability to travel, has seen a large reduction in workers accessing their long service leave entitlements whilst demand for workers is strong and opportunities to take leave is reduced. Payments were made to 3,670 workers during the year at a total of \$29 million.

The financial markets had a very strong year and our investment portfolio performed well with a return of 16% and investment earnings of \$94 million. This was more than double the revenue received at any time in the past. This contrasts with the \$16 million investment loss last year due to the economic shock of the pandemic.

The strong returns offset lower contributions from employers and the standard contribution levy was reduced from 1% to 0.5% with effect from January 2021.

The financial performance is reflected in the Board's net assets increasing by \$48 million. Total assets are now \$674 million with liabilities of \$396 million resulting in a healthy financial position.

The Board's investment strategy was revised during the year and the mix of assets (investments), and investment philosophy adjusted to reflect the Board's investment beliefs. The Board has taken a responsible approach to managing funds with an objective to optimise investment returns whilst having regard to risk. The average investment return over the last five years has been 7.45% per year, and long term returns of 6.2% per year over 20 years.

Progress has been made towards making improvements to transform MyLeave's business system. The transformation will involve replacing a very complex legacy system and redesigning processes to achieve more reliable and efficient business activities. This has been a major undertaking by staff in addition to business-as-usual activities and their commitment to achieving a great outcome is commended.

I thank staff for their dedication and commitment to meeting the requirements of workers and business in the construction industry. Staff have demonstrated their enthusiasm to assist our customers and have maintained this throughout the disruption caused by sudden changes in working arrangements in response to government requirements.

My thanks are also expressed to the Board for their continued guidance and support as we deal with the challenges involved with our operations and external impacts.















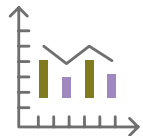






Jason Buckley

Chief Executive Officer
MyLeave

OVERVIEW CONTINUED

Performance Highlights

Performance activities are shown below with a comparison to last year shown as a percentage where there has been more than a 1% change.

 3,670 LSL payments to workers ↓ 31%	 \$29.1 Million LSL payments to workers ↓ 29%	 \$7,919 Average LSL payment (gross) ↑ 2.4%
 106,287 Registered workers ↔	 4,661 Apprentices* ↑ 2.4% <small>* no charge to employers</small>	 2,852 Interstate workers ↑ 15%
 18,310 Workers with vested LSL benefits ↑ 4.4%	 1,241 Days of service queries ↓ 31%	 10.3 Million Service days ↔
 \$3.1 Billion Industry wages ↑ 3%	 \$9.7 Million Employer contributions ↓ 70%	 5,052 Registered employers ↑ 1.9%
 0.01% COVID relief levy Jul to Dec ↓ 99%	 \$15.2 Million COVID levy relief for employers	 0.5% Levy Jan to Jun ↓ 50%
 97.6% Average employer returns received	 \$5.3 Million Operational expenses** ↑ 9% <small>** \$1 million IT project expenses</small>	 16% \$94 Million Investment Return ↑ 18%
 \$668 Million Investment assets ↑ 12%	 \$393 Million LSL liabilities ↑ 5.8%	 170% Liability cover ↑ 5.6%

↔ less than 1% change

YEAR IN REVIEW

In the financial year ending 30 June 2021, MyLeave delivered a fully funded Balance Sheet with an Accounting Ratio of 170% (assets/liabilities). It is important that MyLeave continues to maintain a strong financial position to be able to meet long service leave liabilities and withstand fluctuations in the financial markets and the construction industry over the longer term.

Investment returns have been strong with a positive return of 16% recovering from the economic impact on returns due to the COVID-19 pandemic last year.

Scheme Operations

In 2021 the number, and value, of payments to workers was 3,670 totaling \$29 million.

MyLeave was pleased to be able to reduce the contribution levy from 1 July 2021 to 0.01% (-99%) for six months as a COVID relief measure for construction industry employers. The six-month levy reduction provided a saving to the industry of \$15.2 million. The contribution levy was set at 0.5% as the standard levy rate from 1 January 2021 and was 50% less than the 1% levy initially set for 2020.

Board Members will soon decide the applicable levy for the year commencing 1 January 2022. MyLeave's Actuary, Pricewaterhouse Coopers, will assist Board Members in their determination of the levy for 2022. As detailed in this Annual Report, MyLeave is in a very sound financial position however Board Members need to ensure in determining the 2022 contribution levy, that MyLeave maintains its Mission "To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australia construction industry employees".

CONTRIBUTION LEVY						
	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jul 2020	Jan 2020
Levy percentage	1.35%	1.20%	1.10%	1.00%	0.01%	0.5%
Percentage change	no change	-0.15%	-0.10%	-0.10%	-99%	-50% from Jan 20

MyLeave statistics for 2021 show a stabilisation of the construction industry, despite some initial concerns due to the pandemic, and the important place in the industry that MyLeave has in delivering a significant volume and value of worker payments.

WORKERS				
	2018	2019	2020	2021
Total registered	112,245 -8%	107,873 -4%	106,392 -1%	106,287 -0.1%
Total contributed for (average per quarter)	63,794 -6%	62,420 -2%	62,191 0%	62,392 0.3%
Total days of service (average per quarter)	2,641,243	2,556,098	2,588,099	2,580,505*
Number of benefits paid	5,445	5,808	5,275	3,670
Value of benefits paid	\$43.7 m	\$44.5 m	\$40.9 m	\$29.1 m

* Three quarter average from September 2020 to March 2021.

The above data highlights a steady number of registered workers and active workers (Total contributed for) over the last few years. The number of active workers has shown a moderate reduction of 2% to 62,392 from 2018. The number of benefits paid is showing a high percentage of terminations, as compared to workers taking long service leave. For 2021 the percentage of termination payments was 59%.

YEAR IN REVIEW CONTINUED

The quarterly average number of days of service reduced marginally in 2021 i.e. from 2.59 million in 2020 to 2.58 million (-0.3%). The contribution levy revenue from employers reduced in 2021 to \$9.7 million, from the 2020 level of \$32.7 million. This was primarily due to the COVID relief levy of 0.01% from 1 July 2020, combined with a lower standard levy rate from 1 January 2021 implemented due to the Board's healthy financial position.

Days of service
recorded
remains steady

In accordance with its vision, MyLeave is very pleased that it can provide a financial buffer for those workers who have an unintended or unanticipated break in employment activity. The Scheme also continues to provide a significant benefit to workers who take a well-earned long service leave break.

Similar to the steady number of registered workers, the average number of registered employers has not shown any material movement over recent years.


EMPLOYERS				
	2018	2019	2020	2021
Total registered (average per quarter)	5,013	4,992	4,958	5,052
Contribution levy	\$41.3 m	\$37.7 m	\$32.7 m	\$9.7 m



YEAR IN REVIEW CONTINUED

Compliance Activities


MyLeave recognises that effective regulation spans a number of activities on a continuum, starting with the provision of advice, education and information through to enforcement activities. In the past year the MyLeave approach to these activities shifted as our environment changed. We strived to continue to fulfill our regulatory obligations whilst shifting to adapt to the changing context.



738 Employers identified

Proactive Compliance

As a result of proactive compliance activity, we identified 738 potential employers that we initiated communication with. A total of 299 employer questionnaires were sent which is an increase on 2019/2020 by 39 questionnaires (15%).



551 new employers registered for the Scheme

Employer Registration Assessments

In 2020/2021 there were 551 new employers that were assessed as eligible and registered with the Scheme.



Days of service queries remains steady

Days of Service Queries

In 2020/2021, 1,241 service queries were received from employees. Of this, 45% were resolved by communicating with the employer and 21% were referred to an Inspection. The remainder are being examined.



On average 97.6% of Employer Returns were received

Employers Return Compliance Activities

MyLeave did not receive 4,292 Employer Returns by the specified statutory date which required on average 1,073 compliance intervention per quarter.

Quarter	% Returns received p/quarter
Quarter 1	98.5%
Quarter 2	98.0%
Quarter 3	97.6%
Quarter 4	96.4%



198 adjustments to employee records

Assessments/Adjustments

As a result of compliance activity in monitoring the accuracy of information reported on Employer returns, 198 adjustments were made to employee records.



700 initiated and 248 Inspections completed

Inspections

The inspection program shifted to predominately telephone inspections as face-to-face inspections were difficult with restrictions.

YEAR IN REVIEW CONTINUED



126 prosecutions
commenced

Enforcement

MyLeave commenced 126 Employer prosecutions, 17 are waiting to be heard, and all but 6 Employers have now fully complied.

WAIRC Review

During the year, two matters were heard and finalised by the WAIRC and a further five matters are at various stages of the legal process.

Compliance Summary

MyLeave is excited about the design and implementation of a new information system which will be an enabler in improving the approach taken to compliance and regulation activities to one that is data driven. This initiative has been a catalyst to examine existing ways of working and look to the future in becoming more efficient and effective as a regulator. In 2020/2021 this journey began by redesigning roles and assessing resources and following Board approval a change management process has commenced.

Legislation

During the year MyLeave completed three Regulation Amendments, two were levy changes and one added a new Award. These amendments were:

- In responding to concerns about the economic impact on the construction industry, the Board proposed to amend the Regulations to reduce the levy from 1 Jul 2020 for six months to 0.01%. The regulation change was made, and the reduced levy resulted in a direct financial saving of \$15.2 million in contributions from construction employers.
- Following consideration of the annual actuarial review, assessing the sufficiency of funds to meet liabilities, considered by the Board in August 2020, it was decided to reduce the standard levy from 1% that was initially set for the 2020 year to 0.5% for 2021. This is the

lowest standard contribution rate (i.e. excluding the COVID relief rate mentioned above) in the last 17 years (since 2004). The Regulations were amended to reflect the new levy amount.

- To ensure that Telecommunications Technicians who perform work that falls within the definition of construction industry are covered by the Scheme, the Board proposed changes be made to the Regulations to include the *Telecommunications Service Award 2010* (Cth).

In addition, the *Construction Industry Portable Paid Long Service Leave Amendment (COVID-19 Response) Bill 2020* passed the Lower House but did not complete its progress through the Upper House before Parliament was prorogued in November 2020, prior to the State election held in March 2021. The legislation was intended to provide financial assistance to construction workers by allowing early access to long service leave benefits at five years for a temporary period of twelve months. At the same time an anomaly in the legislation, that was identified as a result of the Australian Government JobKeeper program, relating to the accrual of days whilst being stood down was proposed to be addressed in this Bill.

The legislation amendments have been discontinued due to the parliamentary process and the Government will reevaluate this legislation amongst its legislative program and priorities.

ICT Transformation Project

Progress has been made towards making improvements to our internal systems with an objective of transforming MyLeave's business to a fully digital, secure, cloud-based operation that is cost effective, focuses on meeting the business' needs whilst providing its customers with the best possible user experience. The transformation will involve replacing a very complex legacy system and redesigning processes to achieve more reliable and efficient business activities.

This has been a major undertaking by staff in addition to business-as-usual activities and their commitment to achieving a great outcome is commended.

Work on the project will continue next year with an estimated completion in early 2022.

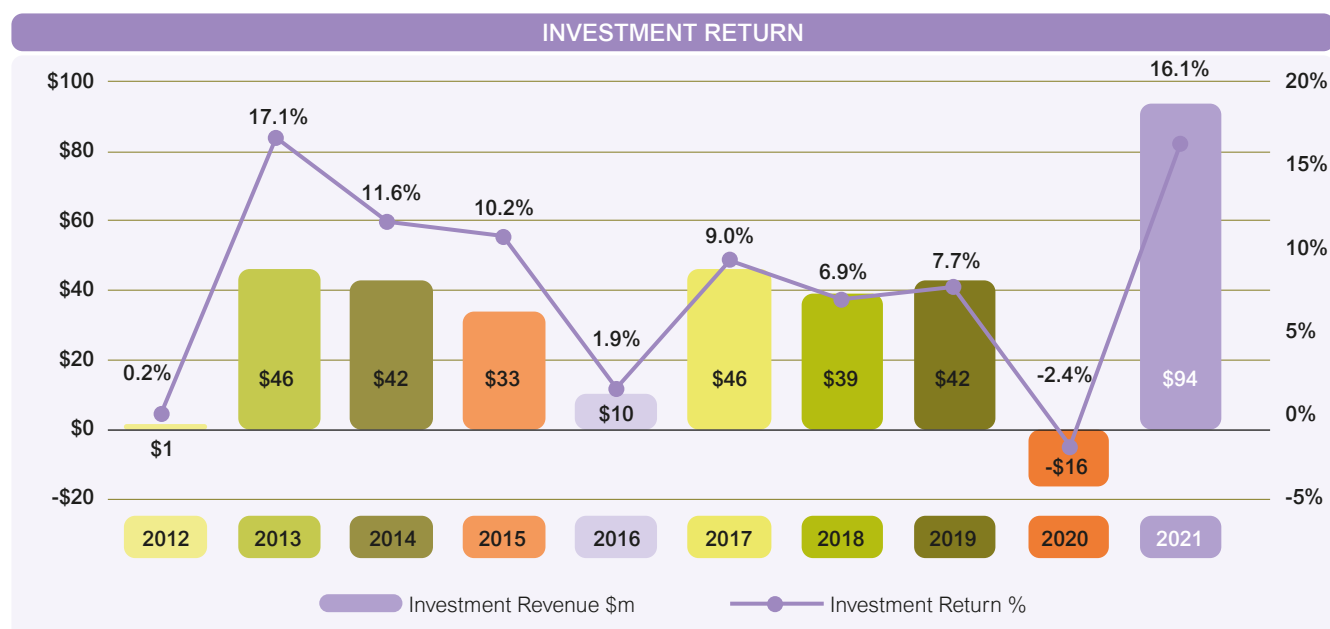
YEAR IN REVIEW CONTINUED

Investment

In 2021 the investment return percentage achieved by MyLeave was 16.1%, which is higher than the 2020 return of -2.4%, and substantially more than the 20 year long term average return of 6.2% per annum. MyLeave Board Members acknowledge that the annual investment performance will fluctuate on a year in/year out basis. As such, the investment portfolio is structured to accommodate, as best possible, these performance fluctuations.

The 2021 return of 16.1% is the second highest return over the last in ten years, but the revenue of \$94 million was double any previous return. It is important that MyLeave continues to maintain a sound Balance Sheet to address downturns in the investment markets.

The table below shows the year in/year out variances in the annual investment return.



The table below shows the investment assets (including cash deposits held by MyLeave) and the significant revenue/income impact of investment returns for MyLeave.

Investment portfolio recovers from pandemic

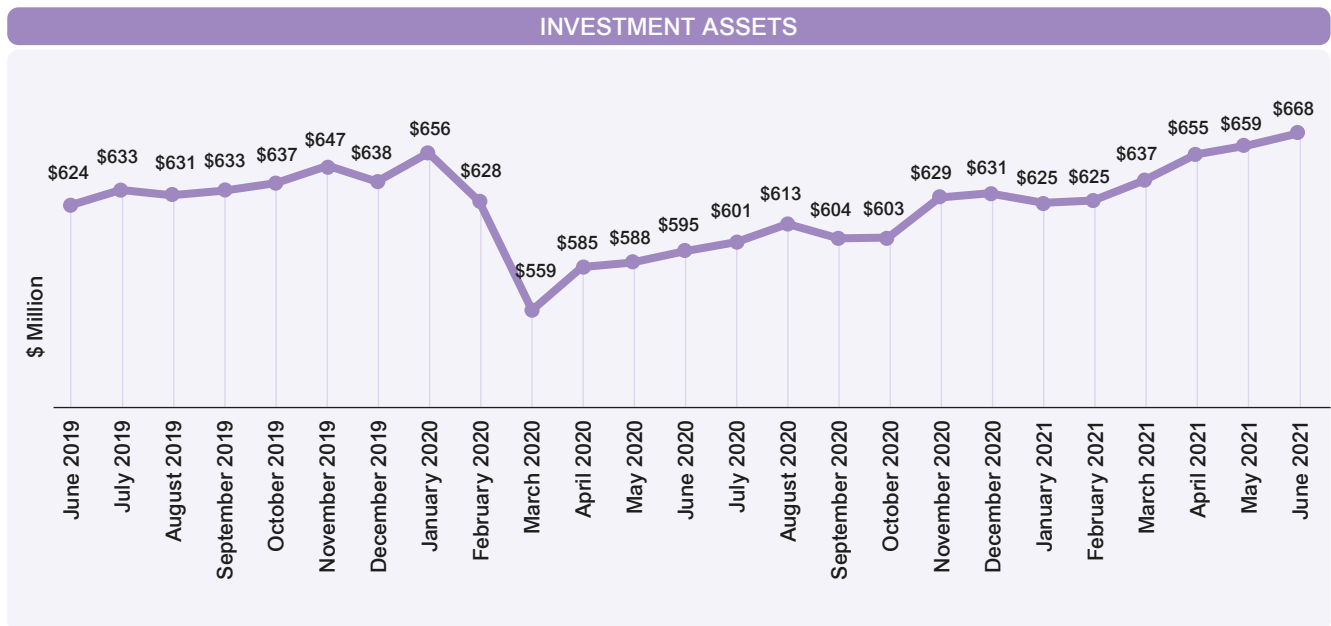
INVESTMENT ASSETS & INCOME					
	2017	2018	2019	2020	2021
Total portfolio	\$557 m	\$591 m	\$623 m	\$595 m	\$668 m
Net investment income	\$45.8 m	\$38.3 m	\$42.3 m	-\$16.0 m	\$93.8 m

Whilst, over recent years, significant growth has been recorded in the investment portfolio, this aligns the portfolio to the Actuary's calculation of the total actuarial liability for worker payments. The investment portfolio is also required to have a financial buffer to cover global investment market downturns as has been recently experienced.

The Statement of Comprehensive Income in this Annual Report details that in 2021 the level of net investment income was positive \$94 million, which is a turnaround from the negative return of \$16 million in 2020, and the contribution income from employers was \$9.7 million. As previously detailed, the contribution income reduced from the 2020 level of \$32.7 million being in line with the reduction in the contribution levy rate from 1 July 2020 and 1 January 2021.

YEAR IN REVIEW CONTINUED

The Board's investment assets have recovered from the economic impact of COVID-19 experienced last year. The following chart shows the total investment assets by month over the last two years. The previous high was \$656 million in January 2020 that was reduced to \$559 million within two months. This has now recovered fully at June 2021 at \$668 million with \$12 million in investment assets more than the previous high.



MyLeave continues to utilise the services of the Commonwealth Bank as Investment Advisor and the Advisor has assisted MyLeave in the establishment of an investment portfolio which is invested in various key asset classes. Furthermore, within those asset classes, MyLeave invests with various individual Fund Managers with investment styles which are designed to provide an optimum level of performance with a reduced level of deviation in the range of performance outcomes over the years.

As part of its investment approach, the MyLeave Board adopted a set of Investment Beliefs that guides its decision making in all matters related to structuring and implementing its investment strategy. The objectives of these beliefs are:

1. *The Construction Industry Long Service Leave Payments Board (Board) considers the preservation of capital as a primary goal, to the extent the Construction Industry Long Service Scheme's purpose is to fund long service leave liabilities.*
2. *The Board has a long term investment time horizon and therefore investment decisions need to be considered in the context of a long term investor.*
3. *The Strategic Asset Allocation is the long term determinant of return and risk for the Long Term Earnings Fund and will therefore establish and review the strategic asset allocation that is commensurate with MyLeave's risk capacity.*

The Board's investment strategy was revised during the year and the mix of assets (investments), and investment philosophy adjusted to reflect the Board's Investment Beliefs. The Board has taken a responsible approach to managing funds with an objective to optimise investment returns whilst having regard to risk. The average investment return over the last five years has been 7.45% per year, and long term returns of 6.2% per year over 20 years.

YEAR IN REVIEW CONTINUED

The next table shows MyLeave's Strategic Asset Allocations (Benchmark and Actual) and the Notes to the Financial Statements provides specific details of the individual Fund Managers as at 30 June 2021. MyLeave, in conjunction with the Investment Advisor, reviews the performance of Fund Managers on an annual basis.

STRATEGIC ASSET ALLOCATION			
Asset Class	Benchmark	Range	Actual 30/06/2021
Cash	15%	5%-25%	13.7%
Fixed interest	25%	15%-35%	22.1%
Total Defensive Assets	40%	30%-50%	35.8%
Australian listed equities	30%	10%-35%	32.9%
International listed equities	23%	10%-35%	23.8%
Property & infrastructure listed equities (international)	7%		7.5%
Sub Total	60%	50%-70%	64.2%
Total	100%		100%



YEAR IN REVIEW CONTINUED

Financial Position

As a result of the factors previously commented on, MyLeave's Balance Sheet records a very sound financial position as shown below.

STATEMENT OF FINANCIAL POSITION				
	2018	2019	2020	2021
Assets	\$600.3 m	\$632.2 m	\$604.8 m	\$673.6 m
Liabilities	\$412.4 m	\$406.0 m	\$375.3 m	\$396.4 m
Equity surplus	\$188.0 m	\$226.2 m	\$229.5 m	\$277.2 m
Accounting Ratio (Assets/Liabilities)	146%	156%	161%	170%

The actuarial calculations are updated annually and reflect the assessment of the worker liability considering updated annual data including days of service and the ordinary income of workers as submitted in the quarterly returns by employers.

The table below shows the historical movement in the actuarial liability and in turn this actuarial liability must be reflected in the corresponding asset being the investment portfolio.

Actuarial liability increases

ACTUARIAL LIABILITY					
	2017	2018	2019	2020	2021
Total LSL liability	\$428 m	\$411 m	\$404 m	\$372 m	\$393 m

MyLeave's annual actuarial analysis includes a forecast for the short/medium term future liability and the actuarial liability is forecast to grow to a level of \$393 million as at 30 June 2021 and \$404 million as at 30 June 2025.

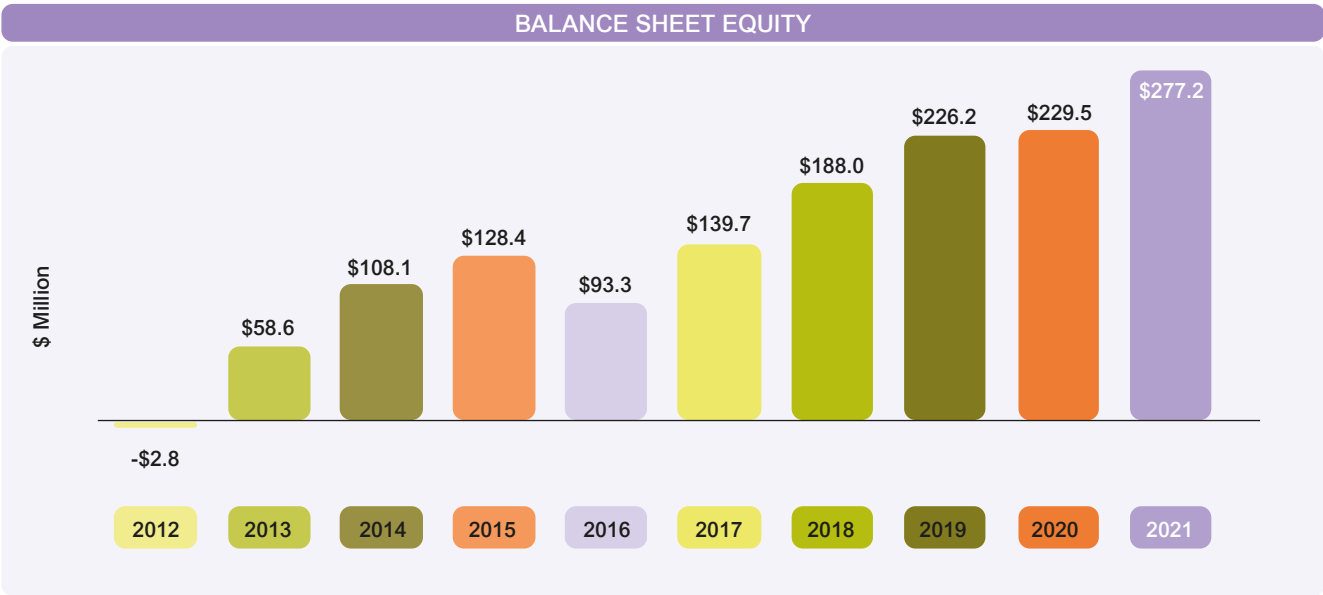
The equity surplus movement in 2021 was \$47.7 million and this is considered a sound result and recovery from the economic disruption caused by

the pandemic last year. MyLeave endeavours to minimise the movements however there are key impacts, such as Western Australian construction industry activity (with positive/negative impact on the actuarial liability valuation) and global investment market performance, and instances such as the COVID-19 pandemic, which are outside of MyLeave's control.



YEAR IN REVIEW CONTINUED

The value of the Balance Sheet Equity (surplus/deficiency) and movement since 2012 is shown in the following graph.



The 2021 Balance Sheet Equity Surplus of \$277.2 million is more than MyLeave’s approved Accounting Ratio range of 110% - 130% and it is important that MyLeave retains a prudent coverage ratio to ensure the Balance Sheet Equity can withstand both future global investment market downturns and any material changes to the actuarial liability for worker payments.

As detailed, the 2021 year was very active for MyLeave, and Board Members are pleased with MyLeave’s performance having regard to the challenges faced during the year and the continued benefit provided by the Scheme to employers and construction industry workers





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 were proclaimed on 19 December 1986. The Scheme commenced by Ministerial Order on the appointed day of 6 January 1987.

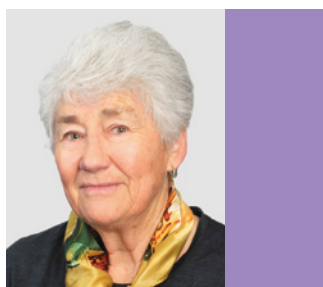
Responsible Minister

The Honourable Stephen Dawson MLC, Minister for Mental Health; Aboriginal Affairs; Industrial Relations.

Board Members

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

Business name: MyLeave



Susan Barrera (Chair)

Appointed to the Board as Chair in September 2018.

Susan worked for over 30 years in senior positions in the State Government including Executive Director Labour Relations and Director General Department of Communities. She is a consultant for The Nexus Network specialising in organisational change management.

Representing Employers



Jo Alilovic

Appointed to the Board in September 2018.

Jo is Director and founder of 3D HR Legal. Jo is an HR lawyer and did her training in the largest independent law firm in Perth.



John Gelavis

Appointed to the Board from 25 September 2020.

John has 30 years' experience within the building and construction industry including sales, marketing, management, advocacy, and leadership roles. John is the Executive Director of Master Builders Association of WA and was previously the Executive Director of the Housing Industry Association for six years.



Kate Schick

Appointed to the Board in September 2018.

Kate is Principal advisor with the Construction Services Division at the Chamber of Commerce and Industry WA. Kate has had extensive experience in the major engineering, construction and maintenance industries having spent time working for both employer groups and contractors since 1996.

OPERATIONAL STRUCTURE CONTINUED

Representing Employees



Mick Buchan

Appointed to the Board in December 2012.

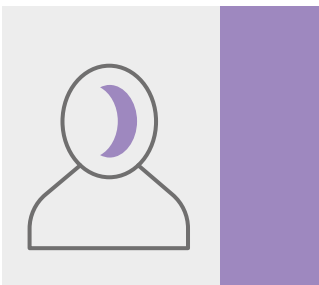
Mick is the State Secretary of the CFMEU Construction and General Division (WA) since 2012. Mick has more than 30 years' experience in the construction industry working for a range of construction firms and on various construction projects.



Steve McCartney

Appointed to the Board in May 2009 to September 2016. Reappointed to the Board from September 2018.

Steve is the State Secretary of the Australian Manufacturing Workers Union since 2009. Steve previously held positions of State President and has worked for the Australian Manufacturing Workers Union since 2001.



Vacant Position

Appointment process underway with the Minister to appoint a person who represents the interests of employees in the construction industry in accordance with section 6(1)(e) of the Act.

Board Members whose terms finished in 2020/2021



Michael McLean

Term expired on 24 September 2020.

Michael was a foundation Board member dating back to 1987. Michael's term expired in September 2020 after 32 years of service on the Board. Prior to Michael semi retiring in December 2018, he was employed by the Master Builders Association of WA for 35 years, initially as the Association's IR Manager & for the last 22 years as its Executive Director.



Meredith Hammat

Resigned effective from 29 January 2021.

Meredith was appointed to the Board in September 2018 resigning to contest a seat in the state elections. Meredith was State Secretary of Unions WA from 2012 to 2020. Prior to this Meredith worked for the Australian Services Union from 1995 to 2012.

OPERATIONAL STRUCTURE CONTINUED

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 have been appointed by the responsible Minister for a period of two years. Current Board members' appointments end on 24 September 2023. In accordance with the provisions of the Act:

- Two members, representing employers, are selected by the Minister from nominations by the Master Builders Association of W.A. and the Chamber of Commerce and Industry of W.A.
- Two members, represent employees, are selected by the Minister from nominations by Unions W.A. and the Building Trades Associations of Unions of W.A.
- The Minister appoints:
 - one person who in the Minister's opinion represents the interests of employers in the construction industry; and
 - one person who in the Minister's opinion represents the interests of employees in the construction industry.

The Chair is a separate appointment by the Minister.



Board Meeting Attendance

Attendee	Number of meetings eligible to attend	Number of meetings attended
Susan Barrera (Chair)	6	6
Jo Alilovic	6	6
Mick Buchan	6	6
John Gelavis	5	4
Meredith Hammat	3	3
Steve McCartney	6	2
Michael McLean	1	1
Kate Schick	6	6

Audit and Risk Committee Attendance

Attendee	Number of meetings eligible to attend	Number of meetings attended
Andrew Cox (Independent Chair)	3	3
Susan Barrera	4	4
Mick Buchan	2	2
John Gelavis	3	3
Meredith Hammat	2	2
Michael McLean	1	1

OPERATIONAL STRUCTURE CONTINUED

Board Remuneration

In accordance with section 9 of the Act, the Chair and Board members are entitled to such fees and allowances as the Minister for Industrial Relations determines after consultation with the Public Sector Commissioner.

Member	Position	Type of remuneration	Period of membership	Term of appointment	Gross/actual remuneration
Susan Barrera	Chair	Board Payment	1/07/2020 to 30/06/2021	24 September 2023	\$25,659 #
Jo Alilovic	Member	Board Payment	1/07/2020 to 30/06/2021	24 September 2023	\$16,326 #
Mick Buchan	Member	Board Payment	1/07/2020 to 30/06/2021	24 September 2023	\$14,910 *
John Gelavis	Member	Board Payment	25/09/2020 to 30/06/2021	24 September 2023	\$11,428 *
Steve McCartney	Member	Board Payment	1/07/2020 to 30/06/2021	24 September 2023	\$14,910 *
Kate Schick	Member	Board Payment	1/07/2020 to 30/06/2021	24 September 2023	\$16,326 #
Meredith Hammat	Member	Board Payment	1/07/2020 to 29/01/2021	29 January 2021	\$8,640 *
Michael McLean	Member	Board Payment	1/07/2020 to 24/09/2020	24 September 2020	\$3,815 #
					\$112,014

Includes superannuation

* Remuneration paid directly to employer (excludes superannuation)



OPERATIONAL STRUCTURE CONTINUED

Organisational Structure

Vision

To achieve excellence in the delivery of long service leave entitlements to construction industry employees.

Mission

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

Objectives

1

To fully implement the Scheme within the construction industry:-

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

2

To minimise the contribution rate payable:-

- By optimising the rate of return on investment funds having regard to risk; and
- By minimising the administrative cost of the Scheme.

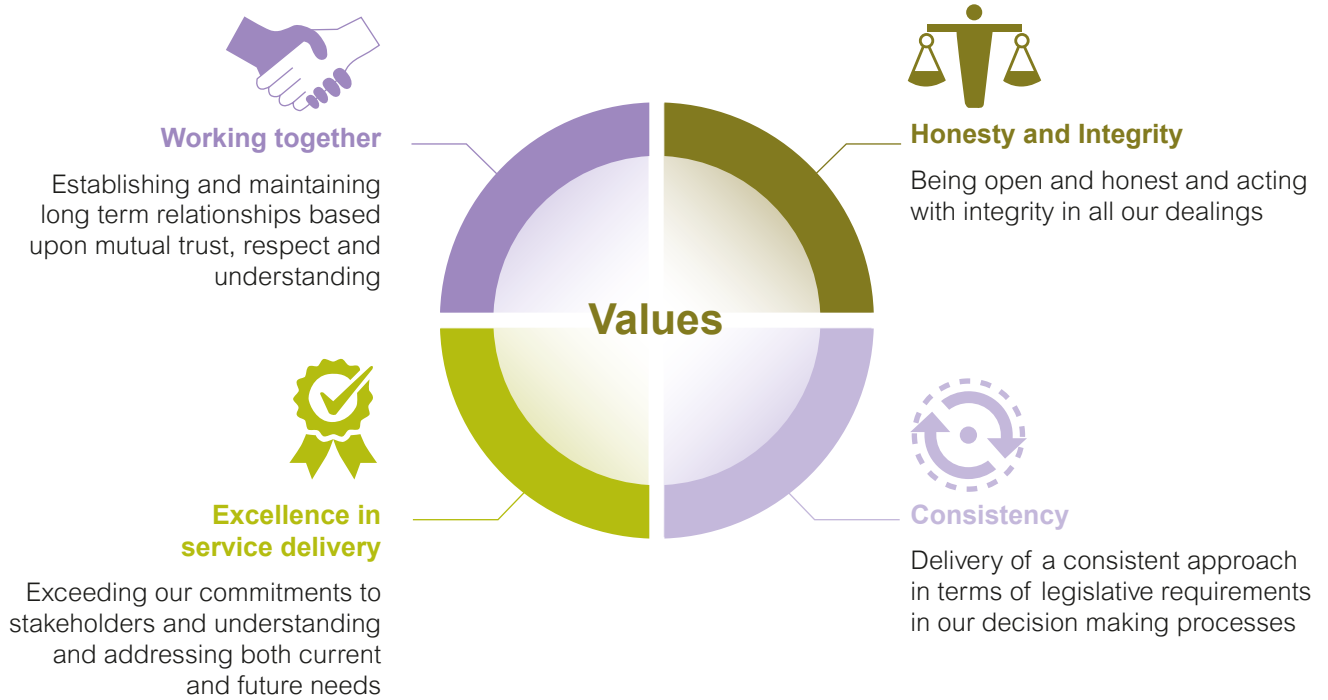
Strategic Plan

The Strategic Plan 2021-24 includes 18 strategies within five key focus areas as follows:

1	My Service:	Customer focused and efficient organisation ensuring employees receive LSL benefits
2	My Team:	Capable people that are engaged, resilient and results orientated
3	My Systems:	'Digital-first' processes that deliver accurate and efficient results using reliable systems
4	My Investment:	Manage investment funds to meet liabilities and minimise the contribution rate
5	My Oversight:	Strong governance across all facets of the operations and decision making

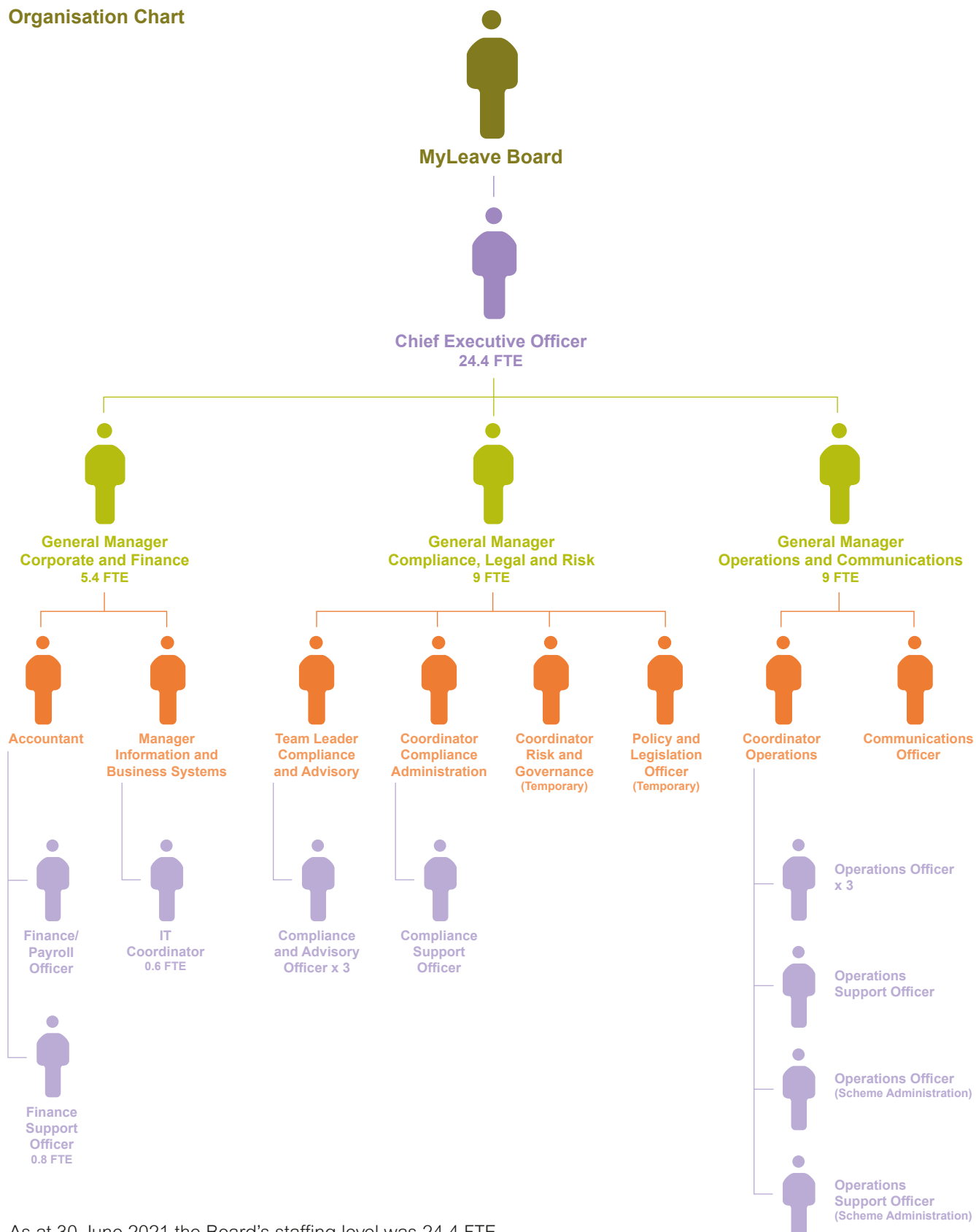
OPERATIONAL STRUCTURE CONTINUED

Values



OPERATIONAL STRUCTURE CONTINUED

Organisation Chart



As at 30 June 2021 the Board's staffing level was 24.4 FTE.

OPERATIONAL STRUCTURE CONTINUED

Senior Officers



Jason Buckley

Chief Executive
Officer



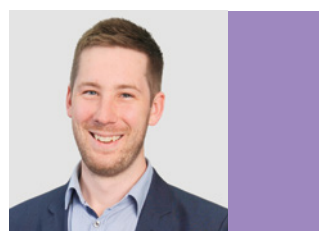
Eileen McCaffrey

General Manager
Compliance, Legal
and Risk



James Dew

General Manager
Corporate and
Finance
(from 4 January 2021)



Daniel Kelly

General Manager
Operations and
Communications

Note: **John Flint** General Manager Corporate and Finance (to 27 November 2020)

Administered Legislation

The Board assists the Minister for Industrial Relations in administering the *Construction Industry Portable Paid Long Service Leave Act 1985* and the *Construction Industry Portable Paid Long Service Leave Regulations 1986*.

Other Key Legislation Impacting on Activities

In the performance of its functions, the Board complies with the following relevant written laws:

A New Tax System (Goods and Services Tax Act) 1999
Auditor General Act 2006
Crime Corruption Commission Act 2003
Disability Services Act 1993
Electoral Act 1907
Equal Opportunity Act 1984
Financial Management Act 2006
Financial Management (Transitional Provisions) Act 2006
Freedom of Information Act 1992
Fringe Benefits Tax Assessment Act 1986
Government Financial Responsibility Act 2000
Income Tax Assessment Act 1936 (Cth)
Income Tax Act 1986
Industrial Relations Act 1979
Library Board of Western Australia Act 1951
Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Payroll Tax Assessment Act 2002

Procurement Act 2020

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

State Records Act 2000

Statutory Corporations (Liability of Directors) Act 1996

Superannuation Guarantee (Administration) Act 1992

Taxation Administration Act 2003

Trustees Act 1962

Workers Compensation and Injury Management Act 1981

In the financial administration of the Scheme the Board has complied with the requirements of the *Financial Management Act 2006* 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 with a minor exception. This exception related to foregoing revenue from an employer estimated at \$360 to avoid incurring additional costs related to a matter in the WAIRC and was deemed uneconomic to recover. The action was subsequently endorsed by the Board.

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 Board's Outcome Based Management Framework did not change during 2020/2021.

Shared Responsibilities with Other Agencies

The Board does not share responsibilities with any other agencies.



BOARD PERFORMANCE

Report on Operations

Actual results versus budget targets

FINANCIAL TARGETS	2021 TARGET ⁽¹⁾ (\$000)	2021 ACTUAL (\$000)	VARIATION ⁽²⁾ (\$000)
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	5,669	5,294	(375) ^(a)
Net cost of services (sourced from Statement of Comprehensive Income)	(17,547)	(88,539)	(70,992) ^(b)
Total equity (sourced from Statement of Financial Position)	197,407	277,228	79,821 ^(c)
Agreed salary expense level	2,619	2,542	(77)
Agreed borrowing limit (where applicable)	-	-	-

(1) As specified in the Budget Statements.

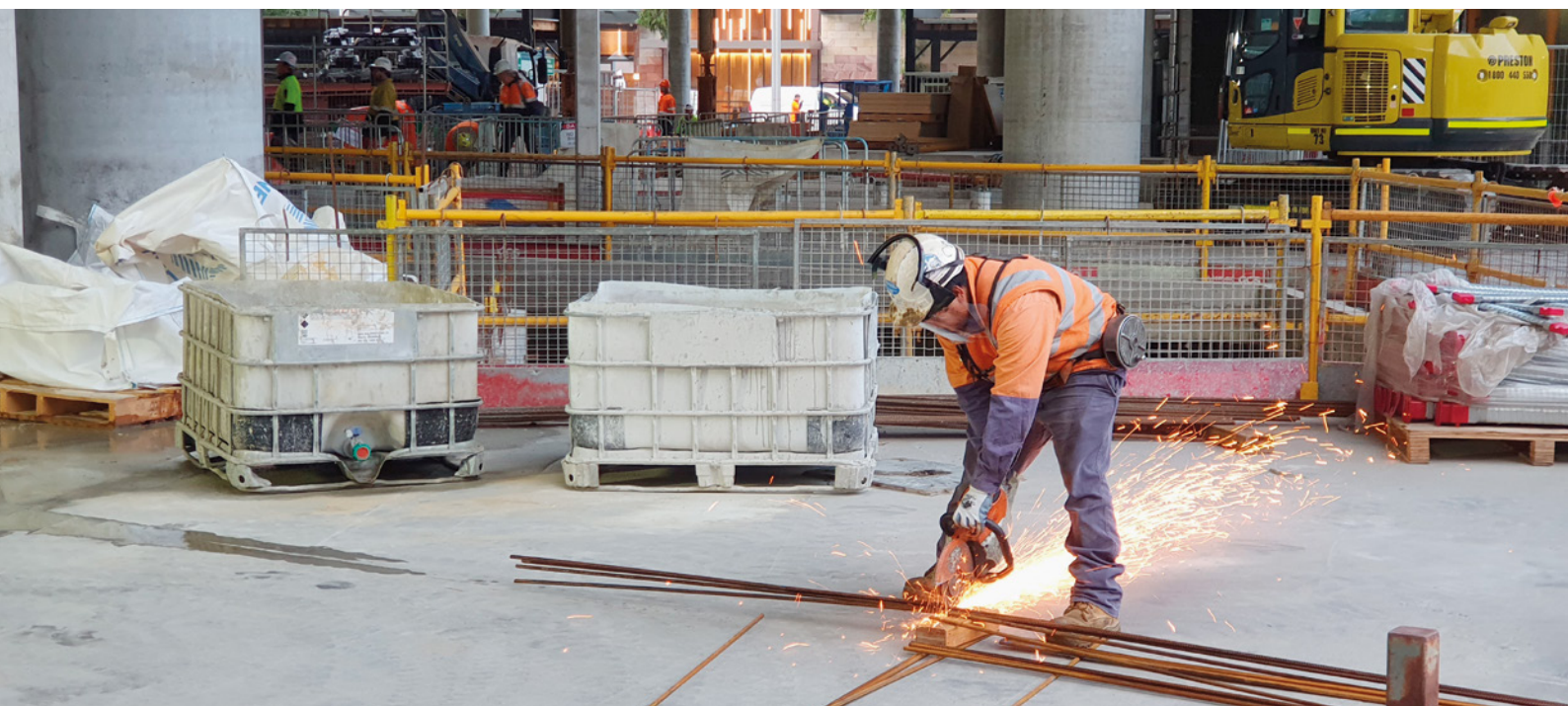
(2) Further explanations are contained in Note 8.9 'Explanatory statement' to the financial statements.

- (a) This variation is minor with the cost of services marginally under budget. The cost includes \$1 million for IT project expenses to replace the core systems which is work in progress.
- (b) The net cost of service is a surplus due to the earnings from investments made on the Board's funds. The underlying portfolio performance was estimated at 4.3% and actual 16.1%. Performance exceeded expectations due to the recovery of the financial markets from the initial economic impacts of COVID-19.
- (c) Total equity increased greater than anticipated due to the following factors:

	(\$000)
• Higher opening 1 July 2020 total equity than forecast	39,636
• Higher investment income than forecast	70,617
• Higher provision/value for long service leave liability than forecast	(41,470)
• Lower number/value of long service leave payments than forecast	25,938
• Lower contribution from employers	(15,275)
• Lower operating expenses than forecast	375

Equity Variance

79,821



BOARD PERFORMANCE CONTINUED

Summary of key performance indicators

Outcome:

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

Key Effectiveness Indicators:	2021 Target ⁽¹⁾	2021 Actual	Variation ⁽²⁾
(i) eligible employers who have registered with the Board.	4,958	5,052	95
(ii) eligible and registered construction industry employees for whom contributions have been made.	62,191	62,392	201
(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.	19,978	18,310	(1,668)
(iv) construction industry employees who have received a long service leave payment.	5,003	3,670	(1,333)
(v) eligible employers long service leave contribution rate.	1.00%	0.255%	(0.775%)
(vi) annual return derived from the Board's investments.	4.30%	16.05%	11.75%

Service:

Management of the Construction Industry Long Service Leave Scheme.

Key Efficiency Indicators:	2021 Target ⁽¹⁾	2021 Actual	Variation ⁽²⁾
(i) average administrative cost per registered construction industry employee.	\$52.34 p.a.	\$49.81 p.a.	(\$2.53)
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.23	0.22	(0.01)

⁽¹⁾ As specified in the Budget Statements, internal modelling, and actuarial forecasts.

⁽²⁾ Further explanations for the variations between target and actual results are presented in the 'Audited Key Performance Indicators' section following the financial statements.

SIGNIFICANT ISSUES IMPACTING THE BOARD

Current and emerging issues and trends

The key trend for MyLeave to monitor is the activity in the Western Australian construction industry. As detailed under the 'Year in Review' section, the quarterly worker data submitted by employers indicates there has been a stabilisation of employee numbers.

The Western Australian economy has managed well through the pandemic and the construction industry recovered strongly with stimulus from government infrastructure spending, housing construction incentives and private sector investment. This, together with reduced ability to travel, has seen a large reduction in workers accessing their long service leave entitlements whilst demand for workers is strong and opportunities to take leave is reduced.

After recent years of annual declines in the number of housing starts, the Housing Industry Association ("HIA") forecasts show a substantial uplift of 79% in 2020-2021 (see table below). The following year is projected with a small amount of growth at the elevated level and then an easing with a decline of 16% but this is still 53% greater than the actual results in 2019-2020.

HOUSING STARTS			
	Year	Number	Change (%)
Actual	2016-2017	19,680	-23%
	2017-2018	18,290	-7%
	2018-2019	15,500	-15%
	2019-2020	13,580	-12%
Forecast	2020-2021	24,330	79%
	2021-2022	24,770	2%
	2022-2023	20,720	-16%

The Australian Construction Industry Forecasting Council ("ACIF") has published the following historical Actual results and detailed Forecasts for the value of construction carried out in Western Australia as at May 2021. As outlined below, construction activity is forecast to be reasonably steady at around \$30 billion per year through to 2025.

VALUE OF CONSTRUCTION IN WESTERN AUSTRALIA - ACTUAL VALUE (\$MILLION)					
	2016	2017	2018	2019	2020
Residential building	10,316	8,398	8,812	7,774	6,812
Non-Residential building	4,710	4,876	4,043	3,965	3,687
Engineering construction	27,874	38,784	18,685	15,761	18,638
Total construction	42,900	52,058	31,540	27,500	29,138

VALUE OF CONSTRUCTION IN WESTERN AUSTRALIA - FORECAST VALUE (\$MILLION)					
	2021	2022	2023	2024	2025
Residential building	7,940	7,405	7,665	7,522	7,696
Non-Residential building	4,135	3,716	3,579	3,459	3,440
Engineering construction	19,358	19,282	19,646	20,274	19,770
Total construction	31,433	30,403	30,890	31,255	30,906

SIGNIFICANT ISSUES IMPACTING THE BOARD CONTINUED

The continuation by MyLeave of its Objective to “Minimise the contribution rate payable”, coupled with a strong financial position and positive investment returns has the following impacts:

- 1) Contribution levy from employers can remain low for the foreseeable future;
- 2) Wage inflation and potential increase in construction workers increasing LSL liabilities;
- 3) Draw down of capital from the investment portfolio to fund LSL payments and operations; and
- 4) Stabilisation of annual number of payments to workers.

These impacts are further commented on below:

- 1) Contribution levy from employers can remain low for the foreseeable future
The returns on investment portfolio, at the average long term return, has the potential to meet the annual long service leave payments to workers as well as meeting MyLeave’s operational expenses. It is possible this will be achievable for the foreseeable future and will enable the Board to maintain the contribution levy at a lower level than the long term cost of the Scheme. This will result in lower contribution income from employers and is not considered a material financial risk. Also, because of the lower contribution levy, the risk of default from employers is reduced.
- 2) Wage inflation and potential increase in construction workers increasing LSL liabilities
The construction sector is in a period of strong demand, and with a shortage of skilled workers, there is a potential for upwards pressure on wages. If this results in substantial increases in wages paid to construction workers over a sustained period, LSL liabilities will increase. This may impact the Board’s funding ratio, however, given the strong financial position, any increase in liabilities will be able to be managed without the need to make sudden adjustments to the contribution levy. Any increase in the levy could be smoothed out.

- 3) Draw down of capital from the investment portfolio to fund LSL payments and operations
Due to reduced contribution income from a lower levy, it will be necessary to draw down funds from the investment portfolio to fund long service leave payments to workers and to fund MyLeave’s operations to administer the Scheme. The investment portfolio will be supplemented by earnings that have the potential to offset the redemption of funds.
- 4) Stabilisation of annual number of payments to workers
The industry has stabilised over the last few years in the number of registered workers and the value of payments made per annum has reduced. It is anticipated the lower level of payments may be sustained in the short term due to the demand for workers in the construction industry and limited opportunities to travel. It is also anticipated that the higher level of payments over the last five years may have materialised due to the maturity of entitlements from automatic registration introduced by legislative changes in 2012.

MyLeave management will continue its close liaison with industry participants and Board Members to ensure emerging risks are identified and considered in a timely manner. In turn, this will ensure MyLeave maintains its financially sound position.

Economic and Social Trends

There is an expectation in society that services delivered by the Board will be enhanced to take advantage of technological advances.

Changes in Written Law

There were no changes in any written law that affect the Board during the financial year other than the *Procurement Act 2020* which requires the Board to observe State Government procurement rules.

Likely Developments and forecast results of operations

Nil

OTHER STATUTORY INFORMATION

Ministerial Directives

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Capital Works

No capital projects were completed during 2020-2021. However, expenses of \$1 million have been incurred for an IT transformation project to replace core systems. Although a non-recurrent expenditure, this amount is not regarded as capital due to the application of accounting standards.

Employment and Industrial Relations

Employees are employed under the provisions of the *Government Officers' Salaries, Allowances and Conditions Award 1989* and the *Public Sector CSA Agreement 2019*. Staffing arrangements at 30 June 2021 compared with previous years is listed in the table below.

Staff Profile	2021	2020
Full time permanent	19.0	18.0
Full time contract	2.0	2.0
Part time measured on a FTE basis	1.4	1.4
On secondment	1.0	-
Total	23.4	21.4

Staff Development

The Board encourages its employees to maintain and improve their skills and to that end funds appropriate training courses.

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.

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance paid for 2020/2021 was \$19,716.



OTHER STATUTORY INFORMATION CONTINUED

Other Legal Requirements

Unauthorised Use of Credit Cards

Officers of the Board hold corporate credit cards where their functions warrant usage of this facility. Each cardholder is reminded of their obligations under the Board's credit card policy.

There was no personal usage for the 2020/21 financial year.

Advertising, market research, polling, and direct mail

In accordance with section 175ZE of the Electoral Act 1907, the Board incurred the following expenditure in advertising, market research, polling, direct mail, and media advertising. Total expenditure for 2019–20 was \$89,335.

Expenditure was incurred in the following areas.

Expenditure	Organisation	Amount (\$)	Total (\$)
Advertising	State Law Publisher	\$814	\$814
Direct mail	Zipform ⁽¹⁾	\$67,334	\$67,334
Media advertising	Ark Media Business Promotion Australia Chamber of Commerce and Industry WA	\$950 \$2,085 \$2,400	\$5,435
Recruitment advertising	Seek	\$1,360	\$1,360
Grand total			\$74,943

⁽¹⁾ Direct mail of notices and notifications to employers and workers registered in the Scheme.

Compliance with Public Sector Standards & Ethical Codes

(Public Sector Management Act 1994, Section 31 (1))

The Board complies with the provisions of the *Public Sector Management Act 1994* and has no compliance issues or breaches to report.

Recordkeeping Plan

(State Records Act 2000, Section 61)

The Board is committed to ongoing compliance with the *State Records Act 2000* and to sound recordkeeping practices. The Board's current Recordkeeping Plan was formally approved on 10 August 2018 and the next review is due by 2 August 2023. The Board utilises the services of an external consultant to ensure compliance with the *State Records Act 2000*.

Occupational Safety and Health

(Occupational Safety & Health Act 1984)

The Board has developed an Occupational Safety and Health Manual which contains policies and procedures for all workplace related health and safety matters. The Board places high priority on the well-being and safety of its staff and confirms compliance with injury management requirements of the *Workers' Compensation and Injury Management Act 1981* (including a formal return to work plan). The reportable statistics for the year are:

REPORTABLE STATISTICS FOR 2021		
	Target for 2020/2021	Actual for 2020/2021
Number of fatalities	Zero	Zero
Lost time injury	Zero	Zero
Lost time injury severity rate	Zero	Zero

OTHER STATUTORY INFORMATION CONTINUED

Disability Access and Inclusion

(Disability Services Act 1993, Section 2)

The Board's information, services available to the public, access to the office, and opportunity to make complaints and participate in public consultation are all fully available to people with disabilities.

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.

Substantive Equality

The Board is an Equal Opportunity Employer and encourages Indigenous Australians, young people, people from culturally diverse backgrounds and women to apply for advertised positions. The Board has an Equal Employment Opportunity Management Plan. The Board is committed to providing its services free from any form of discrimination.

WA Multicultural Policy Framework

A multicultural plan for the 2020–21 financial year has not been submitted and will be developed in the next year.

Public Interest Disclosure

(Public Interest Disclosure Act 2003)

Information on the requirements of the *Public Interest Disclosure Act 2003* is included in the Induction Checklist for staff. All staff have intranet access to detailed internal procedures and guidelines on lodging disclosures, investigation, reporting and protecting informants.

Freedom of Information

(Freedom of Information Act 1992)

There were no Freedom of Information applications received for 2020/21 financial year.

Information Enquiries

Requests for access to documents should be made, in the first instance, to the Board's public counter at Level 3, 50 Colin Street West Perth. Often material may be made available without the need to formalise a request under Freedom of Information. A formal FOI application is required to access documents that are not available as part of the normal course of business.

Receipt of FOI Applications

FOI applications, payments, correspondence, and general enquiries should be directed to:

FOI Coordinator
MyLeave
PO Box 1333
West Perth WA 6872
Telephone: (08) 9476 5400
Facsimile: (08) 9321 5404

Internal audit

In compliance with Section 53(1)(d) of the *Financial Management Act 2006* and *Treasurer's Instruction 1201*, the Board has established an internal audit function to improve governance, risk management and internal controls. The role of the internal audit is contained in the Audit and Risk Committee Charter as endorsed by the Audit and Risk Committee and approved by the Board. To comply with revised *Treasurer's Instruction 1201(3)*, the Committee is independently chaired by a suitably qualified person who is not employed by MyLeave.

Government Policy Requirements

Government Building Contracts. At balance date, there have been no contracts subject to the Government Building Training Policy awarded.

ANNUAL ESTIMATES

(Treasurer's Instructions 945, 945P and 953)

The Minister approved the following Budget Estimates for the 2021/2022 financial year on 3 August 2021 under section 40 of the *Financial Management Act 2006*:

STATEMENT OF COMPREHENSIVE INCOME	
INCOME	Estimate \$'000
Investment revenue	18,000
Net remeasurement changes in fair value	15,000
Interest revenue	6
TOTAL INCOME	33,006
EXPENSES	
Employee benefits expense	(3,124)
Supplies and services	(1,330)
Depreciation and amortisation expense	(430)
Finance costs	(104)
Accommodation expenses	(121)
Other expenses	(370)
Non-recurring project expenses	(430)
TOTAL EXPENSES	(5,909)
NET RESULT FROM OPERATING ACTIVITIES	27,097
NET CHANGE IN ACCRUED LSL LIABILITIES	
Contribution income from employers	15,000
Long service leave payments	(35,000)
(Increase)/decrease in LSL provision	(1,000)
NET CHANGE	(21,000)
TOTAL COMPREHENSIVE INCOME	6,097

ANNUAL ESTIMATES CONTINUED

STATEMENT OF FINANCIAL POSITION	
ASSETS	Estimate \$000
CURRENT ASSETS	
Cash and cash equivalents	17,685
Receivables	444
Other current assets	3,555
Financial assets	609,348
TOTAL CURRENT ASSETS	631,032
NON-CURRENT ASSETS	
Property, plant and equipment	95
Intangibles	960
Right-of-use assets	1,305
TOTAL NON-CURRENT ASSETS	2,360
TOTAL ASSETS	633,392
LIABILITIES	
CURRENT LIABILITIES	
Accrued long service leave benefits liabilities	273,390
Payables	759
Lease liabilities	129
Employee related provisions	725
TOTAL CURRENT LIABILITIES	275,003
NON-CURRENT LIABILITIES	
Accrued long service leave benefits liabilities	129,345
Lease liabilities	1,426
Employee related provisions	241
TOTAL NON-CURRENT LIABILITIES	131,013
TOTAL LIABILITIES	406,016
NET ASSETS	227,377
EQUITY	
Retained earnings	227,377
TOTAL EQUITY	227,377

DISCLOSURES AND LEGAL COMPLIANCE

Certification of financial statements

For the reporting period ended 30 June 2021

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 reporting period ending 30 June 2021 and the financial position as at 30 June 2021.

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



Susan Barrera

Chair

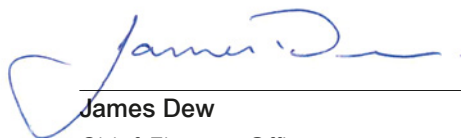
27 August 2021



Mick Buchan

Member of the Board

27 August 2021



James Dew

Chief Finance Officer

27 August 2021

FINANCIAL STATEMENTS

The Board has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2021 which provides users with information about the Board's stewardship of resources entrusted to it. The financial information is presented in the following structure:

Statement of Comprehensive Income	36	8. Other disclosures	56
Statement of Financial Position	37	8.1 Events occurring after the end of the reporting period	56
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2.3 Interest revenue	41	8.9 Explanatory statement (Controlled Operations)	58
3. Use of our funding	41	8.9.1 Statement of Comprehensive Income Variances	59
3.1(a) Employee benefits expenses	41	8.9.2 Statement of Financial Position Variances	62
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4.1 Property, plant and equipment	45	Key Performance Indicators	67
4.1.1 Depreciation and impairment charge for the period	46	Independent Auditor's Report	71
4.2 Right-of-use assets	47		
5. Other assets and liabilities	48		
5.1 Receivables	48		
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5.3 Accrued long service leave benefits liability	49		
5.4 Payables	50		
6. Financing	50		
6.1 Financial assets	51		
6.2 Lease liabilities	52		
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7. Financial instruments and contingencies	54		
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STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

	Notes	2021 (\$000)	2020 (\$000)
INCOME			
Investment revenue	2.1	36,525	26,652
Net remeasurement changes in fair value	2.2	57,277	(42,639)
Interest revenue	2.3	31	243
TOTAL INCOME		93,833	(15,744)
EXPENSES			
Employee benefits expense	3.1(a)	2,542	2,388
Supplies and services	3.2	1,948	1,559
Depreciation and amortisation expense	4.1.1	232	244
Finance costs	6.3	97	116
Accommodation expenses	3.2	118	115
Other expenses	3.2	356	434
Loss on sale of assets		1	1
TOTAL EXPENSES		5,294	4,857
NET RESULT FROM OPERATING ACTIVITIES		88,539	(20,601)
Net change in accrued LSL liabilities	5.3	(40,807)	23,878
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		47,732	3,277

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	6.4	47,784	61,578
Receivables	5.1	214	647
Other current assets	5.2	4,093	6,945
Financial assets	6.1	619,904	533,829
Total Current Assets		671,995	602,999
Non-Current Assets			
Property, plant and equipment	4.1	127	199
Right-of-use assets	4.2	1,461	1,589
Total Non-Current Assets		1,588	1,788
TOTAL ASSETS		673,583	604,787
LIABILITIES			
Current Liabilities			
Accrued long service leave benefits liabilities	5.3	277,196	252,496
Payables	5.4	593	907
Lease liabilities	6.2	140	151
Employee related provisions	3.1(b)	463	534
Total Current Liabilities		278,392	254,088
Non-Current Liabilities			
Accrued long service leave benefits liabilities	5.3	116,230	119,460
Lease liabilities	6.2	1,566	1,676
Employee related provisions	3.1(b)	167	67
Total Non-Current Liabilities		117,963	121,203
TOTAL LIABILITIES		396,355	375,291
NET ASSETS		277,228	229,496
EQUITY			
Retained earnings	8.7	277,228	229,496
TOTAL EQUITY		277,228	229,496

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

	Notes	Fair Value Reserve (\$000)	Retained Earnings (\$000)	Total Equity (\$000)
Balance at 1 July 2019		24,766	201,453	226,219
Correction of prior period errors		(24,766)	24,766	-
Restated balance at 1 July 2019		-	226,219	226,219
Net result from operating activities		-	3,277	3,277
Total comprehensive income for the period	8.7	-	3,277	3,277
Balance at 30 June 2020		-	229,496	229,496
Balance at 1 July 2020		-	229,496	229,496
Net result from operating activities		-	47,732	47,732
Total comprehensive income for the period	8.7	-	47,732	47,732
Balance at 30 July 2021		-	277,228	277,228

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

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from employers		13,498	33,181
Interest received		31	263
GST receipts from taxation authority		166	161
Payments			
Employee benefits		(2,513)	(2,547)
Supplies and services		(2,697)	(2,099)
Finance costs		(17)	(116)
Accommodation		(118)	(115)
Payments for long service leave		(29,062)	(40,882)
GST payments on purchases		(219)	(164)
Other payments		(356)	(429)
Net cash provided by/(used in) operating activities		(21,287)	(12,747)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of investments		25,250	51,602
Distributions received		34,488	26,652
Payments			
Purchase of financial assets		(52,011)	(84,114)
Purchase of non-current assets		-	(172)
Net cash provided by/(used in) investing activities		7,727	(6,032)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(234)	(269)
Net cash provided by/(used in) financing activities		(234)	(269)
Net increase/(decrease) in cash and cash equivalents		(13,794)	(19,048)
Cash and cash equivalents at the beginning of the period		61,578	80,626
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.4	47,784	61,578

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

1. Basis of preparation

A description of the nature of the Construction Industry Long Service Leave Payments Board's ("the Board") operations and its principal activities has been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Board in its capacity as the Accountable Authority on 27 August 2021.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

- 1) The Financial Management Act 2006 (**FMA**)
- 2) Treasurer's instructions (**TIs**)
- 3) Australian Accounting Standards (**AASs**) – Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not for profit entities have been applied.

The FMA and TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had 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.

Basis of Preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2. Our funding sources

How we obtain our funding

This section provides additional information about how the Board obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Board and the relevant notes are:

	Notes	2021 (\$'000)	2020 (\$'000)
Investment revenue	2.1	36,525	26,652
Net remeasurement changes in fair value	2.2	57,277	(42,639)
Interest revenue	2.3	31	243

Contribution income from employers is disclosed in note 5.3.

2.1 Investment revenue

	2021 (\$'000)	2020 (\$'000)
Distributions from managed funds	36,525	26,652
	36,525	26,652

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

2.2 Net remeasurement changes in fair value

	2021 (\$000)	2020 (\$000)
Investments realised during the period		
Securities in listed entities	(1,413)	(1,335)
Total realised gains/(losses)	(1,413)	(1,335)
Investments held at reporting date		
Fixed interest securities	(7,553)	(1,012)
Securities in listed entities	66,243	(40,292)
Total unrealised gains/(losses)	58,690	(41,304)
Net change in fair value of investments	57,277	(42,639)

Gains/losses may be realised or unrealised and are usually recognised on a net basis. These include gains/losses arising on redemptions of investments in managed funds. Financial assets (after initial recognition) are measured at fair value through profit and loss. Gains or losses on financial assets are recognised through profit and loss.

2.3 Interest revenue

	2021 (\$000)	2020 (\$000)
Bank account and cash investments interest	31	243
Total Inventories	31	243

Interest revenue is recognised as the interest accrues.

3. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Board's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Board in achieving its objectives and the relevant notes are:

	Notes	2021 (\$000)	2020 (\$000)
Employee benefits expenses	3.1(a)	2,542	2,388
Employee related provisions	3.1(b)	630	601
Other expenditure	3.2	2,422	2,108

3.1(a) Employee benefits expenses

	2021 (\$000)	2020 (\$000)
Employee benefits	2,305	2,145
Superannuation – defined contribution plans	237	243
Total employee benefits expenses	2,542	2,388
Add: AASB 16 Non-monetary benefits	-	-
Less: Employee contributions (per the statement of comprehensive income)	-	-
Net employee benefits	2,542	2,388

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

3.1(a) Employee benefits expenses continued

Employee Benefits: include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Superannuation: the amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of Vehicle and Housing benefits are measured at the cost incurred by the Board.

Employee Contributions: contributions made to the Board by employees towards employee benefits that have been provided by the Board. This includes both AASB-16 and non-AASB 16 employee contributions.

3.1(b) Employee related provisions

	2021 (\$000)	2020 (\$000)
Current		
<u>Employee benefits provisions</u>		
Annual leave	187	169
Long service leave	195	285
	382	454
<u>Other provisions</u>		
Employment on-costs	81	80
Total current employee related provisions	463	534
Non-current		
<u>Employee benefits provisions</u>		
Long service leave	144	57
	144	57
<u>Other provisions</u>		
Employment on-costs	23	10
Total non-current employee related provisions	167	67
Total employee related provisions	630	601

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities: Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is not expected to be settled wholly within 12 months after the reporting period and is accordingly calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liabilities: 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 end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

3.1(b) Employee related provisions continued

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Board has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Board does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Employment on-costs: The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, 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 included as part of 'Other expenses, note 3.2 (apart from the unwinding of the discount [finance cost])' and are not included as part of the Board's 'employee benefits expense'. The related liability is included in 'Employment on costs provision'.

Employment on-costs provision

	2021 (\$000)	2020 (\$000)
Carrying amount at start of period	90	105
Additional/(reversals of) provisions recognised	14	(15)
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	104	90

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Board's long service leave provision. These include:

- expected future salary rates;
- discount rates;
- employee retention rates; and
- expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

3.2 Other expenditure

	2021 (\$000)	2020 (\$000)
Supplies and services		
Communications	134	164
Consultants and contractors	1,515	1,070
Consumables	160	182
Travel	-	11
Other	139	132
Total supplies and services expenses	1,948	1,559
Accommodation expenses		
Lease rentals	107	104
Repairs and maintenance	-	1
Light and power	11	10
Total accommodation expenses	118	115
Other expenses		
Board members' fees	112	142
Audit & Risk Committee fees	5	-
Employment on-costs	42	45
Expected credit loss expense	141	182
Insurances	47	52
Motor vehicle expenses	9	13
Total other expenses	356	434
Total other expenditure	2,422	2,108

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Consultants and contractors expenses includes \$616,000 relating to development costs for a new Customer Relationship Management (CRM) system. These costs were expensed (rather than capitalised as a work-in-progress Intangible Asset) in accordance with new guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) in April 2021.

Lease rental expenses include:

- i) short-term leases with a lease term of 12 months or less;
- ii) low-value leases with an underlying value of \$5,000 or less; and
- iii) variable lease payments recognised in the period in which the event or condition that triggers those payments occurs.

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other accommodation expenses are recognised as expenses in the reporting period in which they are incurred.

Other expenses are recognised as expenses in the reporting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

3.2 Other expenditure continued

Expected credit losses is an allowance of receivables and is measured at the lifetime expected credit losses at each reporting date. The Board has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to note 5.1 movement in the allowance for impairment of receivables.

Employee on-cost includes payroll tax, workers' compensation insurance and other employment on costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at note 3.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

4. Key assets

Assets the Board utilises for economic benefit or service potential

This section includes information regarding the key assets the Board utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2021 (\$000)	2020 (\$000)
Property, plant and equipment	4.1	127	199
Right-of-use assets	4.2	1,461	1,589

4.1 Property, plant and equipment

Year ended 30 June 2021

1 July 2020

	Furniture and fittings (\$000)	Leasehold improvements (\$000)	Office equipment (\$000)	Total (\$000)
Gross carrying amount	260	206	299	765
Accumulated depreciation	(114)	(171)	(281)	(566)
Accumulated impairment loss	-	-	-	-
Carrying amount at start of period	146	35	18	199

Additions	-	-	-	-
Disposals	-	-	-	-
Write-offs	-	-	-	-
Depreciation	(26)	(35)	(11)	(72)
Carrying amount at 30 June 2021	120	-	7	127

Reconciliation

Gross carrying amount	260	206	299	765
Accumulated depreciation	(140)	(206)	(292)	(638)
Accumulated impairment loss	-	-	-	-
Carrying amount at 30 June 2021	120	-	7	127

Initial recognition

Items of property, plant and equipment costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

4.1 Property, plant and equipment continued

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

The cost model is applied for subsequent measurement of property, plant and equipment, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses.

4.1.1 Depreciation and impairment charge for the period

	Notes	2021 (\$000)	2020 (\$000)
Depreciation			
Furniture and fittings and office equipment	4.1	37	38
Leasehold improvements	4.1	35	41
Right-of-use assets	4.1	160	165
Total depreciation for the period		232	244

As at 30 June 2021, there were no indications of impairment to property, plant and equipment. All surplus assets at 30 June 2021 have either been classified as assets held for sale or have been written-off.

Finite useful lives

All property, plant and equipment 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 is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Leasehold improvements	5 years
Furniture and fittings	10 years
Office equipment	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, 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 the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

4.2 Right-of-use assets

	2021 (\$000)	2020 (\$000)
Office accommodation	1,431	1,557
Vehicles	30	32
Net carrying amount	1,461	1,589

Additions to right-of-use assets during the 2021 financial year were \$22,922 (2020: \$15,485).

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

The Board has elected not to recognise right-of-use assets and lease liabilities for short term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Board at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

	2021 (\$000)	2020 (\$000)
Office accommodation	146	146
Vehicles	14	19
Total right-of-use asset depreciation	160	165
Lease interest expense	80	85
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	1	1

The total cash outflow for leases in 2021 was \$234,000 (2020: \$269,000).

The Board's leasing activities and how these are accounted for:

The Board has leases for office accommodation and motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

4.2 Right-of-use assets continued

Depreciation and impairment of right-of-use assets continued

The office accommodation lease is a non-cancellable lease with a ten-year term and a further five-year option to extend, with rent payable monthly in advance. Contingent rent provisions within the lease agreement requires that the rent is increased by 3.5% p.a. except at the end of the fifth year when the rent will be reviewed up or down to market value. A rent review was undertaken as at 1 March 2021 and the rent was adjusted down to current market value. The lease agreement provides for the rent to be increased by 3.5% p.a. for year's six to ten.

The motor vehicle leases are generally considered non-cancellable and it is assumed that the leases will continue for the assigned lease term. The scheduled termination of leases are between 15 September 2022 and 15 May 2027.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.2.

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Board's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2021 (\$000)	2020 (\$000)
Receivables	5.1	214	647
Other assets	5.2	4,093	6,945
Accrued long service leave benefits liabilities	5.3	393,426	371,956
Payables	5.4	593	907

5.1 Receivables

	2021 (\$000)	2020 (\$000)
<u>Current</u>		
Employer debtors	369	803
Allowance for impairment of employer debtors	(255)	(209)
Other debtors	100	53
Total receivables	214	647

Employer debtors are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

Allowance for impairment of employer debtors is measured at the lifetime expected credit losses at each reporting date, that is based on the Board's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

5.2 Other assets

	2021 (\$'000)	2020 (\$'000)
Current		
Accrued contributions	3,939	6,900
Prepayments	154	45
Balance at end of period	4,093	6,945

Accrued contributions: 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 2021 have been accrued.

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Accrued long service leave benefits liability

	2021 (\$'000)	2020 (\$'000)
Opening balance	371,956	404,026
Increase/(decrease) in provision	21,470	(32,070)
Balance at end of period	393,426	371,956
Contribution income from employers	9,725	32,690
Long service leave payments	(29,062)	(40,882)
Net change in accrued LSL liabilities	40,807	(23,878)
Increase/(decrease) in provision	21,470	(32,070)
The liability is allocated as follows:		
Current		
Accrued long service leave benefits liability	277,196	252,496
Non-current		
Accrued long service leave benefits liability	116,230	119,460
Total	393,426	371,956

The Scheme's long service leave liability as at 30 June 2021 has been calculated by the Actuary as \$393 million as per AASB 119 (2020: \$372 million).

The two key assumptions applied by the Actuary in calculating the liability are:

- the rate of members' future pay increases is estimated at 3% for the next three years, then 4% per annum thereafter (2020: 0% for the next two years, then 2% in the third year, 3% in the fourth year and 4.0% per annum thereafter).
- the discount rate is 1.3% (2020: 0.8%) as quoted by the government bond rate for a 7.6 year term (2020: 7.8 year term).

Contributions from employers are due at the end of each 3-month period. Per AASB 1056, the annual employer contributions are vested in the employees however, these are not payable to the employees on demand as employees have to complete a requisite period of service (1,540 service days, equivalent to 7 years of accumulated employment) before they can claim a payment. The completion of the service period by the employees is outside the control of the Board and on receipt of contributions from employers, an obligation to pay cash arises.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

5.3 Accrued long service leave benefits liability continued

Contributions from employers continued

Analogous to AASB 1056, the contributions increase the liabilities of the Board and the benefits payments reduce those liabilities. Accordingly, they are not in the nature of revenue and expenses (respectively). The obligation of the Board to make a payment to a registered employee after completion of the requisite period of service gives rise to a provision which will become an unconditional financial liability when 1,540 service days have accumulated (equivalent to 7 years of accumulated employment).

5.4 Payables

	2021 (\$000)	2020 (\$000)
Current		
Trade payables	450	619
Accrued salaries	58	46
Accrued expenses	85	242
Balance at end of period	593	907

Payables are recognised at the amounts payable when the Board becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Board considers the carrying amount of accrued salaries to be equivalent to its fair value.

6. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Board.

	Notes
Financial assets	6.1
Lease liabilities	6.2
Finance costs	6.3
Cash and cash equivalents	6.4
Capital commitments	6.5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

6.1 Financial assets

	2021 (\$000)	2020 (\$000)
<u>At valuation:</u>		
1. Colonial First State Wholesale Strategic Cash	46,977	46,649
2. PIMCO Wholesale Global Bond Fund	29,833	34,090
3. Macquarie Income Opportunity Fund	32,173	32,876
4. UBS Wholesale Diversified Fixed Income Fund	48,599	50,579
5. Pandal Fixed Interest	31,843	33,166
6. Vanguard Australian Shares Index Fund	106,863	79,435
7. Fidelity Australia Equities Fund	51,416	39,054
8. Investors Mutual Australia Shares	31,639	35,254
9. Celeste Australian Smaller Companies Fund	26,187	17,953
10. Vanguard International Share Index Fund (Hedged)	53,604	29,745
11. Vanguard International Share Index Fund	45,615	22,484
12. MFS Global Equity Fund (Unhedged)	26,386	22,375
13. Magellan Global Fund (Unhedged)	24,643	22,340
14. AMP Capital Global Property Securities (Hedged)	24,814	25,604
15. ClearBridge RARE Infrastructure Value Fund (Hedged)	22,292	27,239
	602,884	518,845
Accrued distributions	17,020	14,983
Total financial assets	619,904	533,828

Investments and other financial assets

The Board classifies its investments as financial assets at fair value through profit and loss. 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 the end of each reporting period. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Financial assets at fair value through profit and loss comprising principally marketable units and shares in managed investment funds, are non-derivatives that are either designated in this category or not classified in any of the other categories.

As outlined at note 7.1 Financial Instruments, after initial recognition, financial assets are measured at fair value through profit and loss. Gains or losses on financial assets are recognised through profit and loss. The fair value of quoted investments are based on current bid prices at reporting date.

Purchases and sales of investments are recognised on trade-date – the date on which the Board commits to purchase or sell the asset. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

6.2 Lease liabilities

	2021 (\$000)	2020 (\$000)
Current	140	151
Non-current	1,566	1,676
	1,706	1,872

Initial measurement

The Board measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Board uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Board as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the Board exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Board if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales, are recognised by the Board in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 4.2 Right-of-use Assets.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

6.3 Finance costs

	2021 (\$000)	2020 (\$000)
Finance costs		
Lease interest expense	80	86
Bank fees	17	30
Finance costs expensed	97	116

'Finance costs' includes bank fees relating to charges on bank accounts held by the Board and the interest component of lease liability repayments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

6.4 Cash and cash equivalents

	2021 (\$000)	2020 (\$000)
Cash and cash equivalents	47,784	61,578
Balance at end of period	47,784	61,578
Cash and cash equivalents	2021 (\$000)	2020 (\$000)
Current		
Bankwest Cash Account	3,823	15,344
First Wrap Plus Cash Account	283	1,413
Colonial First Rate Wholesale Saver	43,678	44,821
	47,784	61,578

For the purpose of the statement of cash flows, cash and cash equivalent assets comprise 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.

6.5 Capital commitments

	2021 (\$000)	2020 (\$000)
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

7. Financial instruments and contingencies

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	Notes	2021 (\$000)	2020 (\$000)
<u>Financial assets</u>			
Cash and cash equivalents	6.4	47,784	61,578
Receivables (a)	5.1	214	647
Other assets	5.2	3,939	6,900
Financial assets	6.1	619,904	533,828
Total financial assets		671,841	602,953
<u>Financial liabilities</u>			
Financial liabilities (b)	5.4, 6.2	2,299	2,734
Total financial liabilities		2,299	2,734

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities excludes GST payable to the ATO (statutory payable)

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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.

Financial Instruments

Recognition, initial measurement and de-recognition

Financial assets and liabilities are recognised when the Board becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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 financial assets are based on current bid prices.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

7.1 Financial instruments continued

Classification and subsequent measurement of financial assets continued

All income and expenses relating to financial assets that are recognised in profit or loss are presented within income or expenses respectively.

Classifications of financial assets are determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

The Board does not have financial assets at FVOCI or debt instruments at FVOCI.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Board's cash and cash equivalents, related party receivables, trade and most other receivables fall into this category of financial instruments.

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVPL. Under Equity FVPL, subsequent movements in fair value are recognised in the profit or loss. Dividend and distributions from these investments continue to be recorded as income within the profit or loss unless the dividend clearly represents return of capital.

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

The Board is not aware of any contingent assets existing as at 30 June 2021.

7.2.2 Contingent liabilities

The following liability is excluded from the liabilities included in the financial statements:

Supplier Claim

A supplier has made a claim for \$324,000 in relation to a software development contract. The claim has not been accepted and the Board reserves all its rights. Accordingly, there is no certainty around any financial impact at this time.

Contaminated sites

Under the Contaminated Sites Act 2003, the Board is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Board may have a liability in respect of investigation or remediation expenses.

The Board did not report any contaminated sites to DWER during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Key management personnel	8.2
Related party transactions	8.3
Related bodies	8.4
Affiliated bodies	8.5
Remuneration of auditors	8.6
Equity	8.7
Supplementary financial information	8.8
Explanatory statement	8.9

8.1 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period that warrant disclosure.

8.2 Key management personnel

The Board has determined key management personnel to include cabinet ministers, members of the accountable authority (the Board) and senior officers of the Board. The Board does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the accountable authority (Board) for the reporting period are presented within the following bands:

Compensation of members of the accountable authority

Compensation band (\$)	2021	2020
0 – 10,000	2	-
10,001 – 20,000	5	4
20,001 – 30,000	1	3
	2021	2020
	(\$000)	(\$000)
Total compensation of members of the accountable authority	112	142

Total compensation includes the superannuation expense incurred by the Board in respect of members of the accountable authority.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.2 Key management personnel continued

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Board for the reporting period are presented within the following bands:

Compensation of senior officers

Compensation band (\$)	2021	2020
50,001 – 100,000	1	2
130,001 – 140,000	1	1
140,001 – 150,000	1	-
160,001 – 170,000	1	-
180,001 – 190,000	-	1
250,001 – 260,000	-	1
260,001 – 270,000	1	-
	2021 (\$000)	2020 (\$000)
Short term employee benefits	704	741
Post employment benefits	61	84
Other long term benefits	28	(98)
Total compensation of senior officers	793	727

Total compensation includes the superannuation expense incurred by the Board in respect of senior officers.

A senior officer resigned from the General Manager Corporate and Finance position on 27 November 2020, with the Officer's remuneration included in the current year remuneration disclosures up until the termination date. An officer was subsequently appointed to the position on 4 January 2021 and their remuneration is included in the current year disclosures above.

8.3 Related party transactions

The Construction Industry Long Service Leave Payments Board is a Western Australian statutory authority established to administer a portable long service leave scheme for Western Australian construction industry workers. In conducting its activities, the Board is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

Related parties of the Board include:

- all board members and their close family members, and their controlled or jointly controlled entities;
- all senior officers of the Board and their close family members, and their controlled or jointly controlled entities; and
- the Government Employees Superannuation Board (GESB).

Material transactions with related parties

Outside of normal citizen type transactions with the Board, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.4 Related bodies

The Board does not have any related bodies.

8.5 Affiliated bodies

The Board does not have any affiliated bodies.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.6 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2021 (\$000)	2020 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	30	55

8.7 Equity

	2021 (\$000)	2020 (\$000)
Retained earnings		
Balance at start of period	229,496	226,219
Result for the period	47,732	3,277
Balance at end of period	277,228	229,496

8.8 Supplementary financial information

(a) Write-offs

During the financial year, \$101,000 (2020: \$199,000) was written off the Board's receivables ledger under the authority of:

	2021 (\$000)	2020 (\$000)
The accountable authority	101	199
The Minister	-	-
Executive Council	-	-
	101	199

(b) Losses through theft, defaults and other causes

	2021 (\$000)	2020 (\$000)
Losses of public money and public and other property through theft or default	-	-
Amounts recovered	-	-
	-	-

(c) Gifts of public property

	2021 (\$000)	2020 (\$000)
Gifts of public property provided by the Board	-	-
	-	-

8.9 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are greater than:

- 10% and 1% of Total Expenses for the previous year for the Statement of Comprehensive Income and Statement of Cash Flows, and
- 10% and 1% of estimated Total Assets for the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.9.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2021 and 2020 (\$000)
<u>Income</u>						
Investment revenue	(1),(a)	12,200	36,525	26,652	24,325	9,873
Net remeasurement changes in fair value	(2),(b)	10,800	57,277	(42,639)	46,477	99,916
Interest revenue	(3),(c)	216	31	243	(185)	(212)
Total income		23,216	93,833	(15,744)	70,617	109,577
<u>Expenses</u>						
Employee benefits expense		2,619	2,542	2,388	(77)	154
Supplies and services	(4),(d)	1,268	1,948	1,559	680	389
Depreciation and amortisation expense	(5)	283	232	244	(51)	(12)
Finance costs		115	97	116	(18)	(19)
Accommodation expenses		122	118	115	(4)	3
Other expenses	(6),(e)	1,182	356	434	(826)	(78)
Non-recurring project expenses		80	-	-	(80)	-
Loss on sale of assets		-	1	1	1	-
Total expenses		5,669	5,294	4,857	(375)	437
NET RESULT FROM OPERATING ACTIVITIES		17,547	88,539	(20,601)	70,992	109,140
Net change in accrued LSL liabilities	(7),(f)	(10,000)	(40,807)	23,878	(30,807)	(64,685)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,547	47,732	3,277	40,185	44,455

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.9.1 Statement of Comprehensive Income Variances continued

Major Estimate and Actual (2021) Variance Narratives:

- (1) Investment revenue exceeded estimates by \$24.325 million (199.4%) due to favourable recovery of underlying portfolio performance following the initial impacts of the COVID-19 pandemic. The actual investment return was 16.05%, significantly outperforming the estimated return of 4.3%.
- (2) Net remeasurement changes in fair value exceeded estimates by \$46.477 million (430.3%) due to favourable recovery of underlying portfolio performance following the initial impacts of the COVID-19 pandemic. The actual investment return was 16.05%, significantly outperforming the estimated return of 4.3%.
- (3) Interest revenue was under estimates by \$185,000 (85.7%). The Board has made a conscious effort to maintain sufficient cash reserves for working capital purposes only and invest surplus Bankwest cash account funds to optimise the investment portfolio's rate of return. The reduction in working capital has resulted in lower interest revenue.
- (4) Supplies and services exceeded estimates by \$680,000 (53.6%) due to revised accounting treatment for configuration and customisation costs relating to the development of a new Customer Relationship Management (CRM) database and Electronic Document Records Management System (EDRMS). The budget classified these costs as a work-in-progress intangible asset. However, guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) in April 2021 indicated that entities should instead expense these costs. The Board adopted the IFRIC guidance and accordingly, expensed all CRM development costs totalling \$616,000 incurred to 30 June 2021.
- (5) Depreciation and amortisation expense was under estimates by \$51,000 (18.0%) predominantly due to a provision for amortisation of the new CRM database. All CRM development costs incurred to 30 June 2021 have however been expensed in accordance with recently issued IFRIC guidance. Accordingly, there is no associated amortisation expense.
- (6) Other expenses were under budget by \$826,000 (69.9%). The estimates included a provision for doubtful debts expense of \$1 million based on an expectation that the construction industry would suffer a significant downturn as a result of the COVID-19 pandemic. Instead, industry activity has been robust and accordingly the actual level of doubtful debt is significantly lower than expected.
- (7) Net change in accrued LSL liabilities exceeded estimates by \$30.807 million (308.1%) due to estimated LSL payments being inflated in the budget due to the expected impact of COVID-19 at the time the budget was set. Contributions from employers was lower due to the Board and Minister agreeing to put in place a COVID relief levy for six months that was 99% discounted from the budgeted levy, and a reduction to the standard levy by 50% effective from January 2021. The Actuary's assessment of the LSL liabilities was more than estimated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.9.1 Statement of Comprehensive Income Variances continued

Major Actual (2021) and Comparative (2020) Variance Narratives:

- (a) Investment revenue increased by \$9.873 million (37.0%) due to favourable recovery of underlying portfolio performance following the initial impacts of the COVID-19 pandemic. The actual investment return was 16.05%, significantly outperforming the prior year actual return of (2.42%).
- (b) Net remeasurement change in fair value increased by \$99.916 million (234.3%) due to favourable recovery of underlying portfolio performance following the initial impacts of the COVID-19 pandemic. The actual investment return was 16.05%, significantly outperforming the prior year actual return of (2.42%).
- (c) Interest revenue decreased by \$212,000 (87.2%). Bankwest cash account balances have reduced by over \$11.5 million compared to the same period last year. The Board has made a conscious effort to maintain sufficient cash reserves for working capital purposes only and invest surplus cash funds to optimise the investment portfolio's rate of return. The reduction in working capital has resulted in lower interest revenue.
- (d) Supplies and services increased by \$389,000 (25.0%) predominantly due to expensing of development costs associated with the new CRM database. Guidance issued by the IFRIC in April 2021 indicated that entities should expense these costs rather than capitalise them. The Board adopted the IFRIC guidance and accordingly, expensed all CRM development costs incurred to 30 June 2021. This additional expense was partially offset by lower legal, communication and accountancy costs.
- (e) Other expenses decreased by \$78,000 (17.9%) predominantly due to lower levels of doubtful debts expense as a result of robust industry activity, payroll tax due to a credit assessment following a payroll tax review undertaken by the Office of State Revenue and Board fees due to member retirements and resignations.
- (f) Net change in accrued LSL liabilities decreased by \$64.685 million (270.9%) due to LSL payments being \$11.8 million less than the prior year. Contributions from employers was \$23 million lower due to the Board and Minister agreeing to put in place a COVID relief levy for six months that was 99% discounted from the prior year's levy, and a reduction to the prior year's levy by 50% effective from January 2021. The balance movement of \$53.5 million was the result of the Actuary's assessment of the LSL liabilities as at 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.9.2 Statement of Financial Position Variances

	Variance note	Estimate 2021 (\$000)	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2021 and 2020 (\$000)
ASSETS						
<u>Current Assets</u>						
Cash and cash equivalents	(1),(a)	12,712	47,784	61,578	35,072	(13,794)
Receivables		514	214	647	(300)	(433)
Other current assets		7,570	4,093	6,945	(3,477)	(2,852)
Financial assets	(2),(b)	538,000	619,904	533,829	81,904	86,075
Total Current Assets		558,796	671,995	602,999	113,199	68,996
<u>Non-Current Assets</u>						
Property, plant and equipment		166	127	199	(39)	(72)
Intangibles		1,961	-	-	(1,961)	-
Right-of-use assets		1,417	1,461	1,589	44	(128)
Total Non-Current Assets		3,544	1,588	1,788	(1,956)	(200)
TOTAL ASSETS		562,340	673,583	604,787	111,243	68,796
LIABILITIES						
<u>Current Liabilities</u>						
Accrued long service leave benefits liabilities	(3),(c)	215,803	277,196	252,496	61,393	24,700
Payables		759	593	907	(166)	(314)
Lease liabilities		-	140	151	140	(11)
Employee related provisions		740	463	534	(277)	(71)
Total Current Liabilities		217,302	278,392	254,088	61,090	24,304
<u>Non-Current Liabilities</u>						
Accrued long service leave liabilities	(3),(c)	144,197	116,230	119,460	(27,967)	(3,230)
Lease liabilities		1,665	1,566	1,676	(99)	(110)
Employee related provisions		1,769	167	67	(1,602)	100
Total Non-Current Liabilities		147,631	117,963	121,203	(29,668)	(3,240)
TOTAL LIABILITIES		364,933	396,355	375,291	31,422	21,064
NET ASSETS		197,407	277,228	229,496	79,821	47,732
EQUITY						
Retained earnings		197,407	277,228	229,496	79,821	47,732
TOTAL EQUITY		197,407	277,228	229,496	79,821	47,732

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.9.2 Statement of Financial Position Variances continued

Major Estimate and Actual (2021) Variance Narratives:

- (1) Cash and cash equivalents exceeded estimates by \$35.072 million (275.9%). The estimate was compiled using Bankwest cash account funds only and did not include wholesale cash balances which are considered as cash equivalents.
- (2) Financial assets exceeded estimates by \$81.904 million (15.2%) due to favourable recovery of underlying portfolio performance following the initial impacts of the COVID-19 pandemic. The actual investment return was 16.05%, significantly outperforming the estimated return of 4.3%.
- (3) Difference in allocation between current and non-current liabilities and a \$33.4 million (9.3%) increase in the total liability as assessed by the Actuary.

Major Actual (2021) and Comparative (2020) Variance Narratives:

- (a) Cash and cash equivalents decreased by \$13.794 million (22.4%). Due to low contribution levies, contribution receipts were significantly lower than long service leave claim payments made to workers resulting in a net cash outflow. Accordingly, the Board is currently in a cash drawdown phase and has utilised working capital from the Bankwest cash account to sustain claim payments to workers.
- (b) Financial assets increased by \$86.075 million (16.1%) due to favourable recovery of underlying portfolio performance following the initial impacts of the COVID-19 pandemic. The actual investment return was 16.05%, significantly outperforming the estimated return of 4.3%.
- (c) Current LSL liability increased by \$24.7 million (9.8%) as assessed by the Actuary. Conversely, the non-current liability decreased by \$3.2 million (2.7%) as assessed by the Actuary.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.9.3 Statement of Cash Flows Variances

	Variance note	Actual 2021 (\$000)	Actual 2020 (\$000)	Variance between actual results for 2021 and 2020 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Receipts from employers	(a)	13,498	33,181	(19,683)
Interest received	(b)	31	263	(232)
GST receipts from taxation authority		166	161	5
Payments				
Employee benefits		(2,513)	(2,547)	34
Supplies and services	(c)	(2,697)	(2,099)	(598)
Finance costs	(d)	(17)	(116)	99
Accommodation		(118)	(115)	(3)
Payments for long service leave	(e)	(29,062)	(40,882)	11,820
GST payments on purchases	(f)	(219)	(164)	(55)
Other payments	(g)	(356)	(429)	73
Net cash provided by/(used in) operating activities		(21,287)	(12,747)	(8,540)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds from sale of investments	(h)	25,250	51,602	(26,352)
Distributions received	(i)	34,488	26,652	7,836
Payments				
Purchase of financial assets	(j)	(52,011)	(84,114)	32,103
Purchase of non-current assets	(k)	-	(172)	172
Net cash provided by/(used in) investing activities		7,727	(6,032)	13,759
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal elements of lease payments		(234)	(269)	35
Net cash provided by/(used in) financing activities		(234)	(269)	35
Net increase/(decrease) in cash and cash equivalents		(13,794)	(19,048)	5,254
Cash and cash equivalents at the beginning of the period		61,578	80,626	(19,048)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		47,784	61,578	(13,794)

Variances between estimate and actual results for 2021 are not available as cash flow estimates were not included in the budget approved by the Minister.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ended 30 June 2021

8.9.3 Statement of Cash Flows Variances continued

Major Actual (2021) and Comparative (2020) Variance Narratives:

- (a) Receipts from employers decreased by \$19.683 million (59.3%) due to a reduction in the contribution levy. The Board and Minister agreed to put in place a COVID relief levy for six months that was 99% discounted from the prior year levy. Similarly, a 50% reduction to the standard levy applied from January 2021.
- (b) Interest received decreased by \$232,000 (88.2%). Bankwest cash account balances have reduced by over \$11.5 million compared to the same period last year. The Board has made a conscious effort to maintain sufficient cash reserves for working capital purposes only and invest surplus cash funds to optimise the investment portfolio's rate of return. The reduction in working capital has resulted in lower interest receipts.
- (c) Supplies and services increased by 598,000 (28.5%) predominantly due to payments for development costs associated with the new CRM database. Guidance issued by the IFRIC in April 2021 indicated that entities should expense these costs rather than capitalise them. The Board adopted the IFRIC guidance and accordingly, expensed all CRM development costs totalling \$616,000 incurred to 30 June 2021. These additional payments were partially offset by lower legal, communication and accountancy payments.
- (d) Finance costs decreased by \$99,000 (85.3%) as interest charges associated with leased office accommodation and motor vehicles are notional and do not result in operating cash flows.
- (e) Payments for long service leave decreased by \$11.820 million (28.9%). The Western Australian economy has managed well through the COVID-19 pandemic and the construction industry recovered strongly with stimulus from government infrastructure spending, housing construction incentives and private sector investment. This, together with reduced ability to travel, has seen a large reduction in workers accessing their long service leave entitlements whilst demand for workers is strong and opportunities to take leave is reduced. 3,670 payments were made to workers during the current reporting period, compared to 5,275 in the prior year.
- (f) GST payments on purchases increased by \$55,000 (33.8%) predominantly due to additional payments incurred in relation to the development of the new CRM database.
- (g) Other payments decreased by \$73,000 (17.0%) predominantly due to fewer payroll tax payments due to a credit assessment issued by the Office of State Revenue following a payroll tax review and fewer Board fee payments due to member retirements and resignations.
- (h) Proceeds from sale of investments decreased by \$26.352 million (51.1%). Between August – December 2020 the Board revised its strategic asset allocation for its investment portfolio. This resulted in a rebalancing of investment assets between funds.
- (i) Distributions received increased by \$7.836 million (29.4%) due to favourable recovery of underlying portfolio performance following the initial impacts of the COVID-19 pandemic.
- (j) Purchase of financial assets decreased by \$32.103 million (38.2%). Between August – December 2020 the Board revised its strategic asset allocation for its investment portfolio. This resulted in a rebalancing of investment assets between funds.
- (k) Purchase of non-current assets decreased by \$172,000 (100.0%). No new or replacement items of property, plant and equipment were acquired in the current reporting period.

AUDITED KEY PERFORMANCE INDICATORS

For the Year Ended 30 June 2021

Certification of Key Performance Indicators

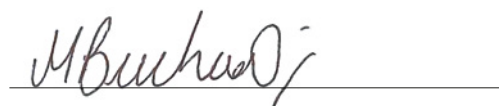
We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Construction Industry Long Service Leave Payments Board's performance and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ended 30 June 2021.



Susan Barrera

Chair

27 August 2021



Mick Buchan

Member of the Board

27 August 2021

AUDITED KEY PERFORMANCE INDICATORS CONTINUED

For the Year Ended 30 June 2021

Key Performance Indicators

Desired Outcome

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

The Board has developed six Key Effectiveness Indicators (KEI) which when interpreted together provide evidence of the level of achievement of the Desired Outcome.

KEI (i) is the number of employers registered with the Board. In 2021 there was a small increase in conjunction with the rebound in the Western Australian construction industry following the COVID-19 pandemic.

KEI (ii) is the number of employees for whom contributions have been made. There is a marginal increase in numbers of average employees for whom contributions have been made by employers.

As evidenced in KEI (iii), the average contribution rate for the reporting period was 0.255%. The Board and Minister agreed to put in place a COVID relief levy for six months that was 99% discounted from the prior year levy. Similarly, a 50% reduction of the standard levy applied from January 2021. The Board considered the average rate of 0.255% to be sufficient to maintain an adequate level of assets to meet LSL liabilities.

Over the preceding five years, as per KEI (iv), the Board has generated a positive average investment return. The strong return of 16.05% received in 2021 is a result of global financial markets rebounding from prior year COVID-19 induced shocks. Board Members acknowledge that the annual investment performance will fluctuate on a year in/year out basis.

KEI (v) shows the number of registered employees and number of employees paid a benefit. The number of employees in the industry was marginally lower than the estimate. However, the number of employees paid a benefit was significantly below estimates and prior year actuals due to robust construction industry activity, indicating that employees are engaged in work with fewer opportunities to take long service leave.

In regard to the number of registered employees KEI (vi) shows the number of employees which qualify for a benefit under the Scheme.

The sound coverage of employees and employers sustains contribution levy receipts to assist in the maintaining of a Balance Sheet within, or above, the Board's approved Accounting Ratio range of 110% - 130% (assets/liabilities). As detailed, the Accounting Ratio range includes a suitable buffer to ensure the financial sustainability of the Scheme.

Achievement of the Accounting Ratio range (as recorded as at balance date) enables the Board to critically assess the contribution levy payable by employers. This assessment is undertaken in conjunction with the Actuary's forecast of the future long service leave liability obligations to employees.

The Key Efficiency Indicators have historically been significantly better than Other State Schemes (average).

AUDITED KEY PERFORMANCE INDICATORS CONTINUED

For the Year Ended 30 June 2021

Key Effectiveness Indicators

(i) Construction Industry Employers who have Registered with the Board

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Registered Employers – Average for the year (number)	4,958	5,052	4,958	4,992	5,013
Change in average number of Registered Employers		1.9%	(0.7%)	(0.4%)	(0.7%)
Growth in Firms in the Industry ^(a)		*	(6.6%)	(2.8%)	(3.3%)

(a) Based on counts of Australian businesses statistics published by the ABS (filtered for WA businesses only between ANZSIC industry code ranges 3011 and 3299. Excludes non-employing businesses). Statistics are published annually in February using data as at 30 June of the previous year.

* 2020-21 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

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Employees contributed for - Average for the year (number)	62,191	62,392	62,191	62,420	63,794
Change in average number of Employees contributed for (%)		0.3%	(0.4%)	(2.2%)	(6.4%)
Change in number of Employees in the industry (%) *		(10.1%)	(1.9%)	(15.3%)	13.0%

* Based on construction industry employment statistics published by the ABS. (Based on a rolling four quarters average of ANZSIC'06, by industry division and by major group quarter ending February 2021. Occupations: Technicians and Trades Workers plus Machinery Operators and Drivers).

(iii) Construction Industry Employers Long Service Leave Contribution Rate

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Average Contribution Rate (%)	1.00%	0.255% ^(a)	1.05% ^(b)	1.15% ^(c)	1.28% ^(d)

(a) The contribution rate was decreased from 1.00% to 0.01% with effect from 1 July 2020

The contribution rate was increased from 0.01% to 0.50% with effect from 1 January 2021

(b) The contribution rate was decreased from 1.10% to 1.00% with effect from 1 January 2020

(c) The contribution rate was decreased from 1.20% to 1.10% from 1 January 2019

(d) The contribution rate was decreased from 1.35% to 1.20% from 1 January 2018

AUDITED KEY PERFORMANCE INDICATORS CONTINUED

For the Year Ended 30 June 2021

Key Effectiveness Indicators continued

(iv) Annual Return Derived from the Board's Investments

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Board's Investment Return	4.30%	16.05%	(2.42%)	7.69%	6.89%
Benchmark Return (Composite Index)	4.30%	16.34%	(1.34%)	8.60%	8.34%
Investment Return - (5 Year Average)	5.72%	7.45%	4.62%	7.14%	7.92%

Investment return of 16.05% was in line with underlying portfolio performance driven by world markets and events.

(v) Construction Industry Employees who have Received a Long Service Leave Payment

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Employees Registered in the Scheme (number)	106,392	106,287	106,392	107,873	112,245
Number of Employees paid a benefit (number)	5,286	3,670	5,286	5,808	5,445

Benefits paid totaling 3,670 (2020: 5,286) was driven by robust underlying construction industry activity, indicating that employees are engaged in work with fewer opportunities to take long service leave.

(vi) Qualifying Service Profile of Construction Industry Employees for whom Contributions have been made

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Employees Registered in the Scheme (number)	106,392	106,287	106,392	107,873	112,245
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit (number)	86,414	87,977	88,847	91,198	96,391
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service (number)	9,714	9,308	8,930	8,319	7,954
Employees qualified for a long service leave benefit - more than 10 years of service (number)	10,264	9,002	8,615	8,356	7,900

AUDITED KEY PERFORMANCE INDICATORS CONTINUED

For the Year Ended 30 June 2021

Service

Management of the Construction Industry Long Service Leave Scheme

Key Efficiency Indicators

(i) Average Administrative Cost Per Registered Construction Industry Employee

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
W.A. Scheme Cost per Employee	\$52.34	\$49.81	\$45.66	\$41.21	\$37.01
Other State Schemes (average)		*	\$55.29	\$53.74	\$51.93

* 2020-21 figures not available at the time of preparation of the Report.

The Key Efficiency Indicator (i) has increased predominantly due to expensing of development costs totalling \$616,000 associated with the new CRM database. Guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) in April 2021 indicated that entities should expense these costs rather than capitalise them. The Board adopted the IFRIC guidance and accordingly, expensed all CRM development costs incurred to 30 June 2021. The variance against the estimate is predominantly due to a lower than expected doubtful debts expense outturn which was partially offset by the change in accounting treatment for CRM development costs (the original estimate saw development costs capitalised as a work-in-progress Intangible Asset, rather than expensed).

(ii) Full Time Equivalent Staff Employed Per Thousand of Registered Western Australian Construction Industry Employees

FINANCIAL YEAR	2021 Target	2021 Actual	2020 Actual	2019 Actual	2018 Actual
Staff per thousand employees	0.23	0.22	0.20	0.19	0.18
Other State Schemes (average)		*	0.34	0.33	0.32

* 2020-21 figures not available at the time of preparation of the Report.

The Key Efficiency Indicator (ii) has increased predominantly due to higher full time equivalent staffing levels as at 30 June 2021 (2021: 23.4 FTE; 2020: 21.4 FTE). The variance against the estimate is due to lower than expected full time equivalent staffing levels as at 30 June 2021 (estimate: 24.5 FTE; actual: 23.4 FTE).

INDEPENDENT AUDITOR'S REPORT



Auditor General

INDEPENDENT AUDITOR'S OPINION 2021

Construction Industry Long Service Leave Payments Board

To the Parliament of Western Australia

Report on the audit of the financial statements

I have audited the financial statements of the Construction Industry Long Service Leave Payments Board (Entity) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the Entity in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Entity.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Construction Industry Long Service Leave Payments Board. The controls exercised by the Entity are those policies and procedures established by the Board to ensure 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Construction Industry Long Service Leave Payments Board are sufficiently adequate to 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 during the year ended 30 June 2021.

INDEPENDENT AUDITOR'S REPORT CONTINUED

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Construction Industry Long Service Leave Payments Board are relevant and appropriate to assist users to assess the Entity's performance and fairly represent indicated performance for the year ended 30 June 2021.

INDEPENDENT AUDITOR'S REPORT CONTINUED

The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control it determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2021 included on the Entity's website. The Entity's management is responsible for the integrity of the Entity's website. This audit does not provide assurance on the integrity of the Entity's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 August 2021



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