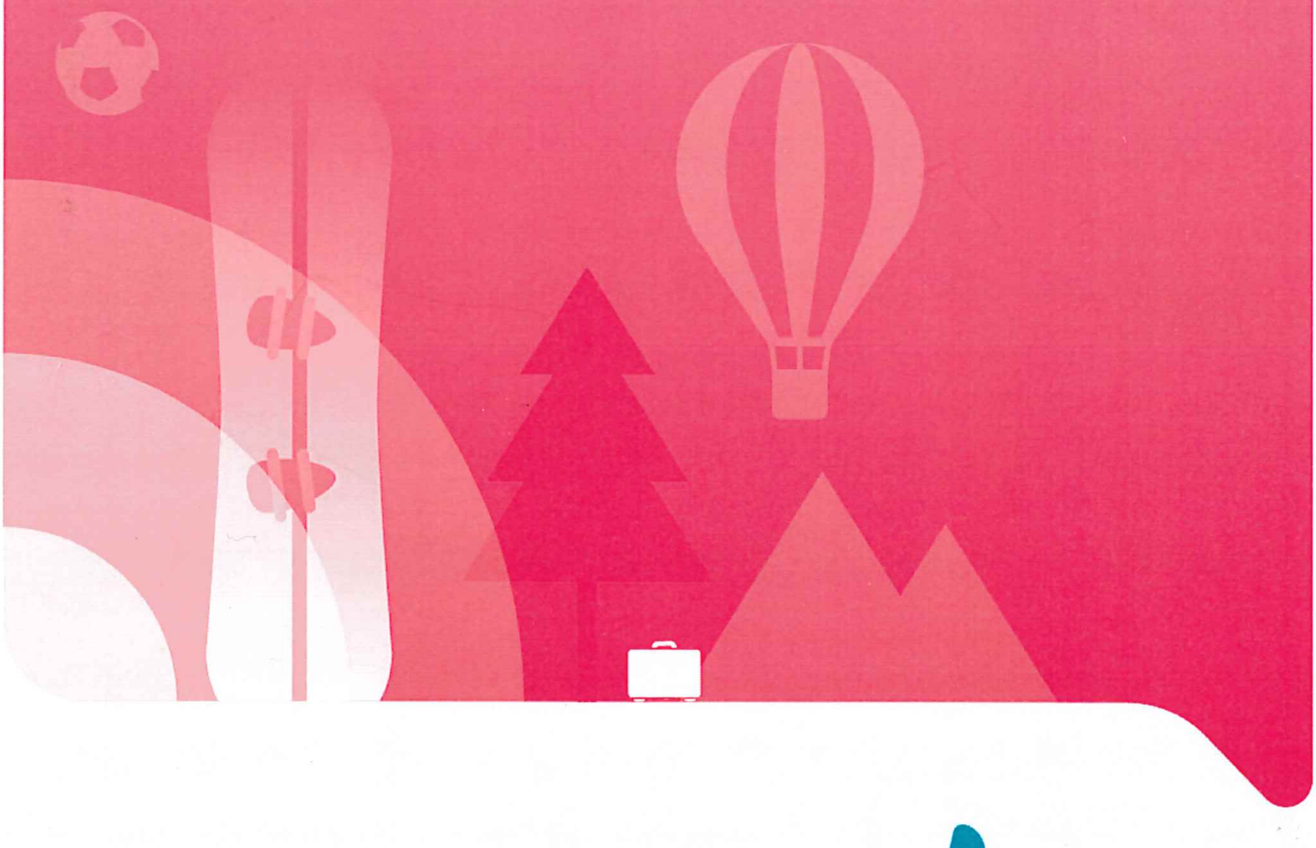
ANNUAL REPORT
2019



GOVERNMENT OF WESTERN AUSTRALIA

My Leave
CONSTRUCTION INDUSTRY LONG SERVICE LEAVE SCHEME

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Hon. Bill Johnston MLA
Minister for Mines and Petroleum;
Energy; Industrial Relations
9th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister

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 financial year ending 30 June 2019.

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

Susan Barrera

Ms S. Barrera
Chair

Date: 16/8/19

Member of the Board

Date: 16/8/19

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Directory

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

OFFICE:	3rd Floor, 50 Colin Street, WEST PERTH, 6005
POSTAL ADDRESS:	PO Box 1333, WEST PERTH, 6872
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BANKERS:	Bankwest a division of Commonwealth Bank of Australia
ACTUARY:	Pricewaterhouse Coopers
AUDITORS:	Auditor-General's Office
BUSINESS HOURS:	8.30 am to 5.00 pm Monday to Friday
PUBLICATIONS:	Pamphlets and other material explaining the Scheme are available from the Board's Office and the Board's web site.

ISSN 1033-4173

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Contents

OVERVIEW

Executive Summary

In the financial year ending 30 June 2019 MyLeave delivered a fully funded Balance Sheet with an Accounting Ratio of 158% (assets/liabilities). It is important that MyLeave continues to maintain a very strong financial position due to the steady downturn in the Western Australian construction industry. Furthermore, as investment returns have been positive for the past consecutive ten years, this may indicate a correction in the short / medium term.

In 2019 the number, and value, of payments to workers increased to a level of 5,808 totaling $44.5M.

MyLeave was pleased to be able to reduce the contribution levy from 1 January 2019 to 1.10% (-0.10%) and Board Members will soon decide the applicable levy for the year commencing 1 January 2020. MyLeave's Actuary, Pricewaterhouse Coopers, will assist Board Members in their determination of the levy for 2020. As detailed in this Annual Report, MyLeave is in a very sound financial position however Board Members need to take a conservative approach to determining the 2020 contribution levy to ensure MyLeave maintains its Mission "*To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australia construction industry employees*".

CONTRIBUTION LEVY					
	2015	2016	2017	2018	2019
Levy percentage	1.50%	1.35%	1.35%	1.20%	1.10%
Percentage change	-0.40%	-0.15%	no change	-0.15%	-0.10%

MyLeave statistics for 2019 clearly show the continued industry downturn and also the important place in the industry that MyLeave has in delivering a significant volume and value of worker payments.

WORKERS				
	2016	2017	2018	2019
Total registered	127,941 -2%	121,533 -5%	112,245 -8%	107,873 -4%
Total contributed for (average per quarter)	76,592 nom.	68,134 -11%	63,794 -6%	62,420 -2%
Total days of service (average per quarter)	3,296,013	2,891,334	2,641,243	2,556,098
Number of benefits paid	5,100	5,808	5,445	5,808
Value of benefits paid	$39.6M	$47.4M	$43.7M	$44.5M

The above data highlights a steady decline in both the number of registered workers and the number of active workers (Total contributed for). The number of active workers has shown a very significant and rapid reduction to 62,420 (-18%) from 2016. In line with the industry downturn, the number of benefits paid is showing a high percentage of terminations, as compared to workers taking long service leave. For 2019 the percentage of termination payments was 58%.

Days of service recorded continues to reduce

The reduction in active workers shown in the previous table is translated into the number of days of service recorded for those active workers. The quarterly average number of days of service recorded reduced in 2019 i.e. from 2.641M in 2018 to 2.556M (-3%). This reduced industry activity adversely impacts the value of revenue MyLeave generates from employers from the applicable contribution levy. As shown in the Statement of Comprehensive Income the contribution levy revenue from employers reduced in 2019 to $37.7M, from the 2018 level of $41.3M. The reduced contribution levy rate from 1 January 2019 also impacted the levy revenue generated from employers.

As many workers are suffering the impact of the construction industry downturn, MyLeave is very pleased that it is able to 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.

In contrast to the reduction in the total number of registered workers, the average number of registered employers has not shown any material movement over recent years.

	EMPLOYERS			
	2016	2017	2018	2019
Total registered (average per quarter)	5,073	5,049	5,013	4,992

In 2019 the investment return percentage achieved by MyLeave was 7.7%, which is greater than the 2018 return of 6.9%, and well in excess of the 20 year long term average return of 5.9% per annum. MyLeave Board Members are very pleased with this 7.7% return and 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 as possible, these performance fluctuations.

The 2019 return of 7.7% represents the tenth consecutive year of positive returns and it is important that MyLeave continues to maintain a sound Balance Sheet to address the eventuality of a significant downturn or even a moderate correction in the global investment market. With an investment portfolio of $596.0M and cash deposits of $27.5M at 30 June 2019, a negative investment performance translates into a significant dollar value loss impact on MyLeave's Profit & Loss account, and therefore the Balance Sheet Equity Surplus.

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

The Statement of Comprehensive Income in this Annual Report details that in 2019 the level of net investment income was $41.2M, which is up from the level of $33.2M in 2018, and the contribution income from employers was $37.7M. As previously detailed, the contribution income reduced from the 2018 level of $41.3M with the reduction being in line with the underlying construction industry activity and reduction in the contribution levy rate from 1 January 2019.

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

Steady investment portfolio growth

INVESTMENT PORTFOLIO & INCOME					
	2015	2016	2017	2018	2019
Total portfolio	$490M	$515M	$557M	$591M	$623M
Net investment income	$34.6M	$13.1M	$48.1M	$33.2M	$41.3M

Whilst, over recent years, significant growth has been recorded in the investment portfolio, this has been necessary to align 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. The actuarial calculations are updated annually and reflect the assessment of the worker liability taking into account 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 reduces

ACTUARIAL LIABILITY					
	2015	2016	2017	2018	2019
Total liability	$375M	$432M	$428M	$411M	$404M

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 $419M as at 30 June 2020 and $449M as at 30 June 2023.

MyLeave continues to utilise the services of the Commonwealth Bank as Investment Advisor and the Advisor has assisted MyLeave in the establishment of a well-structured 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.

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 2019. MyLeave, in conjunction with the Investment Advisor, formally reviews the performance of Fund Managers on an annual basis. Furthermore, the Investment Advisor regularly advises MyLeave of any important changes e.g. investment style, key staff movements etc of the individual Fund Managers.

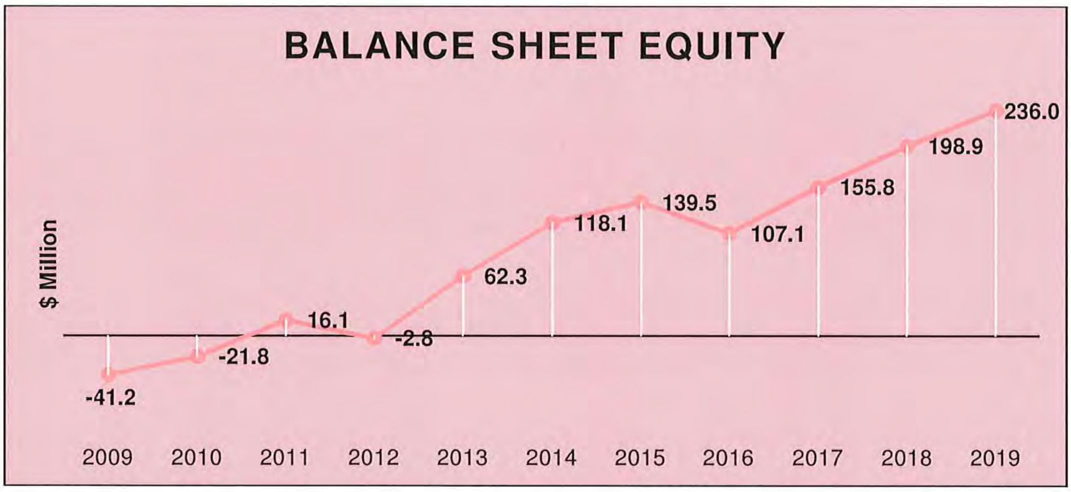
STRATEGIC ASSET ALLOCATION		
Asset Class	Benchmark	Actual 30/06/2019
Cash	15%	16%
Fixed interest	25%	24%
Sub total	40%	40%
Australian equities	32%	32%
International equities	18%	18%
Property & infrastructure	10%	10%
Sub total	60%	60%
Total	**100%**	**100%**

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				
	2016	2017	2018	2019
Assets	$541.9M	$584.7M	$611.3M	$642.0M
Liabilities	$434.8M	$428.9M	$412.4M	$406.0M
Equity surplus	$107.1M	$155.8M	$198.9M	$236.0M
Accounting Ratio (Assets/Liabilities)	125%	136%	148%	158%

The Equity Surplus movement in 2019 was +$37.1M and this is considered a sound result. 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, which are well outside of MyLeave's control.

The value of the Balance Sheet Equity (Surplus / Deficiency) and movement since 2009 is shown in the following graph.



The 2019 Balance Sheet Equity Surplus of $236.0M is in excess of 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 also any material changes to the actuarial liability for worker payments.

As detailed, the 2019 year was very active for MyLeave and Board Members are pleased with MyLeave's performance 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 Bill Johnston MLA, Minister for Mines and Petroleum; Energy; Industrial Relations.

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 minimize the contribution rate payable:-
- By maximizing the rate of return on investment funds; and
- By minimizing the administrative cost of the Scheme.

Vision

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

Values

Working together

Establishing and maintaining long term relationships based upon mutual trust, respect and understanding

Honesty & integrity

Being open and honest and acting with integrity in all our dealings

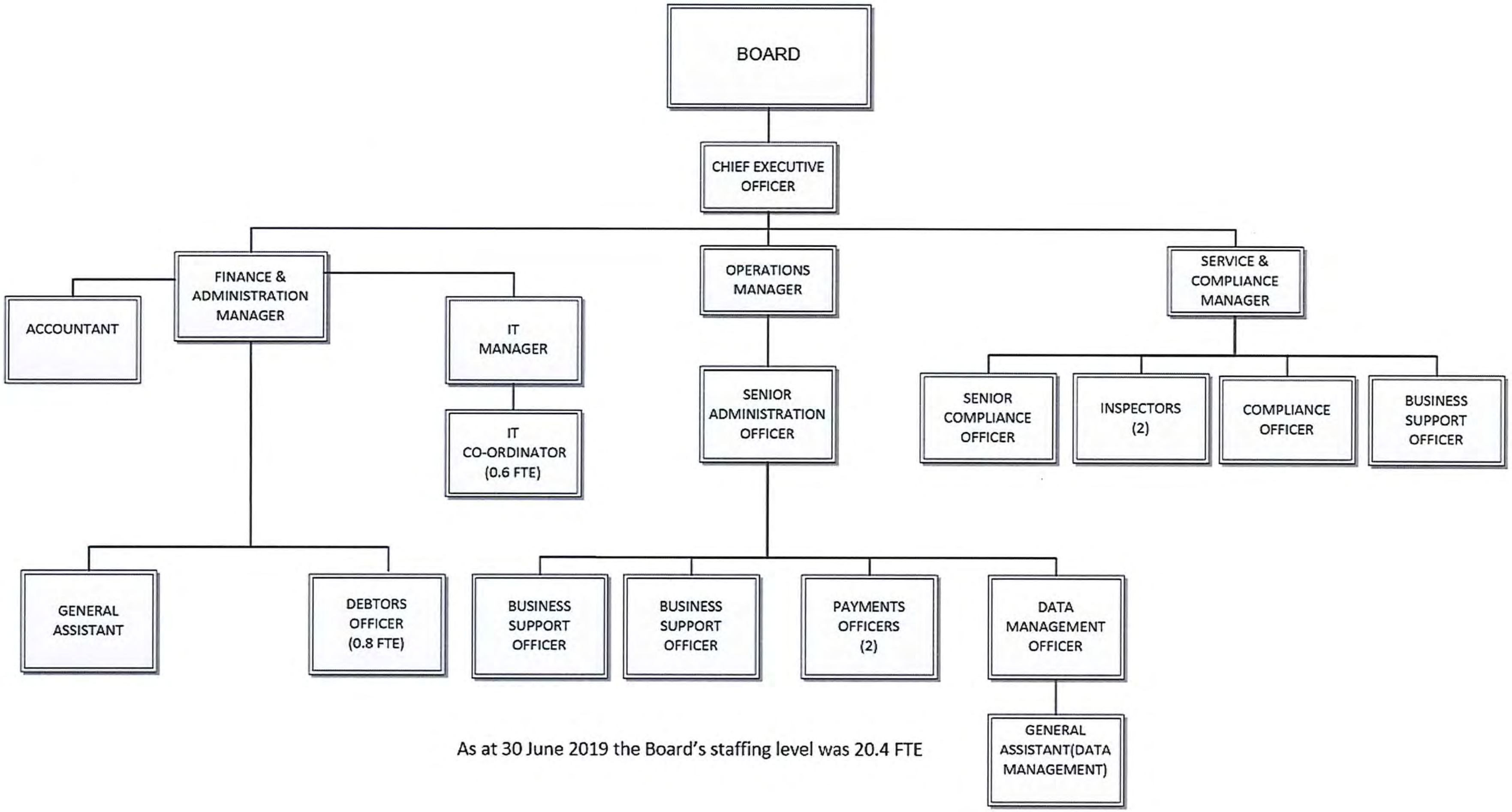
Excellence in service delivery

Exceeding our commitments to stakeholders and understanding and addressing both current and future needs

Consistency

Delivery of a consistent approach in terms of legislative requirements in our decision making processes

ORGANISATIONAL CHART



As at 30 June 2019 the Board’s staffing level was 20.4 FTE

OPERATIONAL STRUCTURE (continued)

The Board

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

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 2020.

In accordance with the provisions of the Act, two members representing employers are selected by the responsible Minister from nominations by the Master Builders Association of W.A. and the Chamber of Commerce and Industry of W.A.

To represent employees, two members are selected from nominations by Unions W.A. and the Building Trades Associations of Unions of W.A.

Also in accordance with the Act, as amended 1 April 2012, 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 Members

CHAIR

Ms S. Barrera	(Appointed 25/09/18)
Ms L. Gibbs LLB	(Term Expired 24/09/18)

MEMBERS

Representing Employers:	Representing Employees:
Ms J. Alilovic (Appointed 25/09/18)	Mr M. Buchan
Ms A. Bishop (Term Expired 24/09/18)	Mr G. McLaren (Term Expired 24/09/18)
Mr W. Edwardes (Term Expired 24/09/18)	Mr S. McCartney (Appointed 25/09/18)
Mr M. McLean	Ms M. Saraceni (Term Expired 24/09/18)
Ms K. Schick (Appointed 25/09/18)	Ms M. Hammat (Appointed 25/09/18)

Board Meetings Attendance

	NUMBER OF MEETINGS ELIGIBLE TO ATTEND	NUMBER ATTENDED
Ms S. Barrera (Chair)	4	4
Ms L. Gibbs (Chair)	1	1
Ms J. Alilovic	4	3
Ms A. Bishop	1	1
Mr M. Buchan	5	5
Mr W. Edwardes	1	1
Ms M. Hammat	4	4
Mr S. McCartney	4	3
Mr G. McLaren	1	1
Mr M. McLean	5	4
Ms M. Saraceni	1	0
Ms K. Schick	4	4

Senior Officers

Mr F.J. Youens CPA, F Fin, MAICD	Mr J.B. Flint FCPA, FGIA, FCIS, P.Grad Bus, B.Bus
Chief Executive Officer	Finance & Administration Manager / CFO

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2019

Key Legislation Impacting on Activities

Construction Industry Portable Paid Long Service Leave Act 1985

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

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

State Records Act 2000

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.

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.

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2019

Performance Management Framework

Outcome Based Management Framework

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

Changes to the Outcome Based Management Framework

The Board's Outcome Based Management Framework did not change during 2018/2019.

Shared Responsibilities with Other Agencies

The Board does not share responsibilities with any other agencies.

Report on Operations

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

FINANCIAL TARGETS: ACTUAL PERFORMANCE COMPARED TO BUDGET ESTIMATES	2018-2019 ESTIMATE (a) $000	2018-2019 ACTUAL $000	2018-2019 VARIATION $000
Contribution From Employers	$33,229	$37,739	$4,510 (b)
Investment Income	$34,414	$41,261	$6,847 (c)
Total Equity	$133,346	$236,038	$102,692 (d)

(a) As per the Board's budget estimates.
(b) The estimated reduction in industry activity and worker pay rates was not as significant as budgeted.
(c) Actual Net Investment Income over estimate as a result of the underlying portfolio performance:

NET INVESTMENT INCOME COMPOSITION OF	Amount $000
Net investment revenue	$21,858
Interest revenue	$540
Loss on disposal of investments	($2,377)
Impairment losses on investments	-
Change in fair value of financial assets	$21,240

(d) Equity variance due to:

EQUITY VARIANCE	Amount $000
Higher opening 01/07/2018 Total Equity than forecast	$56,622
Lower provision/value for long service leave liability than forecast	$39,807
Higher number/value of long service leave payments than forecast	($5,337)
Higher Net Investment Income than forecast	$6,846
Higher Contribution From Employers	$4,510
Lower operating expenses than forecast	$244

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2019

Key Performance Indicators:

Actual performance compared to the Board's Budget Forecast

	2018-19 Estimate *	2018-19 Actual	2018-19 Variation
Outcome: A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.			
Key Effectiveness Indicators:			
(i) eligible employers who have registered with the Board.	5,013	4,992	(21)
(ii) eligible and registered construction industry employees for whom contributions have been made.	63,794	62,420	(1,374)
(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	17,938	16,675	(1,263)
(iv) construction industry employees who have received a long service leave payment.	4,509	5,808	1,299
(v) eligible employers long service leave contribution rate.	1.2%	1.15%	0.08%
(vi) annual return derived from the Board's investments.	6.40%	7.69%	1.29%
Service: Management of the Construction Industry Long Service Leave Scheme.			
Key Efficiency Indicators:			
(i) average administrative cost per registered construction industry employee.	$41.77 p.a.	$ 41.21 p.a.	($0.56)
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.18	0.19	0.01

* As per the Board's Budget, internal modelling and actuarial forecasts.

Significant Issues and Trends

Current and emerging issues and trends

The key trend for MyLeave to monitor is the downturn the Western Australian construction industry. As detailed under the heading Executive Summary, the quarterly worker data submitted by employers indicates there was a continued downturn in 2019.

After recent years of annual declines in the number of housing starts, the Housing Industry Association ("HIA") forecasts show an increase of +15% (see table below) in 2019/2020. Subsequent to 2019/2020 the outlook is for further growth of 16%.

Housing Starts			
	Year	Number	Change (%)
Actual	2015-2016	25,410	-20%
	2016-2017	19,854	-22%
	2017-2018	18,190	-8%
Forecast	2018-2019	15,331	-16%
	2019-2020	17,589	15%
	2020-2021	20,382	16%

The Australian Construction Industry Forecasting Council ("ACIFC") has published the following historical Actual results and detailed Forecasts for the value of construction carried out in Western Australia. As outlined below, construction activity is forecast to increase from $30,820M (2019) to $39,176M (2023).

Value of Construction in Western Australia - Actual Value ($Million)					
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Residential building	10,975	11,792	11,928	9,060	8,830
Non-Residential building	5,813	5,456	4,898	4,552	4,542
Engineering construction	45,261	41,714	36,244	24,218	31,277
Total construction	**62,049**	**58,962**	**53,070**	**37,830**	**44,649**

Value of Construction in Western Australia - Forecast Value ($Million)					
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Residential building	8,157	8,004	7,850	9,191	9,706
Non-Residential building	4,375	4,821	5,028	5,152	4,891
Engineering construction	18,288	20,049	21,356	23,462	24,579
Total construction	**30,820**	**32,874**	**34,234**	**37,805**	**39,176**

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2019

Current and emerging issues and trends (continued)

As shown in the previous table, the most significant industry activity is in the value of Engineering construction. The previous tables clearly demonstrates peak activity in the period ending 30 June 2014 followed by consecutive years of diminution in the annual value but with an upturn in value in 2017/2018. The forecasts show short / medium term value of Engineering construction at ~$22Bn per annum which is significantly less than the 2014 peak of $45Bn.

The continuation by MyLeave of its Objective to "*Minimise the contribution rate payable*", coupled with the industry downturn has the following direct impacts:

1) Contribution levy from employers will reduce;
2) Probability of an increase in the number of employers having difficulty in meeting their contribution levy obligation; and
3) Above average annual number of payments to workers.

These impacts are further commented on below:

1) <u>Contribution levy from employers</u>

   MyLeave's budget has incorporated a reduction in the value of contribution levy income and MyLeave's current financial position is very sound. Therefore, the reduction in contribution levy income is not considered a material financial risk to MyLeave.

2) <u>Probability of an increase in the number of employers having difficulty in meeting their contribution levy obligation</u>

   As MyLeave collects the contribution levy on a quarterly basis in arrears it is exposed to a greater extent to bad and doubtful debts than a business with a shorter term payment cycle. MyLeave maintains a high degree of monitoring of the timely submission of returns and contribution levy payments by employers. Furthermore, at each Board meeting Board Members consider and approve a formal Prosecution List (of employers) to ensure overdue returns are submitted. Board Members also regularly review MyLeave's Bad & Doubtful debts to ensure active follow up by management.

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2019

Current and emerging issues and trends (continued)

3) Above average annual number of payments to workers

   The growth, and now downturn, of the industry has resulted in a steady increase (above average) in the number, and value, of payments made per annum. Increased payments will be made to workers as a result of the historic growth of the Scheme and also as workers take leave or termination payments during periods associated with unintended or unanticipated breaks in employment activity. MyLeave's Payments team is appropriately skilled to cater for current payment volumes. In addition, staffing capacity allows for cover over peak seasonal periods and annual leave absences.

   MyLeave's liquidity position is carefully monitored as the 2020 forecast approved by the Minister is not cashflow positive i.e. the employer contribution levy revenue will be insufficient to meet administration costs and long service leave payments to workers. Notwithstanding this, MyLeave is still forecast to deliver a sound Balance Sheet and Accounting Ratio as at 30 June 2020. Cashflow shortfalls will be met from drawdown(s) from the investment portfolio.

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.

Changes in Written Law

There were no changes in any written law that affect the Board during the financial year.

Likely Developments and forecast results of operations

Nil

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2019

Disclosure and Legal Compliance

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS:

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 ended 30 June 2019 and the financial position as at 30 June 2019.

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

Signed this ....16th.......... day of August, 2019

Ms S. Barrera
Chair

Member of the Board

Mr J. Flint
Chief Finance Officer

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GRANT THORNTON AUDIT PTY LTD AUDITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
INCOME			
Revenue			
Contribution from employers		37,739	41,284
Investment revenue	6	21,858	24,176
Interest revenue	7	540	527
Accrued Long Service Leave	8	7,001	16,490
Gains			
Net gain on disposal of investments	9	-	390
TOTAL INCOME		67,138	82,867
EXPENSES			
Long service leave payments		44,472	43,661
Employee benefits expense	10	2,062	2,098
Supplies and services	11	1,334	1,189
Depreciation and amortisation expense	12	100	100
Finance costs	13	33	39
Accommodation expenses	14	297	288
Other expenses	15	619	440
Losses			
Net loss on disposal of investments	9	2,377	-
TOTAL EXPENSES		51,294	47,815
PROFIT / (LOSS) FOR THE PERIOD		15,844	35,052
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Change in the fair value of available-for-sale investments		-	8,101
Items that will not be reclassified subsequently to profit or loss			
Equity instruments at FVTOCI – fair value changes		21,240	-
Total other comprehensive income		21,240	8,101
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		37,084	43,153

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

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
ASSETS			
Current Assets			
Cash and cash equivalents	24	27,512	21,862
Receivables	16	387	717
Other current assets	18	17,909	19,244
Financial assets	17	595,989	569,161
Total Current Assets		641,797	610,984
Non-Current Assets			
Plant and equipment	19	271	348
Total Non-Current Assets		271	348
TOTAL ASSETS		642,068	611,332
LIABILITIES			
Current Liabilities			
Accrued long service leave benefits liability	8	259,829	246,728
Payables	21	1,250	787
Provisions	22	670	506
Total Current Liabilities		261,749	248,021
Non-Current Liabilities			
Accrued long service leave benefits liability	8	144,197	164,299
Provisions	22	84	58
Total Non-Current Liabilities		144,281	164,357
TOTAL LIABILITIES		406,030	412,378
NET ASSETS		236,038	198,954
EQUITY			
Fair value reserve	23	59,665	38,425
Retained earnings	23	176,373	160,529
TOTAL EQUITY		236,038	198,954

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 2019

	Note	Fair Value Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 1 July 2017		**30,324**	**125,477**	**155,801**
Surplus / (deficit)		-	35,052	35,052
Other comprehensive income		8,101	-	8,101
Total comprehensive income for the period		8,101	35,052	43,153
Balance at 30 June 2018	23	**38,425**	**160,529**	**198,954**
Adjustment on adoption of AASB 9		-	-	-
Balance at 1 July 2018		**38,425**	**160,529**	**198,954**
Surplus / (deficit)		-	15,844	15,844
Other comprehensive income		21,240	-	21,240
Total comprehensive income for the period		21,240	15,844	37,084
Balance at 30 June 2019	23	**59,665**	**176,373**	**236,038**

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 2019

	Note	2019 $000	2018 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from employers		37,901	43,156
Interest received		546	540
GST receipts from taxation authority		161	150
Payments			
Employee benefits		(1,873)	(2,123)
Supplies and services		(694)	(1,155)
Finance costs		(33)	(39)
Accommodation		(297)	(288)
Payments for long service leave		(44,472)	(43,661)
GST payments on purchases		(173)	(150)
Other payments		(393)	(277)
Net cash (used in) by operating activities	24	(9,327)	(3,847)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of investments		-	-
Distributions received		-	-
Proceeds from investment fund drawdown		15,000	-
Payments			
Purchase of non-current assets		(23)	(3)
Net cash (used in) / provided by investing activities		14,977	(3)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		5,650	(3,850)
Cash and cash equivalents at the beginning of period		21,862	25,712
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24	27,512	21,862

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

1. Australian Accounting Standards

General

The Construction Industry Long Service Leave Payments Board's ("the Board") financial statements for the year ended 30 June 2019 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Board has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 '*Application of Australian Accounting Standards and Other Pronouncements*'. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but are not operative) by the Board for the annual reporting period ended 30 June 2019.

2. Summary of significant accounting policies

(a) Statement of Compliance

These general purpose financial statements are prepared in accordance with:

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

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for financial instruments classified as available-for-sale which have been valued at fair value.

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

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

As per Note 3 "Judgements made by management in applying accounting policies" discloses judgements that have been made in the process of applying the Board's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

As per Note 4 "Key sources of estimation uncertainty" discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

At 30 June 2019 the Board has an excess of assets over liabilities of $236.0 million (2018: excess of assets over liabilities of $198.9 million).

(c) Reporting Entity

The reporting entity comprises the Construction Industry Long Service Leave Payments Board. There are no 'Related bodies'.

(d) Income

Revenue recognition

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

Contribution from employers

Contributions from employers are due at the end of each 3 month period. Consequently contributions due in respect of the quarterly period to 30 June 2019 have been accrued.

Investment revenue

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

Interest

Revenue is recognised as the interest accrues.

Gains

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

(e) Plant and Equipment

Capitalisation/expensing of assets

Items of plant and equipment costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. 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).

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition as an asset, the cost model is used for the measurement of all plant and equipment. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

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

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

Leasehold improvements	5 years
Furniture and fittings	10 years
Office equipment	3 to 5 years

(f) Intangible Assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing $5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than $5,000 are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

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

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

(f) Intangible Assets (continued)

Licences	3 to 5 years

Licences

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

Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition

(g) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each reporting period. 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 recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

As the Board is a not-for-profit entity, and the property, plant and equipment is not used for cash generating purposes, where the Board specifically identifies an item of this class which is carried at a value above its recoverable amount, the Board will impair the asset down to the higher of the asset's fair value less costs to sell or its depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

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

(h) Leases

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2018

(i) 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)

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 entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

The Board does not have any financial assets at FVPL 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.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

Impairment of financial assets

The Board assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A significant or prolonged decline in the fair value of the portfolio below its cost is considered to be objective evidence that there may be impairment. If there is no objective evidence of impairment then no action is taken at that time. However if there is objective evidence of impairment, then the Board calculates the amount of any loss and recognises it during that reporting period.

(j) Cash and Cash Equivalents

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.

(k) Accrued salaries

Accrued salaries (see Note 21 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to its fair value.

(l) Receivables

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

(m) Investments and Other Financial Assets

The Board classifies its investments as financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at 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. Refer to Note 2(i) Financial Instruments for further information.

Financial assets

Financial assets, 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.

(m) Investments and Other Financial Assets (continued)

As described in Note 2(i) Financial Instruments after initial recognition, financial assets are measured at fair value through other comprehensive income. Gains or losses on financial assets are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Profit or Loss. The fair value of quoted investments are based on current bid prices.

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

(n) Payables

Payables are recognised 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.

(o) Provisions

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

Employment on-costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. See Note 9 "Employee benefits expense" and Note 21 "Provisions".

Provisions - Employee Benefits

All annual leave and long service provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

Annual leave expected to be settled within 12 months is classified as a current provision on the Statement of Financial Position. Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period is considered to be a non-current provision. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and period of services. The expected future payments are 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.

The provision for annual leave is classified as a current liability 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
FOR THE YEAR ENDING 30 JUNE 2018

(o) Provisions (continued)

Long service leave

Long service leave expected to be settled within 12 months is classified as a current provision on the Statement of Financial Position. Long service leave that is not expected to be settled wholly within 12 months after the end of the reporting period is considered a non-current provision. Long service leave is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and period of services. The expected future payments are 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.

Unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period. 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.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees may contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995. The Board has one eligible employee contributing to GSS recently transferred in this financial year.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension Scheme or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund provider.

The Board makes contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Board's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for the Board's purposes because the concurrent contributions (defined contributions) made by the Board to GESB extinguishes the Board's obligations to the related superannuation liability.

One eligible employee contributes to the GSS. The Board has no liability under the Pension Scheme or GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Board to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

(p) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, and other superannuation funds.

(q) Finance costs

Finance costs are comprised of bank charges on the bank accounts held by the Board and are expensed when incurred.

(r) Comparative figures

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

3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have significant effect on the amounts recognised in the financial statements. The Board evaluates these judgements regularly.

Operating lease commitments

The Board has entered into leases for building accommodation and motor vehicles. The leases relating to the building and motor vehicles are of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4. Key sources of estimation uncertainty

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.

Accrued Long Service Leave Benefits Liability

Several assumptions are used in calculating the Board's accrued long service leave benefits liability. These include:

- Growth rate (of workers in the industry);
- Participation rate of workers for contribution purposes;
- Participation rate of workers for leave accrual purposes;
- Termination rates (of workers in the industry);
- In-service rates (rate of leave taken by workers whilst in the Scheme);
- Rate of workers' pay increases / decreases; and
- Discount rate (government bond rate) used for the liability calculation.

Changes in the above assumptions may impact on the carrying amount of the accrued long service leave benefits liability.

5. Disclosure of change in accounting policy and estimates

Application of new and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

		Operative for reporting periods beginning on/after
AASB 9	Financial Instruments AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurements for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Board applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Board has not restated the comparative information which continues to be reported under AASB 139. Any differences arising from adoption have been recognised directly in retained earnings. The classification and measurement requirements of AASB 9 did not have a significant impact to the Board as of the date of initial application, 1 July 2018. The following are the changes in the classification of the Board's financial assets: • Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at amortised cost beginning 1 July 2018. • The Board did not designate any financial assets as at fair value through profit and loss.	1 Jan 2018

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements' or by an exemption from TI 1101. Where applicable, the Board plans to apply these Australian Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 15	Revenue from Contracts with Customers This Standard establishes the principles that the Board shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The mandatory effective date of this Standard is 1 January 2019 after being amended by AASB 2016-7. AASB 15 is applicable to contracts with customers to provide goods or services in the ordinary course of business. The Board is currently assessing whether the contribution from employers is a consideration for provision of goods or services in the ordinary course of business. Contribution from employers would fall outside the scope of AASB 15 if the Board concludes that it is not a consideration for provision of goods or services in the ordinary course of business. The potential impact of the Standard has not yet been finalised by the Board.	1 July 2019

		Operative for reporting periods beginning on/after
AASB 16	*Leases* This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The recognition exemptions for leases that are below the low value threshold or have a lease term of 12 months or less are not applicable on arrangements with GROH, GOA or State Fleet. Based on work performed to date, it is estimated that the recognition of additional assets and liabilities, from operating leases, will increase the Board's total assets by approx. $1,900,000. It is expected there will be no equity impact at 1 July 2019. With the adoption of the new standard, interest and depreciation expenses will increase, offset by a decrease in rental expense for the year ending 30 June 2020 and beyond. The above assessment is based on the following accounting policy positions: • Option 2 of the modified retrospective approach on transition; • AUD $5,000 as the 'low value asset threshold'; • Fair value model for subsequent measurement for ROU assets of land, buildings and investment property.	1 July 2019

AASB 1058	Income of Not-for-Profit Entities This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by the Board. The Board is assessing whether Contributions received from employers are to further the objectives of the Board under the principles of AASB 1058.	1 July 2019

AASB 1059 AASB 2018-5	Service Concession Arrangements: Grantors *Amendments to Australian Accounting Standards – Deferral of AASB 1059* This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The mandatory effective date of this Standard is currently 1 January 2020 after being amended by AASB 2018-5.The Board does not mange any public private partnership that is within the scope of the Standard.	1 July 2020

		Operative for reporting periods beginning on/after
AASB 2016-8	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. The amendments to AASB 9 provide that for not-for-profit entities, the initial recognition and measurement of AASB 9 apply to non-contractual receivables arising from statutory requirements, as if those receivables are financial instruments. Such receivables include taxes, rates and fines. Contributions from employers are collected on a quarterly basis. Before the contributions are actually recoverable from employers, the contributions receivables are non-contractual. AASB 2016-8 provides that such non-contractual receivables are accounted for as if they are contractual receivables. This means that the full amount recoverable from employers (ie. both contractual and non-contractual receivables) would be accounted for as a financial asset in accordance with AASB 9. The Board has not yet quantified the impact of applying AASB 2016-8.	1 Jan 2019
AASB 2018-4	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors This Standard amends AASB 15 to add requirements and authoritative implementation guidance for application by not-for-profit public sector licensors to transactions involving the issue of licences. There is no financial impact as the Board does not issue licences.	1 Jan 2019

Voluntary changes in Accounting Policy

There have been no significant voluntary changes in accounting policy.

6. Investment revenue

	2019 $000	2018 $000
Distributions from managed funds	21,858	24,176
	21,858	24,176

7. Interest revenue

	2019 $000	2018 $000
Bank account and term deposit interest	540	527
	540	527

8. Accrued long service leave benefits liability

The Scheme's long service leave liability at 30 June 2019 has been calculated by the Actuary as $404.0 million (as per AASB 119)

	2019 $000	2018 $000
Opening balance	411,027	427,517
Long service leave payments	(44,472)	(43,661)
Increase in provision	37,471	27,171
Closing balance	404,026	411,027
The liability is allocated as follows:		
Current		
Accrued long service leave benefits liability	259,829	246,728
Non-current		
Accrued long service leave benefits liability	144,197	164,299
Total	404,026	411,027

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

(a) The rate of members' future pay increases is estimated at 4.0% (2018: 5.0%) per annum.

(b) The discount rate is 1.3% (2018: 2.6%) as quoted by the government bond rate for an 8.1 year term (2018: 8.3 year term).

9. (Losses)/gains on disposal of investments

	2019 $000	2018 $000
Costs of disposal of investments	24,575	28,253
	24,575	28,253
Proceeds from disposal of investments	22,198	28,643
Realised (losses)/gains from current period sales	(2,377)	390
Total realised (losses)/gains	(2,377)	390

10. Employee benefits expense

	2019 $000	2018 $000
Wages and salaries[(a)]	1,717	1,645
Superannuation – defined contribution plans [(b)]	221	223
Long service leave	23	50
Annual Leave	101	180
	2,062	2,098

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution components.

(b) Defined contribution plans include West State, GESBS and other eligible funds.

Employment on costs are included at note 15 'Other expenses'. The employment on-costs liability is included at note 22 'Provisions'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2019

11. Supplies and services

	2019 $000	2018 $000
Communications	189	239
Consultants and contractors	824	679
Consumables	158	141
Travel	39	41
Other	124	89
	1,334	1,189

12. Depreciation and amortisation expense

	2019 $000	2018 $000
Depreciation		
Furniture and office equipment	59	59
Leasehold improvements	41	41
Total depreciation	100	100
Amortisation		
Intangible assets	-	-
Total amortisation	-	-
Total depreciation and amortisation	100	100

13. Finance costs

	2019 $000	2018 $000
Bank fees	33	39
	33	39

14. Accommodation expenses

	2019 $000	2018 $000
Lease rentals (net of rent abatement)	285	277
Repairs and maintenance	2	-
Light and power	10	11
	297	288

15. Other expenses

	2019 $000	2018 $000
Board members' fees	87	98
Employment on-costs[(a)]	219	88
Doubtful debts expense	226	162
Insurances	52	53
Motor vehicle expenses	35	39
	619	440

(a) Includes payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

	2019 $000	2018 $000

16. Receivables

	2019 $000	2018 $000
Employer debtors	589	646
Allowance for impairment of employer debtors	(226)	(162)
	363	484
Other debtors	24	233
	387	717

Reconciliation of changes in the allowance for impairment of employer debtors:

	2019 $000	2018 $000
Balance at start of period	162	222
Doubtful debts expense	226	162
Amounts written off during the period (i)	(162)	(222)
Balance at end of period	226	162

i) $162,542 of bad debts, where an allowance for impairment was previously raised, were written off during the year directly against employer debtors (2018: $221,889).

17. Financial assets

At valuation:

	2019 $000	2018 $000
- First Wrap Plus Cash Account	12,376	4,411
- Colonial First State Cash	42,480	42,451
- Colonial First Rate Wholesale Saver	40,738	40,737
- Pendal Fixed Interest	31,359	29,917
- PIMCO Wholesale Global Bond	32,501	30,519
- UBS Diversified Fixed Income Fund	49,485	47,028
- AMP Capital Global Property Securities (Hedged)	30,577	28,282
- Schroder Wholesale Australian Equity	23,461	23,764
- Colonial FS Wholesale Equity Income Fund	-	24,042
- Vanguard Australian Shares Index fund	58,609	55,333
- Magellan Global Fund (Unhedged)	19,328	17,146
- MFS Global Equity Trust (Unhedged)	30,449	28,515
- Schroder Global Active Value (Unhedged)	29,031	28,207
- Vanguard International Share Index Fund (Hedged)	28,986	28,085
- Celeste Australian Small Companies	20,265	21,996
- RARE Infrastructure Value Fund (Hedged)	27,805	26,617
- Macquarie Income Opportunity Fund	30,745	30,221
- Investors Mutual Australia Shares	42,749	30,075
- Fidelity Australia Equities Fund	45,045	31,815
	595,989	569,161

18. Other current assets

	2019 $000	2018 $000
Current		
Accrued contributions	7,920	8,175
Prepayments	88	56
Accrued distributions and Interest	9,901	11,013
	17,909	19,244

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2019

19. Plant and equipment

	2019 $000	2018 $000
Furniture and fittings		
At cost	260	260
Accumulated depreciation	(88)	(63)
	172	197
Leasehold improvements		
At cost	206	206
Accumulated depreciation	(130)	(88)
	76	118
Office equipment		
At cost	293	270
Accumulated depreciation	(270)	(237)
	23	33
	271	348

Reconciliations of the carrying amounts of Furniture, office equipment and leasehold improvements at the beginning and end of the reporting period are set out below.

	Furniture and fittings $000	Leasehold improvements $000	Office equipment $000	Total $000
2019				
Carrying amount at start of period	197	118	33	348
Additions	-	-	23	23
Disposals	-	-	-	-
Write-offs	-	-	-	-
Depreciation	(25)	(42)	(33)	(100)
Carrying amount at end of period	**172**	**76**	**23**	**271**

	Furniture and fittings $000	Leasehold improvements $000	Office equipment $000	Total $000
2018				
Carrying amount at start of period	223	159	63	445
Additions	-	-	3	3
Disposals	-	-	-	-
Write-offs	-	-	-	-
Depreciation	(26)	(41)	(33)	(100)
Carrying amount at end of period	**197**	**118**	**33**	**348**

	2019 $000	2018 $000

20. Impairment of assets

There were no indications of impairment to plant and equipment at 30 June 2019.

There were no surplus assets held at 30 June 2019.

21. Payables

	2019 $000	2018 $000
Trade payables	907	522
Accrued salaries	27	23
Accrued expenses	316	242
	1,250	787

22. Provisions

	2019 $000	2018 $000
Current		
Employee benefits provision		
Annual leave[a]	234	162
Long service leave[b]	341	272
	575	434
Other provisions		
Employment on-costs[c]	95	72
Total current employee related provisions	**670**	**506**
Non-current		
Employee benefits provision		
Long service leave[b]	73	51
	73	51
Other provisions		
Employment on-costs[c]	11	7
Total non-current employee related provisions	**84**	**58**
Total employee related provisions	**754**	**564**

22. Provisions (continued)

	2019 $000	2018 $000

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

	2019 $000	2018 $000
Within 12 months of the end of the reporting date	145	113
More than 12 months after the end of the reporting date	89	49
	234	162

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

	2019 $000	2018 $000
Within 12 months of reporting date	341	272
More than 12 months after reporting date	73	50
	414	322

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 15 'Other expenses'.

Movement in Other Provisions

Movement in the Employment on-costs provision during the financial year is set out below.

	2019 $000	2018 $000
Carrying amount at start of the year	79	82
Additional provision recognised	26	(3)
Carrying amount at end of period	105	79

23. Equity

	2019 $000	2018 $000
Retained earnings		
Balance at start of period	160,529	125,477
Result for the period	15,844	35,052
Balance at end of period	176,373	160,529
Fair Value Reserve		
Balance at start of period	38,425	30,324
Movement for the period	21,240	8,101
Balance at end of period	59,665	38,425
Total equity at end of period	**236,038**	**198,954**

24. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2019 $000	2018 $000
Cash and cash equivalents	27,512	21,862
	27,512	21,862

Reconciliation of net cost of services to net cash flows (used in) / provided by operating activities

	2019 $000	2018 $000
Profit/(loss) for the period	15,844	35,052
Non-cash items:		
Depreciation and amortisation expense	100	100
Investment income reinvested (i)	(21,858)	(24,176)
Doubtful debts expense	226	162
Net loss/(profit) on sale of investments (i)	2,377	(390)
(Increase)/decrease in assets:		
Current receivables	104	(308)
Other current assets	260	2,172
Prepayments	(32)	20
Increase/(decrease) in liabilities:		
Current payables	463	35
Current provisions	164	(1)
Non-current provisions	26	(23)
Accrued LSL benefits liability	(7,001)	(16,490)
Net cash provided by operating activities	(9,327)	(3,847)

Non-cash Investing

(i) The Board has invested in fund accounts maintained by its Investment Advisor. Cash distributions from investments and proceeds from sale of investments are reinvested back into the fund account and do not result in any cash outflow or inflow through the operating account of the Board. The distributions from investments for 30 June 2019 amounted to $21.858 million (2018: $24.176 million) and the proceeds from sale of investments amounted to $22.197 million (2018: $28.643 million).

25. Commitments

Non-cancellable operating lease commitments
Commitments for minimum lease payments are payable as follows:

	2019 $000	2018 $000
Within 1 year	238	245
Later than 1 year and not later than 5 years	1,751	1,613
Later than 5 years	383	760
	2,372	2,618

25. Commitments (continued)

The property 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% pa except at the end of the fifth year when the rent will be reviewed up or down to market value. The lease agreement provides for the rent to be increased by 3.5% pa 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. Scheduled termination of leases are between 15 February 2020 and 15 March 2024.

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The commitments below are inclusive of GST	2019 $000	2018 $000
Other expenditure commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:		
Advertising		
Within 1 year	6	5
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	6	5

Capital commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements are payable as follows:		
Within 1 year	7	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	7	-

The totals presented for commitments are GST inclusive.

26. 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 State.

Related parties of the Board include:

- Board members and their close family members, and their controlled or jointly controlled entities;
- All senior officers and their close family members, and their controlled or jointly controlled entities;
- The Government Employees Superannuation Board (GESB)

Significant transactions with government related entities

Significant transactions include:

- Superannuation payments to GESB (Note 10)
- Vehicle lease rentals payments to State Fleet & payroll tax to the Department of Finance (Note 15)
- Insurance payment to Riskcover fund (Note 15)
- Remuneration for services provided by the Auditor General (Note 33)

Material transactions with related parties

The Board has no material related party transactions with its board members or its senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

27. Contingent liabilities and contingent assets

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

28. Events occurring after the end of the reporting date

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

29. Explanatory statement

This statement provides details of significant variances between estimates (original budget) and actual results for 2019 and between the actual for 2019 and 2018.

Narratives are provided below.

Significant variances between estimates and actual results for 2019 and 2018

	Variance Note Est/Act.	Variance Note Act/Act.	Estimate 2019	Actual 2019	Actual 2018	Variance between Estimate and Actual 2019	Variance between Actual result for 2019 and 2018
			$000	$000	$000	$000	$000
Income							
Contribution from employers	1	1	33,229	37,739	41,284	4,510	(3,545)
Net investment income	2	2	34,414	41,261	24,703	6,847	16,558
TOTAL INCOME			**67,643**	**79,000**	**65,987**	**11,357**	**13,013**
Expenses							
Long service leave payments	3	3	39,135	44,472	43,661	5,337	(811)
Employee benefits expense	4	4	2,193	2,062	2,098	(131)	36
Supplies and services		5	1,324	1,334	1,189	10	(145)
Depreciation & amortisation expense			102	100	100	(2)	-
Finance costs			40	33	39	(7)	6
Accommodation expenses			304	297	288	(7)	(9)
Accrued long service leave liability expense/(benefits)	5	6	32,806	(7,001)	(16,490)	(39,807)	(9,489)
Other expenses	6	7	725	619	440	(106)	(179)
TOTAL EXPENSES			**76,629**	**41,916**	**31,325**	**(34,713)**	**(10,591)**

Estimates (2019) and Actual (2019) Variance Narratives

1) The estimated reduction in industry activity was not as significant as estimated.

2) Actual net investment income was greater than the estimate as a result of more favorable underlying portfolio performance. Refer to the note on page 10 for a breakdown of the net investment income.

3) Long service leave payments were higher than estimated as a result of an above forecast increase in the number of leave and termination payments to employees.

4) Actual employee benefits was lower than estimated cost as estimated employee benefits was determined at 20.4 FTE during the whole year. Whereas for periods during the year FTE was less than 20.4

5) Accrued leave liability expense/(benefit) was lower than estimate due to a decrease in the assumed rate of pay inflation and a change in the long term demographic assumptions.

6) Provision for doubtful debts were estimated at $350,000 but actual amount provided for 2019 was $226,399 and higher leave entitlement provisions than anticipated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2019

29. Explanatory statement (continued)

Actual (2019) and Actual (2018) Variance Narratives

1) Variance reflects the reduction in active construction workers in the industry which translates into a lower number of service days and the reduced contribution levy revenue from employers. Levy rate reduction from 01/01/19 also impacted variance.

2) Investment return for 2019 was 7.69% as compared to 2018 6.89%. Please refer to page 10 for details of the individual components of net investment income.

3) Long service leave payments were high in 2019 (5,808) as compared to 2018 (5,445). In 2018/19 workers continue to claim their leave entitlements in line with the industry downturn.

4) The decrease in employee benefits expense variance between (2019) actual and (2018) actual is a result of Board staff cashing out their long service leave entitlements in 2018.

5) Supplies and services increased because of additional spending on legal opinions; computer consultancy and the "Experience Review" by the Actuary.

6) The accrued long service leave liability decreased in line with the long term demographic assumptions based on the 2019 Experience Review.

7) Provision for doubtful debts for 2019 was $226,399 as compared to $162,391 in 2018 and increase in provisions for unused leave entitlements.

30. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, term deposits, available-for-sale financial assets, receivables, accrued distributions and interest and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 31(c) Financial instruments disclosures' and note 16 'Receivables'.

The Board trades only with recognised, creditworthy third parties and invests with counterparties that have a high credit rating. Receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. At the end of the reporting period there are no significant concentrations of credit risk.

Board procedure is to contact debtors with debts outstanding at 30 days. If payment is not received within the following 7 days the debt is passed to a commercial collection agency for collection.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 16 'Receivables'.

Liquidity risk

The Board is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments. The Board does not trade in foreign currency. Other than as detailed in the interest rate sensitivity analysis table at Note 31(c), the Board has limited exposure to interest rate risk because it is not permitted to have borrowings.

Equity price risk arises from available-for-sale equity securities held for meeting the Board's long service leave obligations. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the fund manager.

The primary goal of the Board's investment strategy is to maximize investment returns in order to meet the Board's long service leave obligations.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

30. Financial Instruments (continued)

	2019 $000	2018 $000
Financial Assets		
Cash and cash equivalents	27,512	21,862
Receivables	387	717
Financial assets at amortised costs	595,989	569,161
Financial Liabilities		
Payables	1,250	787

(c) Financial Instrument disclosures

Credit risk

The following table discloses the Board's maximum exposure to credit risk and the ageing analysis of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Board.

The Board does not hold any collateral as security or other credit enhancement relation to the financial assets it holds.

Ageing analysis of financial assets

			Past due but not impaired					
2019	Carrying Amount $000	Not past due and not impaired $000	Up to 1 Months $000	1-3 Months $000	3 months-1 Year $000	1-5 Years $000	More than 5 Years $000	Impaired financial assets $000
Cash and cash equivalents	27,512	27,512	-	-	-	-	-	-
Receivables (a)	387	216	26	47	98	-	-	-
Financial assets	595,989	595,989	-	-	-	-	-	-
	623,888	**623,717**	**26**	**47**	**98**			
2018								
Cash and cash equivalents	21,862	21,862	-	-	-	-	-	-
Receivables (a)	717	404	79	86	147	-	-	-
Financial assets	569,161	569,161	-	-	-	-	-	-
	591,740	**591,427**	**79**	**86**	**147**	**-**	**-**	**-**

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

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Liquidity risk and interest rate exposure

The following table details the Board's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. Maturity analysis section includes interest and principal cash flows. The interest rate exposure section only the carrying amount of each item.

Interest rate exposures and maturity analysis of financial assets and financial liabilities

			Interest rate exposure				Maturity dates				
	Weighted Average Effective Interest Rate	**Carrying amount**	Fixed Interest Rates	Variable Interest Rate	Non-Interest Bearing	Total Nominal Amount	Up to 1 Months	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
2019	%	**$000**	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets											
Cash and cash equivalents	1.77	27,512	-	27,512	-	27,512	27,512	-	-	-	-
Receivables [(a)]		387	-	-	387	387	216	73	98	-	-
Financial assets	1.13	595,989	-	542,875	53,114	595,989	-	-	-	-	-
		623,888	**-**	**570,387**	**53,501**	**623,888**	**27,728**	**73**	**98**	**-**	**-**
Financial liabilities											
Payables		1,250	-	-	-	1,250	1,250	-	-	-	-
		1,250	**-**	**-**	**-**	**1,250**	**1,250**	**-**	**-**	**-**	**-**
2018											
Financial Assets											
Cash and cash equivalents	1.89	21,862	-	21,862	-	21,862	21,862	-	-	-	-
Receivables [(a)]		717	-	-	717	717	404	165	147	-	-
Financial assets	1.45	569,161	-	522,298	46,863	569,161	-	-	-	-	-
		591,740	**-**	**544,160**	**47,580**	**591,740**	**22,266**	**165**	**147**	**-**	**-**
Financial liabilities											
Payables		787	-	-	-	787	787	-	-	-	-
		787	**-**	**-**	**-**	**787**	**787**	**-**	**-**	**-**	**-**

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

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis points in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-100 basis points		+100 basis points	
	Carrying amount	Surplus	Equity	Surplus	Equity
2019	$000	$000	$000	$000	$000
Financial Assets					
Cash and cash equivalents	27,512	(275)	(275)	275	275
Total Increase/(Decrease)		(275)	(275)	275	275

		-100 basis points		+100 basis points	
	Carrying amount	Surplus	Equity	Surplus	Equity
2018	$000	$000	$000	$000	$000
Financial Assets					
Cash and cash equivalents	21,862	(218)	(218)	218	218
Total Increase/(Decrease)		(218)	(218)	218	218

30. Financial Instruments (continued)

Fair Values
All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.
The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

Investments in equity securities
The fair value of financial assets is determined by reference to their quoted bid price at the reporting date.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

31. Fair Value Measurement

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assets measured at fair value		Level 1	Level 2	Level 3	Fair value at end of period
2019		$000	$000	$000	$000
Financial-assets	(Note 17)	595,989	-	-	595,989
		595,989	-	-	595,989

There were no transfers between levels 1, 2, 3 during the period

Assets measured at fair value		Level 1	Level 2	Level 3	Fair value at end of period
2018		$000	$000	$000	$000
Financial-assets	(Note 17)	569,161	-	-	569,161
		569,161	-	-	569,161

There were no transfers between levels 1, 2, 3 during the period

32. Compensation of Key Management Personnel

The Board has determined key management personnel to include Board Members 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 Senior Officers of the Board for the reporting period are presented within the following bands:

Compensation of Members of the Accountable Board

Compensation Band ($)	2019	2018
0 - 5,000	6	1
5,001 – 10,000	1	-
10,001 - 15,000	2	-
15,001 - 25,000	3	5
25,001 - 35,000	-	1

	$000	$000
Short term employee benefits	95	107
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total compensation of members of the Accountable Board:	95	107

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

Compensation of Senior Officers

Compensation Band ($)	2019	2018
170,001 - 180,000	-	1
180,001 - 190,000	1	-
270,001 - 280,000	-	-
280,001 - 290,000	1	1

	$000	$000
Short term employee benefits	419	417
Post-employment benefits	26	22
Other long term benefits	23	26
Termination benefits	-	-
Total compensation of Senior Officers:	469	465

Total compensation includes the superannuation expense incurred by the Board in respect of Senior Officers.

No Senior Officers are members of the Pension Scheme.

33. Remuneration of auditor

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

	2019 $000	2018 $000
Auditing the accounts, financial statements controls and key performance indicators	29	29

34. Supplementary financial information

Write-offs

	2019 $000	2018 $000
Bad debts written off by the Board members during the financial year	162	222

CERTIFICATION OF KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2019

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 2019.

Signed this ......16th...... day of August 2019

Susan Barrera

Ms S. Barrera
Chair

Member of the Board

OAG AUDITED 33

GRANT THORNTON AUDIT PTY LTD AUDITED

KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2019

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 2019 there was a small decease in conjunction with the downturn in the Western Australian construction industry. KEI (ii) is the number of employees for whom contributions have been made. There is a decrease in numbers of average employees for whom contributions have been made by employers.

KEI (v) shows the number of registered employees and number of employees paid a benefit. There was less employers in the industry as compared to target due to industry downturn. In regards to the number of registered employees KEI (vi) shows the number of employees which qualify for a benefit under the Scheme.

Notwithstanding the industry downturn, the sound coverage of employees and employers sustains contribution levy receipts to assist in the maintaining of a Balance Sheet within 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.

As evidenced in KEI (iii), the Board considered the rate of 1.10% (from 1 January 2019) to be sufficient to maintain the Balance Sheet within the Board approved Accounting Ratio range.

Over the past ten consecutive years, as per KEI (iv), the Board has generated a positive investment return and in particular with years 2013, 2014, 2015, 2017, 2018 and 2019 in excess of the long term (20 year) average. MyLeave Board Members are pleased with the 7.7% return for 2019 however acknowledge that the annual investment performance will fluctuate on a year in / year out basis.

Finally, the Board's financial sustainability is further evidenced with the ability to continue to grow the investment portfolio and, in need, utilise portfolio drawdowns to meet the high number and value of long service leave payments to employees.

The Key Efficiency Indicators are significantly less than Other State Schemes (average). The Key Efficiency Indicator (i) has increased as a result of legal and computer expenses coupled with the reduction in the number of employees registered with the Scheme from 112,245 (2018) to 107,873 (2019).

KEY EFFECTIVENESS INDICATORS

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	**2019** Target	**2019** Actual	**2018** Actual	**2017** Actual	**2016** Actual
Registered Employers – Average for the year (Number)	5,013	4,992	5,013	5,049	5,073
Change in average number of Registered Employers		(0.4%)	(0.7%)	(0.5%)	1.4%
Growth in Firms in the Industry (IBISWORLD Pty Ltd)		*	1.0%	3.7%	(1.1%)

* 2018/2019 statistics were not available at the time of preparation of this Report.

KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2019

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2019 Target	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Employees contributed for - Average for the year. (number)	63,794	62,420	63,794	68,134	76,592
Change in average number of Employees contributed for. (%)		(2.2%)	(6.4%)	(11.0%)	0.4%
Change in number of Employees in the industry. (%) *		(15.3%)	13.0%	1.9%	2.7%

* 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 2019). Occupations: Technicians and Trades Workers plus Machinery Operators and Drivers).

(iii) CONSTRUCTION INDUSTRY EMPLOYERS LONG SERVICE LEAVE CONTRIBUTION RATE.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2019 Target	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Contribution Rate. (%)	1.20%	1.15% (a)	1.28% (b)	1.35%	1.43% (c)

(a) The contribution rate was decreased from 1.20% to 1.10% with effect from 1 January 2019
(b) The contribution rate was decreased from 1.35% to 1.20% with effect from 1 January 2018
(c) The contribution rate was decreased from 1.50% to 1.35% with effect from 1 January 2016

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2019 Target	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Board's Investment Return (%)	6.40%	7.69%	6.89%	9.02%	1.91%
Investment Return - (Average) Composite Index (%)		8.60%	8.34%	8.28%	4.02%

Investment return of 7.69% (2018: 6.89%) was in line with underlying portfolio performance driven by world markets.

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2019 Target	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Employees Registered in the Scheme. (number)	112,245	107,873	112,245	121,533	127,941
Number of Employees paid a benefit. (number)	4,509	5,808	5,445	5,808	5,100

Benefits paid totaling 5,808 (2018: 5,445) was driven by underlying construction industry activity.

KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2019

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	**2019** Target	**2019** Actual	**2018** Actual	**2017** Actual	**2016** Actual
Employees Registered in the Scheme. (number)	112,245	107,873	112,245	121,533	127,941
Employees with *less* than the required minimum of 7 years of qualifying service to obtain a benefit. (number)	94,307	91,198	96,391	106,634	113,207
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service. (number)	8,758	8,319	7,954	7,716	7,906
Employees qualified for a long service leave benefit - more than 10 years of service. (number)	9,180	8,356	7,900	7,183	6,828

SERVICE

Management of the Construction Industry Long Service Leave Scheme.

KEY EFFICIENCY INDICATORS

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	**2019**	**2018**	**2017**	**2016**
W.A. Scheme Cost per Employee ($)	$41.21	$37.01	$34.76	$35.13
Other State Schemes (average) ($)	*	$51.93	$50.36	$52.95

* 2018/2019 figures not available at the time of preparation of the Report.

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

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	**2019**	**2018**	**2017**	**2016**
Staff per thousand employees. (number)	0.19	0.18	0.17	0.14
Other State Schemes (average) (number)	*	0.32	0.34	0.33

* 2018/2019 figures not available at the time of preparation of the Report.

MINISTERIAL DIRECTIVES
OTHER FINANCIAL DISCLOSURES
GOVERNANCE DISCLOSURES
FOR THE YEAR ENDING 30 JUNE 2019

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

Capital Works

No capital projects were completed during 2018-2019.

Employment and Industrial Relations

Staff Profile	2019	2018
Full time permanent	19.0	19.0
Part time measured on a FTE basis	1.4	1.4
Total	20.4	20.4

Staff Development

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

Workers Compensation

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

GOVERNANCE DISCLOSURES

Contracts with Senior Officers

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

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 2018/2019 was $19,943.

OTHER LEGAL DISCLOSURES

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 annually of their obligations under the Board's credit card policy.

There was no personal usage for the 2018/19 financial year.

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 and has no compliance issues or breaches to report.

Advertising

(Electoral Act 1907, Section 175ZE)

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

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 utilizes the services of an external consultant to ensure compliance with the State Records Act 2000. New employees receive induction training and education on recordkeeping.

OTHER LEGAL DISCLOSURES (continued)

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 the highest priority on the well-being and safety of its staff at all times 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 2019		
	Target for 2018/2019	Actual for 2018/2019
Number of fatalities	Zero	Zero
Lost time injury	Zero	Zero
Lost time injury severity rate	Zero	Zero

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.

Public Interest Disclosure

(Public Interest Disclosure Act 2003)

Information on the requirements of the Public Interest Disclosure Act 2003 are 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.

OTHER LEGAL DISCLOSURES (continued)

Freedom of Information

(Freedom of Information Act 1992)

There were two Freedom of Information applications received for 2018/19 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:
Chief Executive Officer
MyLeave
PO Box 1333
West Perth WA 6872
Telephone: (08) 9476 5400
Facsimile: (08) 9321 5404

Government Policy Requirements

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

ANNUAL ESTIMATES

The Minister has approved the following Estimates for the 2019/2020 financial year:

ANNUAL ESTIMATES 2019/20	
Income	**$000**
Contribution from employers	33,244
Net investment revenue	32,851
Other Income	0
Total income	**66,095**
Expenses	**$000**
Long service leave payments	41,662
Employee benefits expense	2,602
Supplies and services	1,355
Depreciation and amortisation	87
Finance costs	40
Accommodation expenses	308
Increase in long service leave liability	23,983
Other expenses	412
Total expenses	**70,449**

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

Report on the Financial Statements

Opinion

I have audited the financial statements of the Construction Industry Long Service Leave Payments Board, which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and 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 2019 and the financial position at the end of that period. They are 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 Board in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Responsibility of the Board for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board 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 agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Board.

Auditor's Responsibility 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.

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As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on 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 Board 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 2019.

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 the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the 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 the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance 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 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 2019. The key performance indicators are the key effectiveness indicators and the 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 Board's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Board's Responsibility 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 as the Board 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 Responsibility
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 agency'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.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2019 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements 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 or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

J Langford-Smith

JORDAN LANGFORD-SMITH
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 August 2019

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