



ANNUAL REPORT 2019 - 2020

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

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INTERNAL AUDITOR:	KPMG
BUSINESS HOURS:	8.00 am to 4.30 pm Monday to Friday
PUBLICATIONS:	Pamphlets and other material explaining the Scheme are available from the Board's Office and the Board's web site.

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STATEMENT OF COMPLIANCE

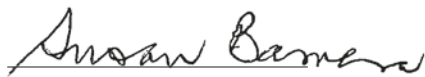
For year ended 30 June 2020

Hon Bill Johnston MLA
Minister for Mines and Petroleum; Energy; Industrial Relations

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Construction Industry Long Service Leave Payments Board for the reporting period ended 30 June 2020.

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

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



Susan Barrera

Chair

MyLeave



Michael McLean

Member of the Board

MyLeave

15 September 2020



CHAIR'S FOREWORD

While there have been many challenges for the MyLeave Board this financial year, it has been the Coronavirus, for the second half of the financial year at least, which has occupied much of the Board's attention. Both employers and employees in our industry have experienced significant and unpredicted challenges due to the pandemic.

The Board has considered measures to mitigate the negative effect of the significant economic downturn in our industry. One measure, which was announced by the Minister on 30 June 2020, was a **decrease in the employer levy to 0.01%**, from the current 1.0%, for the September 2020 and December 2020 quarters.

The Board actively monitors the ability of the Scheme to meet long service payments owed to construction workers. We are informed by regular analysis from our financial advisers and actuary. This advice provides reassurance that our financial reserves are adequate to meet our future liabilities. Despite the recent negative impact on our investments, the Board is satisfied that the investment strategy we have adopted will result in the best return for our members consistent with our risk profile.

Despite the recent disruption, the staff of MyLeave have continued the day to day management of the scheme. It was to the credit of the CEO and his Leadership Team that work-from-home arrangements were put in place with remarkable speed during the recent lock down. Staff worked hard to process claims from home despite the limitations of our current IT system.

The Board is pleased to note that planning for an updated IT system is well advanced and we anticipate significant progress in the coming months. The new system should offer significant improvements in security, robustness and speed and accuracy of processing data.

In October 2019 MyLeave hosted the National Conference of the Construction Industry Portable Long Service Leave Schemes held at the WA Maritime Museum formally opened by the Hon Bill Johnston MLA, Minister for Mines and Petroleum; Energy; Industrial Relations. Delegates from all jurisdictions attending the conference were informed on a variety of contemporary issues by expert speakers representing industry stakeholders. Despite the unseasonal cold weather, the Conference was judged a success by attendees.

During the year our previous CEO, Mr John Youens retired and our new CEO, Mr Jason Buckley commenced. The Board (and interstate visitors) took the opportunity to express our appreciation of Mr Youens' service over the previous decade and to welcome our new CEO at the Conference.

I would like to recognise the contributions of my fellow Board members in providing strategic support for MyLeave. Our Board members possess a wealth of knowledge and experience in this industry. We work together constructively for the benefit of the scheme which makes an important contribution to the construction industry. I also recognise the contribution of all the employees of MyLeave. Without their dedication, diligence and expertise the scheme would not achieve such successful outcomes.

Susan Barrera
Chair
MyLeave Board



CHIEF EXECUTIVE'S OVERVIEW

I am pleased to have joined MyLeave at the beginning of the financial year to contribute to the purpose of the Scheme delivering excellent service to construction employees rewarding their service to the industry. Payments were made to almost 5,300 construction employees during the year at a total of \$41 million. Long service leave entitlements for 106,000 registered employees stand at \$372 million.

During the year, the Board undertook a complete review of strategy, risk management and its investment approach. The strategic plan was adopted with 18 strategies developed within five key focus areas:

1. My Service
2. My Team
3. My Systems
4. My Investment
5. My Oversight

The strategy was complimented with a review of the organisation structure that was adjusted to align with the strategic needs of the organisation and bolster our internal governance. Additional governance improvements included appointing an Audit and Risk Committee of the Board with an independent Chair and the appointment of new internal auditors. Developing a sound governance structure continues to be a priority and is a work in progress.

A major procurement process was undertaken for the replacement of the legacy database that stores employer and employee details and processes all transactions. The Board awarded a contract to Velrada in May 2020 to implement Microsoft Dynamics 365 as the central customer relationship management (CRM) system as well as SharePoint to provide the electronic document management system (EDMS). The objective of this project is to transform and transition MyLeave's business to a fully digital, secure, cloud-based operation that is cost effective, focuses on meeting the business' needs whilst providing its customers with the best possible user experience. The design and implementation of the new system will be a major focus and undertaking by MyLeave staff in the next year.

As with everyone in the community, the year was disrupted substantially with the health and economic effects of the COVID-19 pandemic from February 2020 onwards.

Whilst Western Australia has been relatively successful with managing the health impacts of the pandemic there is considerable concern on the economic effects on society, and for our purposes, the construction industry. The trend over the last few years has been to see a gradual decline in the industry.

From a financial perspective the Scheme continues to be well funded despite a negative investment return of 2.4% for the year, and the correction of a 1.6% overstatement of last year's assets. Notwithstanding, the Scheme is in a strong position to fund its liabilities enabling the Board to reduce the levy to 0.01% (being a 99% discount) for six months effective from July 2020. There was a significant downward shift in the financial markets experienced in February/March 2020 that has rebounded to some extent but has not yet achieved the high point from January 2020.

I appreciate the efforts of staff during the year and their commitment to servicing the needs of our customers, but particularly during the working from home period in April/May. During this time the Scheme received a surge in claims 50% above normal levels with staff managing to make payments and respond to an increased number of enquiries. This was a remarkable effort and I am very thankful to the team for their commitment.

This has not been an ordinary year with significant challenges encountered. The support and guidance of the Board during this time is acknowledged. The challenges are expected to continue for the foreseeable future and this ongoing support is invaluable.

Jason Buckley
Chief Executive Officer
MyLeave

YEAR IN REVIEW

In the financial year ending 30 June 2020, MyLeave delivered a fully funded Balance Sheet with an Accounting Ratio of 161% (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. Whilst investment returns have been positive for the past ten years, the last year resulted in a negative return of -2.4% due to the disruption caused by the COVID-19 pandemic.

Scheme Operations

In 2020 the number, and value, of payments to workers was 5,275 totalling \$40.9 million.

MyLeave was pleased to be able to reduce the contribution levy from 1 January 2020 to 1.0% (-0.10%). The Board recommended to the Minister to reduce the levy to 0.01% which was supported and will be effective for the September 2020 and December 2020 quarters to provide some financial relief to the industry in this challenging economic period.

Board Members will soon decide the applicable levy for the year commencing 1 January 2021. MyLeave's Actuary, Pricewaterhouse Coopers, will assist Board Members in their determination of the levy for 2021. As detailed in this Annual Report, MyLeave is in a very sound financial position however Board Members need to ensure in determining the 2021 contribution levy, that MyLeave maintains its Mission "To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australia construction industry employees".

CONTRIBUTION LEVY					
	2016	2017	2018	2019	2020
Levy percentage	1.35%	1.35%	1.20%	1.10%	1.0%
Percentage change	-0.15%	no change	-0.15%	-0.10%	-0.10%

MyLeave statistics for 2020 show a continued industry downturn and also the important place in the industry that MyLeave has in delivering a significant volume and value of worker payments. The economic impact of the COVID-19 pandemic on the industry is uncertain at this time.

WORKERS				
	2017	2018	2019	2020
Total registered	121,533 -5%	112,245 -8%	107,873 -4%	106,392 -1%
Total contributed for (average per quarter)	68,134 -11%	63,794 -6%	62,420 -2%	62,191 0%
Total days of service (average per quarter)	2,891,334	2,641,243	2,556,098	2,582,684*
Number of benefits paid	5,808	5,445	5,808	5,275
Value of benefits paid	\$47.4m	\$43.7m	\$44.5m	\$40.9m

* Four quarter average from June 2019 to March 2020.

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 significant reduction of 9% to 62,191 from 2017, however remained steady compared to 2019. 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 2020 the percentage of termination payments was 56%.

YEAR IN REVIEW CONTINUED

The quarterly average number of days of service recorded increased marginally in 2020 i.e. from 2.56 million in 2019 to 2.58 million (0.8%). Any reduction in industry activity adversely impacts the value of revenue MyLeave generates from employers from the applicable contribution levy. The contribution levy revenue from employers reduced in 2020 to \$32.7 million, from the 2019 level of \$37.7 million. The reduced contribution levy rate from 1 January 2020 also impacted the levy revenue generated from employers.

Days of service recorded remains steady

As many workers are suffering the impact of the construction industry downturn and pandemic, 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				
	2017	2018	2019	2020
Total registered (average per quarter)	5,049	5,013	4,992	4,958



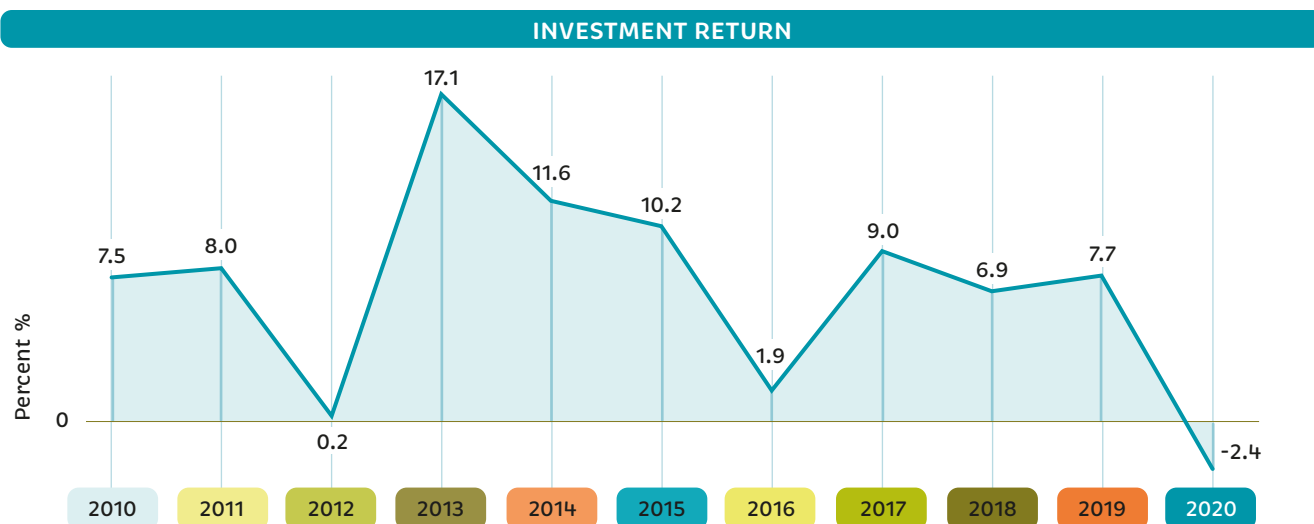
YEAR IN REVIEW CONTINUED

Investment

In 2020 the investment return percentage achieved by MyLeave was -2.4%, which is lower than the 2019 return of 7.7%, and substantially less than the 20 year long term average return of 5.9% per annum. MyLeave Board Members acknowledge that the annual investment performance will fluctuate on a year in/year out basis. As such, the investment portfolio is structured to accommodate, as best possible, these performance fluctuations.

The 2020 return of -2.4% is the first negative return in ten years of positive returns and it is important that MyLeave continues to maintain a sound Balance Sheet to address downturns in the investment markets. With an investment portfolio of \$595 million at 30 June 2020, the negative investment performance translates into a significant dollar value loss of \$16 million.

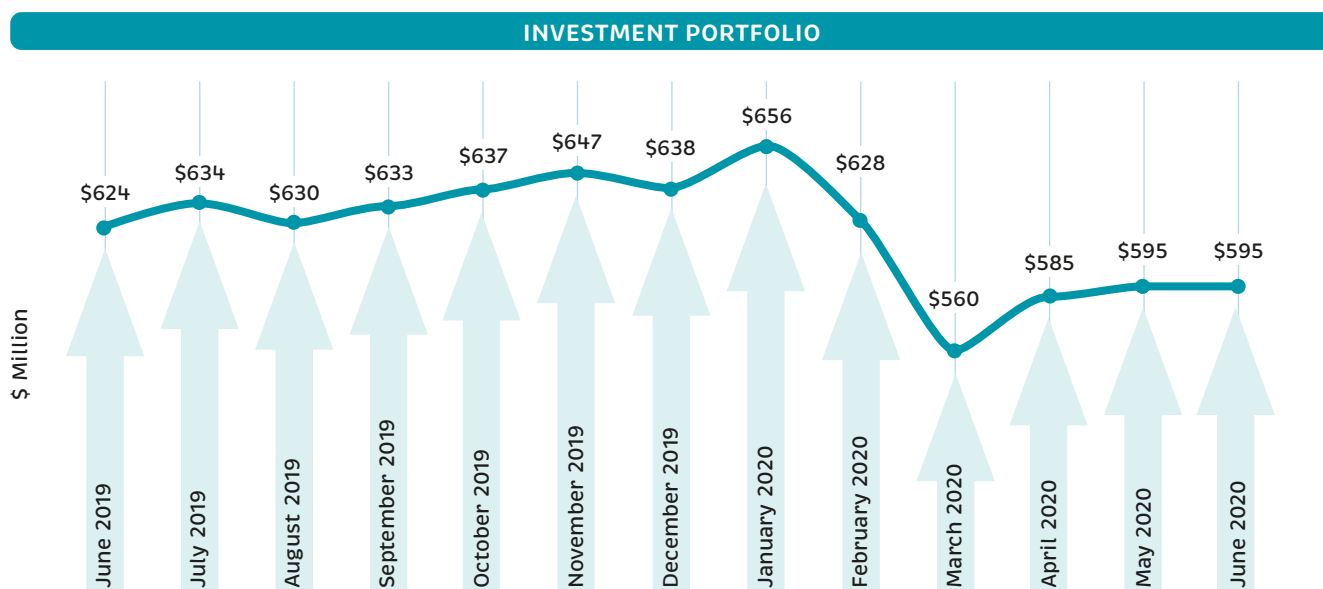
The table below shows the year in/year out variances in the annual investment return.



The Statement of Comprehensive Income in this Annual Report details that in 2020 the level of net investment income was negative \$16 million, which is down from the positive return of \$41.3 million in 2019, and the contribution income from employers was \$32.7 million. As previously detailed, the contribution income reduced from the 2019 level of \$37.7 million with the reduction being in line with the underlying construction industry activity and reduction in the contribution levy rate from 1 January 2020.

There was a significant downward shift in the financial markets experienced in February/March 2020 that has rebounded to some extent but has not yet achieved the high point from January 2020. The monthly fluctuation in the investment portfolio is shown in the chart following (note: in addition to the investment loss of \$16 million, \$13 million was applied to meet the difference between contributions and LSL payments as well as operational expenses).

YEAR IN REVIEW CONTINUED



The table below shows the investment portfolio and also the significant revenue/income impact of investment returns for MyLeave.

Investment portfolio impacted by pandemic

INVESTMENT PORTFOLIO & INCOME					
	2016	2017	2018	2019	2020
Total portfolio	\$515m	\$557m	\$591m	\$623m	\$595m
Net investment income	\$10.4m	\$45.8m	\$38.3m	\$42.3m	-\$16.0m

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

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

level of deviation in the range of performance outcomes over the years.

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

1. The Construction Industry Long Service Leave Payments Board (Board) considers the preservation of capital as a primary goal, to the extent the Construction Industry Long Service Scheme's purpose is to fund long service leave liabilities.
2. The Board has a long term investment time horizon and therefore investment decisions need to be considered in the context of a long term investor.

YEAR IN REVIEW CONTINUED

3. *The Strategic Asset Allocation is the long term determinant of return and risk for the Long Term Earnings Fund, and will therefore establish and review the strategic asset allocation that is commensurate with MyLeave's risk capacity.*

The 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 2020. 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 30/06/2020
Cash	15%	16.0%
Fixed interest	25%	26.8%
Total Defensive Assets	40%	42.8%
Australian listed equities	32%	29.9%
International listed equities	18%	18.1%
Property & infrastructure (listed equities)	10%	9.2%
Total Growth Assets	60%	57.2%
Total Assets	100%	100%



YEAR IN REVIEW CONTINUED

Financial Position

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

STATEMENT OF FINANCIAL POSITION				
	2017	2018	2019	2020
Assets	\$568.6m	\$600.3m	\$632.2m	\$604.8m
Liabilities	\$428.9m	\$412.4m	\$406.0m	\$375.3m
Equity surplus	\$139.7m	\$188.0m	\$226.2m	\$229.5m
Accounting Ratio (Assets/Liabilities)	133%	146%	156%	161%

In past years, Assets were inadvertently overstated due to the value of the investment portfolio including accrued income for the month of June which was also separately accrued and reported as accrued income. This effectively resulted in the double counting of that amount. The error was not cumulative as the accrued income was reversed at the beginning of the next financial year. This has occurred since the 2013 year. In 2019 the overstated amount was \$9.9 million, being 1.6% of the total Asset amount. The audited financial statements have been adjusted accordingly. The data in the Financial Position table above and impact on the Balance Sheet Equity in the chart has been adjusted to reflect the correct position.

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.

Actuarial liability reduces

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.

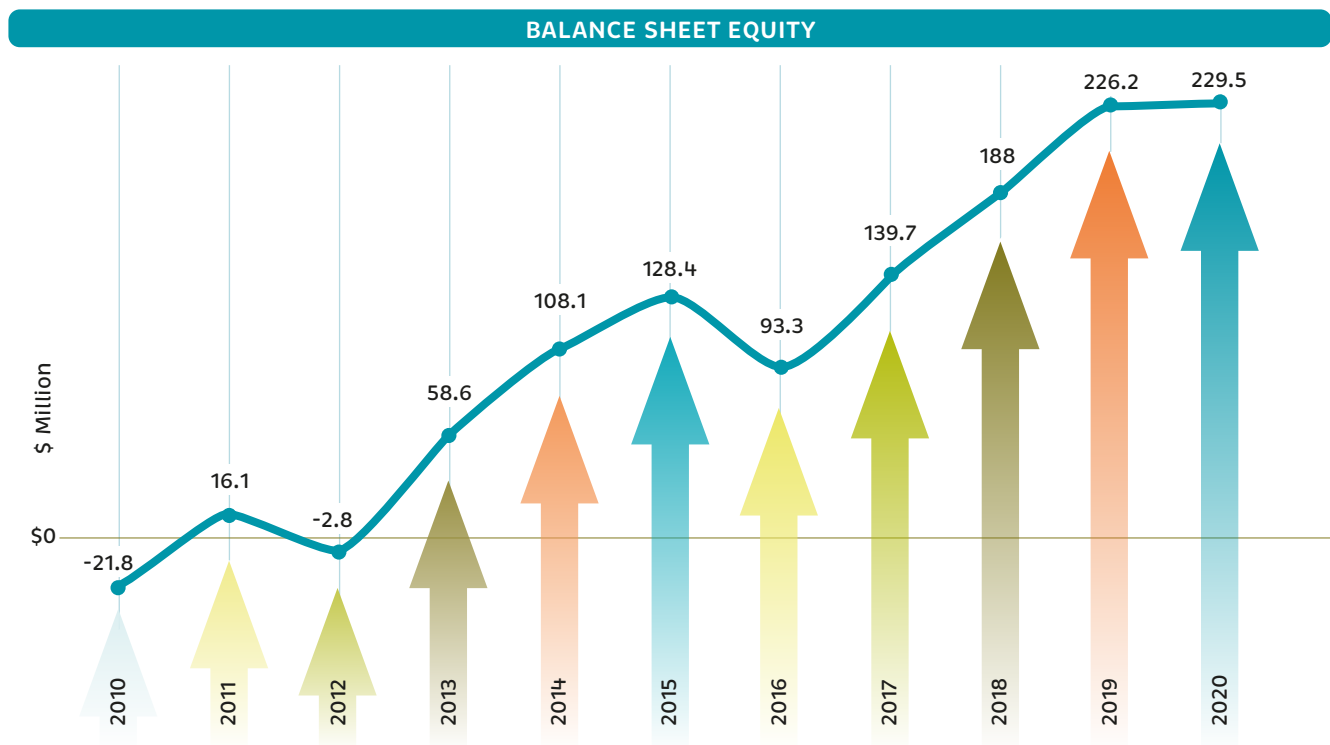
ACTUARIAL LIABILITY					
	2016	2017	2018	2019	2020
Total liability	\$432m	\$428m	\$411m	\$404m	\$372m

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 \$377 million as at 30 June 2021 and \$384 million as at 30 June 2024.

The equity surplus movement in 2020 was \$3.3 million and this is considered a sound result given the economic disruption caused by the pandemic. MyLeave endeavours to minimise the movements however there are key impacts, such as Western Australian construction industry activity (with positive/negative impact on the actuarial liability valuation) and global investment market performance, and this year the COVID-19 pandemic, which are outside of MyLeave's control.

YEAR IN REVIEW CONTINUED

The value of the Balance Sheet Equity (Surplus/Deficiency) and movement since 2010 is shown in the following graph.



The 2020 Balance Sheet Equity Surplus of \$229 million 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 2020 year was very active for MyLeave and Board Members are pleased with MyLeave's performance having regard to the challenges faced during the year and the continued benefit provided by the Scheme to employers and construction industry workers.

OPERATIONAL STRUCTURE

Enabling Legislation

The Construction Industry Long Service Leave Scheme (the Scheme) was established by *The Construction Industry Portable Paid Long Service Leave Act 1985* (the Act) which was assented to on 13 December 1985.

The Act and the Regulations prescribing the Awards to be included in the Scheme were proclaimed on 19 December 1986. The Scheme commenced by Ministerial Order on the appointed day of 6 January 1987.

Responsible Minister

The Honourable Bill Johnston MLA, Minister for Mines and Petroleum; Energy; Industrial Relations.

Strategy

Vision

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

Objectives

1 To fully implement the Scheme within the construction industry:-

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

2 To minimise the contribution rate payable:-

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

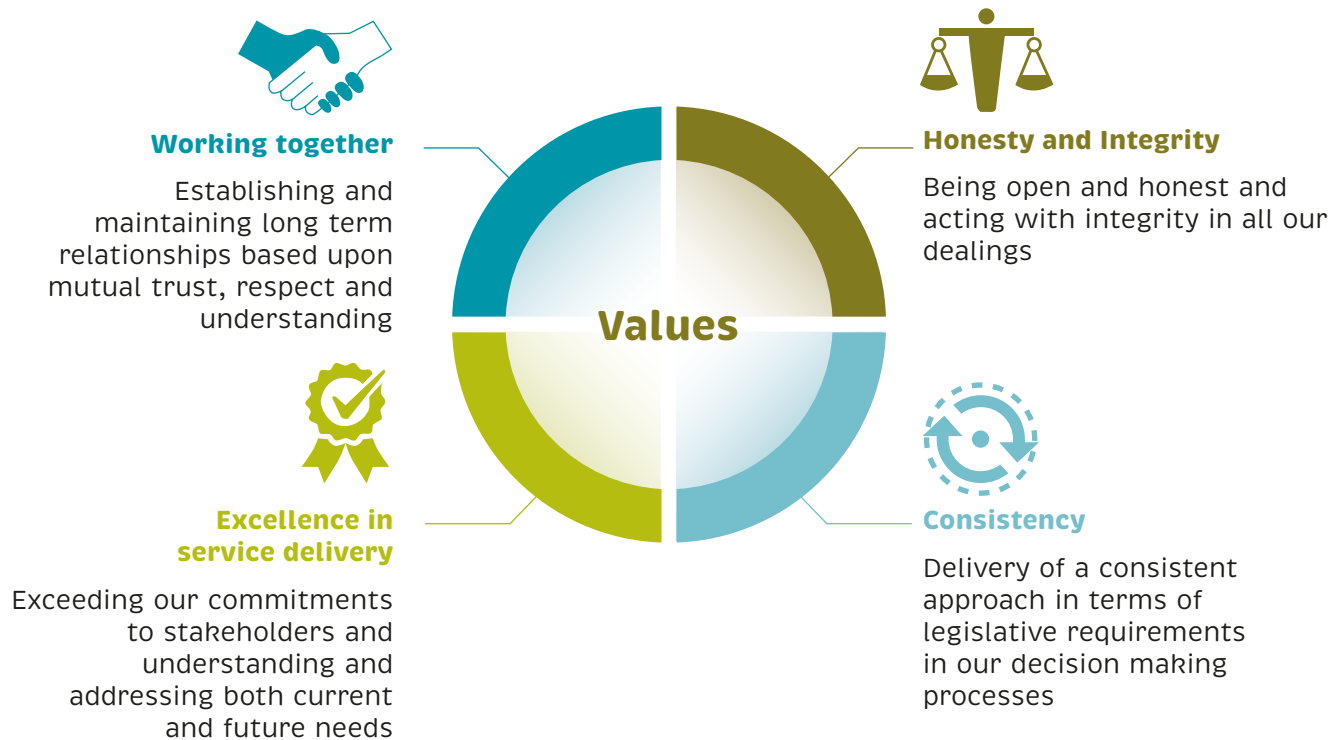
Mission

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



OPERATIONAL STRUCTURE CONTINUED

Values



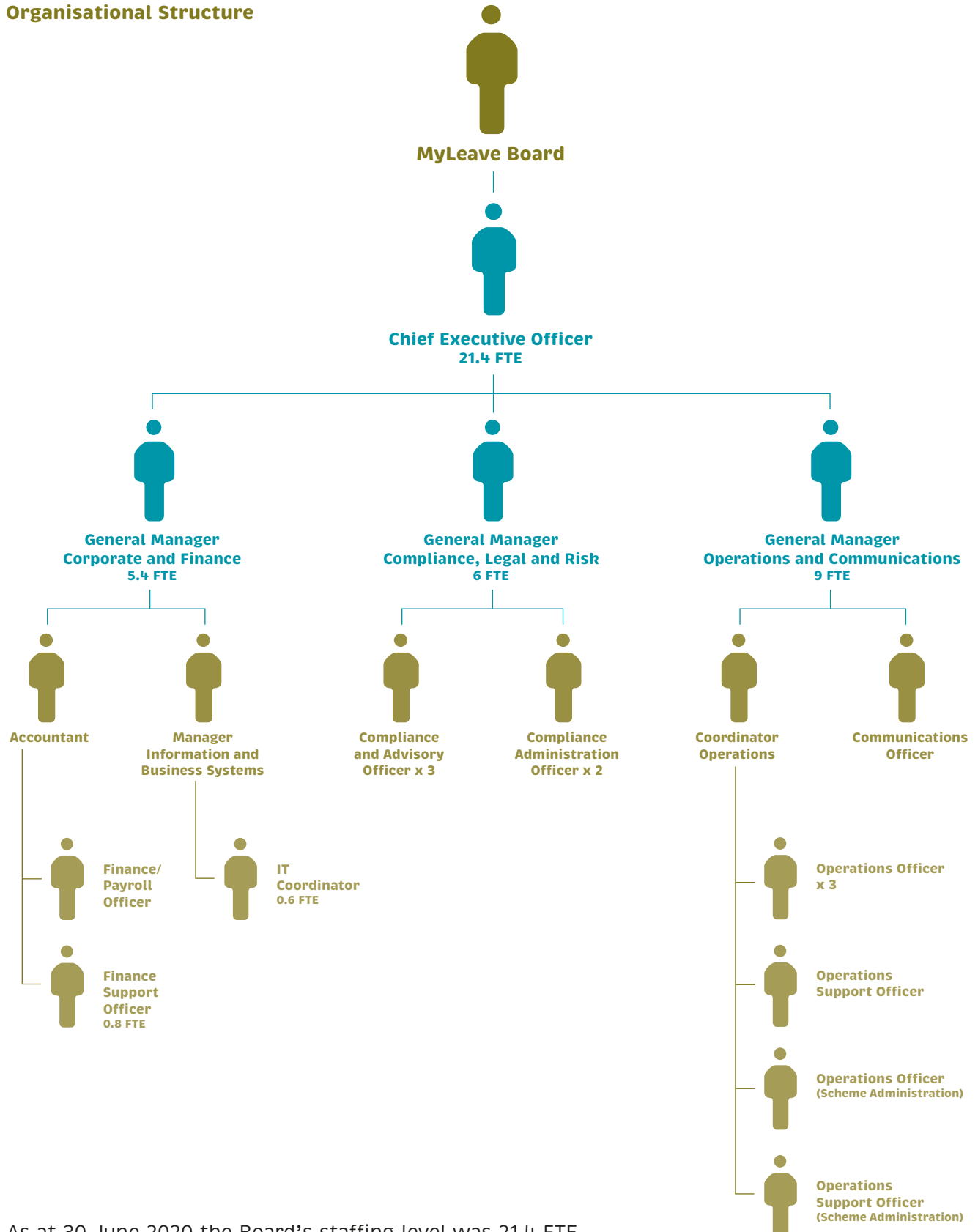
Strategic Plan

The Strategic Plan 2020-23 includes 18 strategies within five key focus areas as follows:

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

OPERATIONAL STRUCTURE CONTINUED

Organisational Structure



As at 30 June 2020 the Board's staffing level was 21.4 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

Susan Barrera (Chair)

Representing Employers

Jo Alilovic

Michael McLean

Kate Schick

Representing Employees

Mick Buchan

Steve McCartney

Meredith Hammat

Board Meeting Attendance	Number of meetings eligible to attend	Number of meetings attended
Susan Barrera (Chair)	5	5
Jo Alilovic	5	5
Mick Buchan	5	5
Meredith Hammat	5	5
Steve McCartney	5	5
Michael McLean	5	5
Kate Schick	5	5

Senior Officers

Jason Buckley
Chief Executive Officer

John Flint
General Manager Corporate and Finance

Eileen McCaffrey
General Manager Compliance, Legal and Risk

Daniel Kelly
General Manager Operations and Communications

OPERATIONAL STRUCTURE CONTINUED

Administered Legislation

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

Key Legislation Impacting on Activities

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

A New Tax System (Goods and Services Tax Act) 1999

Auditor General Act 2006

Crime Corruption Commission Act 2003

Disability Services Act 1993

Electoral Act 1907

Equal Opportunity Act 1984

Financial Management Act 2006

Financial Management (Transitional Provisions) Act 2006

Freedom of Information Act 1992

Fringe Benefits Tax Assessment Act 1986

Government Financial Responsibility Act 2000

Income Tax Assessment Act 1936 (Cth)

Income Tax Act 1986

Industrial Relations Act 1979

Library Board of Western Australia Act 1951

Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Payroll Tax Assessment Act 2002

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.

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 2019/2020.

Shared Responsibilities with Other Agencies

The Board does not share responsibilities with any other agencies.

BOARD PERFORMANCE

Report on Operations

Actual results versus budget targets

FINANCIAL TARGETS: ACTUAL PERFORMANCE COMPARED TO BUDGET ESTIMATES			
	2019-2020 ESTIMATE (a) \$000	2019-2020 ACTUAL \$000	2019-2020 VARIATION \$000
Investment Income	\$32,851	(\$15,744)	(\$48,595) (b)
Total Equity	\$153,169	\$229,496	\$76,327

(a) As per Board's budget estimates.

(b) The underlying portfolio performance was estimated at 5.70% and actual (2.42%). As a result of COVID-19 and future economic outlook.

NET INVESTMENT INCOME COMPOSITION OF	
	Amount \$000
Net investment revenue	\$26,652
Interest revenue	\$243
Impairment loss on financial assets	(\$42,639)

Equity variance due to:

EQUITY VARIANCE	
	Amount \$000
Higher opening 1 July 2019 Total Equity than forecast	\$77,893
Lower provision/value for long service leave liability than forecast	\$56,673
Lower Net Investment Income than forecast	(\$58,414)
Lower Contribution from Employers	(\$554)
Lower number/value of long service leave payments than forecast	\$781
Higher operating expenses than forecast	(\$52)

BOARD PERFORMANCE CONTINUED

Key Performance Indicators

Summary of key performance indicators

Outcome:

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

Key Effectiveness Indicators:	2020 Target	2020 Actual	Variation
(i) eligible employers who have registered with the Board.	4,992	4,958	(34)
(ii) eligible and registered construction industry employees for whom contributions have been made.	62,420	62,191	(229)
(iii) qualifying service profile of construction industry employees for whom contributions have been made:- - Total number of employees qualified for a long service leave benefit	19,078	17,545	(1,533)
(iv) construction industry employees who have received a long service leave payment.	4,793	5,275	482
(v) eligible employers long service leave contribution rate.	1.10%	1.05%	(0.05%)
(vi) annual return derived from the Board's investments.	5.70%	(2.42%)	(8.12%)

Service:

Management of the Construction Industry Long Service Leave Scheme.

Key Efficiency Indicators:	2020 Target	2020 Actual	Variation
(i) average administrative cost per registered construction industry employee.	\$44.54 p.a.	\$ 45.66 p.a.	\$1.11
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.19	0.20	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 has been a continued downturn. The economic impact of the COVID-19 pandemic is uncertain at this time.

After recent years of annual declines in the number of housing starts, the Housing Industry Association (“HIA”) forecasts show another decline of -1% (see table below) in 2020. The outlook in 2021 is for growth of 17%. This is likely to be due to the economic stimulus provided by both the federal and state governments to the residential housing construction sector.

HOUSING STARTS			
	Year	Number	Change (%)
Actual	2016	21,559	-25%
	2017	19,583	-9%
	2018	16,223	-17%
	2019	14,368	-11%
Forecast	2020	14,196	-1%
	2021	16,563	17%

There has been difficulty in obtaining reliable data to forecast construction activity in Western Australia and there will be uncertainty for the industry until the effects of COVID-19 pandemic are no longer present.

The Master Builders Australia have circulated an analysis from ABS data that shows the impact of the pandemic on the construction industry compared to all industries by State during the March to July 2020 period as detailed below.

Western Australia has fared better than the other States, however jobs in the construction industry declined by 3.9% in that period. Wages have had a negative 6.9% reduction.

CHANGE IN JOBS AND WAGES: CONSTRUCTION SECTOR AND AVERAGE BY STATE, 14 MARCH TO 25 JULY									
% Change	AUS	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
Jobs - Construction	-5.8%	-3.9%	-6.6%	-5.8%	-5.5%	-6.4%	-5.4%	-6.0%	-4.8%
Jobs - All industries	-4.5%	-2.0%	-4.1%	-6.7%	-3.4%	-4.2%	-5.8%	-3.1%	-4.5%
Wages - Construction	-7.8%	-6.9%	-10.5%	-4.8%	-8.8%	-4.4%	-12.9%	-7.7%	-0.3%
Wages - All industries	-4.8%	-6.9%	-4.8%	-5.0%	-3.6%	-3.7%	-5.9%	-3.9%	-3.6%

SIGNIFICANT ISSUES AND TRENDS CONTINUED

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) Contribution levy from employers
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) Probability of an increase in the number of employers having difficulty in meeting their contribution levy obligation

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.

The risk of employer defaults will be low due to the decrease in the September 2020 and December 2020 quarters contribution levy to 0.01%.

- 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 liquidity position is carefully monitored. 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

DISCLOSURES AND LEGAL COMPLIANCE

Certification of Financial Statements

For the reporting period ended 30 June 2020

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 2020 and the financial position as at 30 June 2020.

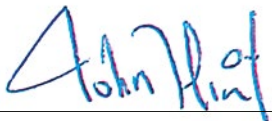
At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



Susan Barrera
Chair



Michael McLean
Member of the Board



John Flint
Chief Finance Officer

15 September 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

	Notes	2020 \$000	Restated 2019 \$000
INCOME			
Investment revenue	6	26,652	21,858
Net remeasurement changes in fair value	7	(42,639)	19,963
Interest revenue	8	243	540
Contributions from employers	9	-	37,739
Accrued long service leave	9	-	7,001
TOTAL INCOME		(15,744)	87,101
EXPENSES			
Long service leave payments	9	-	44,472
Employee benefits expense	10	2,394	2,062
Supplies and services	11	1,559	1,334
Depreciation and amortisation expense	12	244	100
Finance costs	13	116	33
Accommodation expenses	14	115	297
Other expenses	15	428	619
Loss on sale of assets	19	1	-
TOTAL EXPENSES		4,857	48,917
NET RESULT FROM OPERATING ACTIVITIES		(20,601)	38,184
Net change in accrued LSL liabilities	9	23,878	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,277	38,184

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes. Refer to Note 5 for correction of prior period errors.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2020 \$000	Restated 2019 \$000	Restated As at 1 July 2018 \$000
ASSETS				
Current Assets				
Cash and cash equivalents	25	61,578	80,626	67,011
Receivables	16	647	387	717
Other current assets	18	6,945	8,028	8,257
Financial assets	17	533,829	542,937	524,080
Total Current Assets		602,999	631,978	600,065
Non-Current Assets				
Plant and equipment	19	199	271	348
Right-of-use assets	19	1,589	-	-
Total Non-Current Assets		1,788	271	348
TOTAL ASSETS		604,787	632,249	600,413
LIABILITIES				
Current Liabilities				
Accrued long service leave benefits liabilities	9	252,496	259,829	246,728
Payables	22	907	1,250	787
Lease liabilities	21	151	-	-
Employee related provisions	23	534	670	506
Total Current Liabilities		254,088	261,749	248,021
Non-Current Liabilities				
Accrued long service leave benefits liabilities	9	119,460	144,197	164,299
Lease liabilities	21	1,676	-	-
Employee related provisions	23	67	84	58
Total Non-Current Liabilities		121,203	144,281	164,357
TOTAL LIABILITIES		375,291	406,030	412,378
NET ASSETS		229,496	226,219	188,035
EQUITY				
Fair value reserve	24	-	-	24,766
Retained earnings		229,496	226,219	163,269
TOTAL EQUITY		229,496	226,219	188,035

The Statement of Financial Position should be read in conjunction with the accompanying notes.
Refer to Note 5 for correction of prior period errors.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020

	Notes	Fair Value Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 July 2018		38,425	160,529	198,954
Correction of prior period errors		(13,659)	2,740	(10,919)
Restated balance at 1 July 2018		24,766	163,269	188,035
Net result from operating activities		-	38,184	38,184
Total comprehensive income for the period		-	38,184	38,184
Balance at 30 June 2019	24	24,766	201,453	226,219
Balance at 1 July 2019		24,766	201,453	226,219
Correction of prior period errors		(24,766)	24,766	-
Restated balance at 1 July 2019		-	226,219	226,219
Net result from operating activities		-	3,277	3,277
Total comprehensive income for the period		-	3,277	3,277
Balance at 30 June 2020	24	-	229,496	229,496

The Statement of Changes in Equity should be read in conjunction with the accompanying notes. Refer to Note 5 for correction of prior period errors.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2020

	Note	2020 \$000	2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from employers		33,181	37,739
Interest received		263	514
GST receipts from taxation authority		161	161
Payments			
Employee benefits		(2,547)	(1,872)
Supplies and services		(2,099)	(541)
Finance costs		(116)	(33)
Accommodation		(115)	(297)
Payments for long service leave		(40,882)	(44,472)
GST payments on purchases		(164)	(174)
Other payments		(429)	(618)
Net cash (used in) by operating activities		(12,747)	(9,593)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of investments		51,602	24,575
Distributions received		26,652	20,854
Payments			
Purchase of financial assets		(84,114)	(22,198)
Purchase of non-current assets		(172)	(23)
Net cash (used in)/provided by investing activities		(6,032)	23,208
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(269)	-
Net cash from financing activities		(269)	-
Net (decrease)/increase in cash and cash equivalents		(19,048)	13,615
Cash and cash equivalents at the beginning of period		80,626	67,011
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	25	61,578	80,626

The Statement of Cash Flows should be read in conjunction with the accompanying notes.
Refer to Note 5 for correction of prior period errors.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending 30 June 2020

1. Australian Accounting Standards

General

The Construction Industry Long Service Leave Payments Board's ("the Board") financial statements for the year ended 30 June 2020 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 all 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 2020.

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 financial assets 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 2020 the Board has an excess of assets over liabilities of \$229.5 million (2019: excess of assets over liabilities of \$226.2 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(c) Reporting Entity

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

(d) 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

(e) Right-of-use assets

Initial recognition

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

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

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

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

Subsequent Measurement

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(e) Right-of-use assets continued

Depreciation and impairment of right-of-use assets

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

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

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 2 (f).

(f) Impairment of Assets

Plant and equipment 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.

As the Board is a not for profit entity, and the 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.

(g) Financial Instruments

Recognition, initial measurement and de-recognition

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

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

Classification and subsequent measurement of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(g) Financial Instruments continued

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

Classifications of financial assets are determined by both:

- The 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 FVOCI or debt instruments at FVOCI.

Financial assets at amortised cost

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

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

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

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

(h) 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.

(i) Accrued salaries

Accrued salaries (see Note 22 '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.

(j) 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.

(k) 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(g) Financial Instruments for further information.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(k) Investments and Other Financial Assets continued

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.

As described in Note 2(g) Financial Instruments after initial recognition, financial assets are measured at fair value through profit and loss. Gains or losses on financial assets are recognised through profit and loss. The fair value of quoted investments are based on current bid prices.

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.

(l) 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.

(m) 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 10 "Employee benefits expense" and Note 23 "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 CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(m) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(n) 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 GESB, and other superannuation funds

(o) Expenses

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

Rental expenses include:

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

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

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

Expected credit losses is an allowance of trade receivables and is measured at the lifetime expected credit losses at each reporting date, that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 16 Receivables. Movement in the allowance for impairment of trade receivables.

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at Note 23 Provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(p) 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 2020 have been accrued. Per AASB 1056, the annual employer contributions are vested in the employees however, these are not payable to the employees on demand as employees have to complete the service period of seven years before they can claim a payment. The completion of the service period by the employees is outside the control of the Board and on receipt of employer contribution an obligation to pay cash arises. Analogising to AASB 1056, the contributions increase the liabilities of the Board and the benefits payments reduce those liabilities and they are not in the nature of revenue and expenses. The obligation of the Board to pay out a registered employee after completion of certain time gives rise to a financial liability when an employee is registered, and the Board receives contribution from employer in respect of the employee employed by the employer.

Investment revenue

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(p) Revenue recognition continued

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.

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

(q) Finance costs

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

Finance costs also includes the interest component of lease liability repayments.

(r) Leases

The Board assesses whether a contract is or contains a lease, at inception of the contract. The Board recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than \$5,000). For these leases, the Board recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (IBR) provided by WATC. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

In calculating the IBR, Management has taken account of the baseline reference rate and made adjustments relating to the currency, economic environment and level of indebtedness of each lessee as well as adjustments according to the asset type and term of each lease.

The lease term determined comprises the non-cancellable period of lease contracts, periods covered by an enforceable option to extend the lease if the Board is reasonably certain to exercise that option. Subsequent to initial measurement, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by lease payments made. The lease liability is remeasured when the Board changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and any accumulated impairment losses, and are adjusted for certain measurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

Right-of-use assets are presented within non-current assets on the face of the balance sheet and lease liabilities are shown separately in current liabilities and non-current liabilities depending on the remaining length of the lease.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

2. Summary of significant accounting policies continued

(r) Leases continued

The accounting policy applicable to year ended 30 June 2019 and earlier, prior to the adoption of AASB 16:

(i) Leased assets

Assets held by the Board under leases which transfer to the Board substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation within loans and borrowings.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Board's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(s) Comparative figures

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

3. Judgements and estimates

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

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.
- Expected future payments

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

5. Disclosure of change in accounting policy and estimates and correction of prior period errors

Initial application of new and revised Accounting Standards

The Board 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.

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 Income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Board.

The Board adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Board recognises the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings at the date of initial application (1 July 2019).

Under this transition method, the Board elects to apply the standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application.

Refer to Note 1 (p) for the revenue recognition accounting policy adopted from 1 July 2019 by the Board.

The effect of adopting AASB 15 and AASB 1058 are as follows:

	30 June 2020 Under AASB 118 & 1004 \$000	Adjustments \$000	30 June 2020 \$000
Income			
Contributions from employers	32,690	(32,690)	-
Accrued long service leave	32,070	(32,070)	-
Net change in accrued LSL liabilities	-	(23,878)	23,878
Net Result	64,760	(88,638)	23,878
Expense			
Long service leave payments	40,881	(40,881)	-
Net result	40,881	(40,881)	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

5. Disclosure of change in accounting policy and estimates and correction of prior period errors continued

Initial application of new and revised Accounting Standards continued

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities continued

The Board has assessed the impact of AASB 15 and AASB 1058 and have agreed that these accounting standards do not specifically deal with the accounting of the Construction Industry LSL scheme. The guidance in AASB 1056 - Superannuation Entities is most relevant and can be applied by analogy which requires employer contributions to be recognised as liabilities. The net change in accrued LSL liabilities is disclosed as a non-operating activity in the Statement of Comprehensive Income.

(b) AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Board applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of retained earnings.

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Board takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) right of use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Board measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Board is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Board has not identified any impairments to its right-of-use assets.

On transition, the Board has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- b) The Board has relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. The Board has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

5. Disclosure of change in accounting policy and estimates and correction of prior period errors continued

Initial application of new and revised Accounting Standards continued

(b) AASB 16 Leases continued

- c) Where the lease term at initial application ended within 12 months, the Board has accounted for these as short-term leases;
- d) Initial direct costs have been excluded from the measurement of the right-of-use asset;
- e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Board has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

Measurement of lease liabilities

Operating Lease Commitments disclosed as at 30 June 2019	2,372
Discounted using incremental borrowing rate at date of initial application ¹	1,909
Add:	
Finance lease liabilities recognised as at 30 June 2019	-
Less:	
Short-term leases not recognised as liability	-
Low value leases not recognised as liability	-
Lease liability recognised at 1 July 2019	1,909

Current lease liabilities	93
Non-current lease liabilities	1,816

1. The WATC incremental borrowing rate was used for the purpose of calculating the lease transition opening balance.

Correction of prior period errors

1. Overstatement of financial assets

Other Current Assets reported by the Board at 30 June 2018 and 30 June 2019 included accrued portfolio income. In addition, the financial assets reported at these dates based on monthly portfolio statements were subsequently found to also include the accrued portfolio income. As the carried forward accrued income each year was reversed in the subsequent financial year, there was no cumulative effect. As a result, Other Current Assets as at 30 June 2018 and 30 June 2019 were overstated by \$10,987,588 and \$9,880,817 respectively, with corresponding overstatement of the fair value reserve.

2. Change in the fair value of Available for Sale Financial Assets not recognised through fair value reserve

The change in the fair value of available for sale financial assets for 2012-13 of \$2,739,778 was reported as an expense instead of the fair value reserve. As a result, retained earnings was understated and the fair value reserve overstated by \$2,739,778 as at 1 July 2018.

3. Classification of financial assets as fair value to profit and loss

On adoption of AASB 9 Financial Instruments in 2018-19, the Board classified their financial assets as being subsequently measured at fair value through comprehensive income instead of fair value through profit and loss. Consequently, fair value changes of financial assets were reported as comprehensive income instead of profit and loss. This resulted in the fair value reserve being overstated and retained earnings understated by \$47,106,687 as at 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

5. Disclosure of change in accounting policy and estimates and correction of prior period errors continued

Correction of prior period errors continued

4. Cash and cash equivalents recognised as financial assets

Cash equivalents in the financial assets portfolio investment accounts were not recognised as cash and cash equivalents. As a result, financial assets was overstated and cash and cash equivalents was understated by \$45,148,946 and \$53,113,688 respectively for balance as at 30 June 2018 and 30 June 2019.

The errors have been corrected by restating each of the affected financial statements categories for the prior period, as follows:

	Previously Reported \$000	Adjustment \$000	Restated \$000
Statement of Financial Position			
At 1 July 2018			
ASSETS			
Cash and cash equivalents	21,862	45,149	67,011
Other current assets	19,244	(10,987)	8,257
Financial assets	569,161	(45,081)	524,080
EQUITY			
Fair value reserve	38,425	(13,659)	24,766
Retained earnings	160,529	2,740	163,269
TOTAL EQUITY	198,954	(10,919)	188,035
As at 30 June 2019			
ASSETS			
Cash and cash equivalents	27,512	53,114	80,626
Other current assets	17,909	(9,881)	8,028
Financial assets	595,989	(53,052)	542,937
EQUITY			
Fair value reserve	59,665	(59,665)	-
Retained Earnings	176,373	49,846	226,219
TOTAL EQUITY	236,038	(9,819)	226,219
Statement of Comprehensive Income			
For year ending 30 June 2019			
INCOME			
Net remeasurement changes in fair value	-	19,963	19,963
EXPENSES			
Net loss on disposal of investments	2,377	(2,377)	-
NET RESULTS FROM OPERATING ACTIVITIES	15,844	22,340	38,184
OTHER COMPREHENSIVE INCOME			
Financial assets at fair value through profit and loss - fair value changes	21,240	(21,240)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	37,084	1,100	38,184

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

5. Disclosure of change in accounting policy and estimates and correction of prior period errors continued

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 1059	<p>Service Concession Arrangements: Grantors</p> <p>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 agency does not manage any public private partnership that is within the scope of the Standard.</p>	1 Jan 2020
AASB 2018-6	<p>Amendments to Australian Accounting Standards - Definition of a Business</p> <p>The Standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. There is no financial impact.</p>	1 Jan 2020
AASB 2018-7	<p>Amendments to Australian Accounting Standards - Definition of Material</p> <p>The Standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.</p> <p>There is no financial impact.</p>	1 Jan 2020
AASB 2019-1	<p>Amendments to Australian Accounting Standards - References to the Conceptual Framework</p> <p>This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.</p> <p>There is no financial impact.</p>	1 Jan 2020

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

5. Disclosure of change in accounting policy and estimates and correction of prior period errors continued

Future impact of Australian Accounting Standards not yet operative continued

		Operative for reporting periods beginning on/after
AASB 2019-2	Amendments to Australian Accounting Standards - Implementation of AASB 1059 This Standard makes amendments to AASB 16 and AASB 1059 to: (a) amend the modified retrospective method set out in paragraph C4 of AASB 1059; (b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets that would be recognised as service concession assets under AASB 1059; and (c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059. The Board does not maintain any public private partnership that is within the scope of the Standard.	1 Jan 2020
AASB 2020-1	Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current. This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. There is no financial impact.	1 Jan 2022

6. Investment revenue

Distributions from managed funds

2020 \$000	2019 \$000
26,652	21,858
26,652	21,858

7. Net remeasurement changes in fair value

Investments realised during the period

Securities in listed entities

Total realised gains/(losses)

(1,335)	(2,377)
(1,335)	(2,377)

Investments held at reporting date

Fixed interest securities

Securities in listed entities

Total unrealised gains/(losses)

(1,012)	6,783
(40,292)	15,557
(41,304)	22,340

Net change in fair value of investments

(42,639)	19,963
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

8. Interest revenue

Bank account and term deposit interest

2020
\$000

2019
\$000

243 540

243 540

9. Accrued long service leave benefits liability

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

Opening balance

404,026 411,027

Increase/(decrease) in provision

(32,070) (7,001)

Closing balance

371,956 404,026

Contribution income from Employers

32,690 37,739

Long service leave payments

(40,882) (44,472)

Net change in accrued LSL liabilities

(23,878) (268)

Increase/(decrease) in provision

(32,070) (7,001)

The liability is allocated as follows:

Current

Accrued long service leave benefits liability

252,496 259,829

Non-current

Accrued long service leave benefits liability

119,460 144,197

Total

371,956 404,026

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

- The rate of members' future pay increases is estimated at 0% for the next two years, then 2% in the third year, 3% in the fourth and 4.0% per annum thereafter (2019: 4% per annum).
- The discount rate is 0.8% (2019: 1.3%) as quoted by the government bond rate for a 7.8 year term (2019: 8.1 year term).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**For the Year Ending 30 June 2020**

	2020 \$000	2019 \$000
10. Employee benefits expense		
Employee benefits ^(a)	1,810	1,717
Superannuation - defined contribution plans ^(b)	249	221
Long service leave	123	23
Annual Leave	212	101
	2,394	2,062
(a) Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, profit-sharing and bonuses; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.		
(b) The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to GSS (concurrent contributions,) WSS, the GESBs and other superannuation funds.		
(c) Employment on costs are included at note 15 'Other expenses'. The employment on costs liability is included at note 23 'Provisions'.		
11. Supplies and services		
Communications	164	189
Consultants and contractors	1,070	824
Consumables	182	158
Travel	11	39
Other	132	124
	1,559	1,334
12. Depreciation and amortisation expense		
Depreciation		
Furniture and office equipment	38	59
Leasehold improvements	41	41
Right-of-use-assets	165	-
Total depreciation	244	100
13. Finance costs		
Bank fees	30	33
Interest charged on lease	86	-
	116	33

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**For the Year Ending 30 June 2020****14. Accommodation expenses**

	2020 \$000	2019 \$000
Lease rentals	104	285
Repairs and maintenance	1	2
Light and power	10	10
	115	297

15. Other expenses

Board members' fees	136	87
Employment on-costs ^(a)	45	219
Expected credit loss expense	182	226
Insurances	52	52
Motor vehicle expenses	13	35
	428	619

(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 23 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

16. Receivables

Employer debtors	803	589
Allowance for impairment of employer debtors	(209)	(226)
	594	363
Other debtors	53	24
	647	387

\$198,942 of bad debts, where an allowance for impairment was previously raised, were written off during the year directly against employer debtors (2019: \$162,542).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

	2020 \$000	Restated 2019 \$000
17. Financial assets		
At valuation:		
- Colonial First State Cash	46,649	42,371
- Pandal Fixed Interest	33,166	30,511
- PIMCO Wholesale Global Bond	34,090	32,501
- UBS Diversified Fixed Income Fund	50,579	49,117
- AMP Capital Global Property Securities (Hedged)	25,604	30,028
- Schroder Wholesale Australian Equity	-	22,860
- Vanguard Australian Shares Index fund	79,435	58,044
- Magellan Global Fund (Unhedged)	22,340	19,110
- MFS Global Equity Trust (Unhedged)	22,375	27,422
- Schroder Global Active Value (Unhedged)	-	28,723
- Vanguard International Share Index Fund	22,484	-
- Vanguard International Share Index Fund (Hedged)	29,745	28,828
- Celeste Australian Small Companies	17,953	19,867
- RARE Infrastructure Value Fund (Hedged)	27,239	27,739
- Macquarie Income Opportunity Fund	32,878	30,679
- Investors Mutual Australia Shares	35,254	40,623
- Fidelity Australia Equities Fund	39,054	44,633
	518,845	533,056
Accrued distributions	14,983	9,881
Total financial assets	533,828	542,937
18. Other assets		
Current		
Accrued contributions	6,900	7,920
Prepayments	45	108
	6,945	8,028

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

19. Plant and equipment

Reconciliations of the carrying amounts of furniture and fittings, 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
2020				
Carrying amount at start of period	172	76	23	271
Additions	-	-	7	7
Disposals	-	-	-	-
Write-offs	-	-	-	-
Depreciation	(26)	(41)	(12)	(79)
Carrying amount at end of period	146	35	18	199

	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

	2020 \$000	2019 \$000
Right-of-use assets		
Buildings	1,557	-
Plant & Equipment	-	-
Vehicles	32	-
Concessionary leases	-	-
Net carrying amount at 30 June 2020	1,589	-
Additions to right-of-use assets during the 2020 financial year was \$15,485. Loss on sale of right-of-use-assets during the 2020 financial year was \$880.		
Buildings	146	-
Plant & Equipment	-	-
Vehicles	19	-
Concessionary leases	-	-
Total right-of-use asset depreciation	165	-

The total cash outflows for leases in 2020 was \$220,633.

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

The Board has leases for motor vehicle and office accommodation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

19. Plant and equipment continued

The office 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 April 2021 and 15 March 2024.

Up to 30 June 2019, the Board classified leases as either finance or operating leases. From 1 July 2019, the Board recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 21.

Initial recognition

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

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

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

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

Subsequent Measurement

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

Depreciation and impairment of right-of-use assets

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

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

Right-of-use assets are tested for impairment when an indication of impairment is identified.

	2020 \$000	2019 \$000
Lease interest expense	85	-
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	1	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

20. Impairment of assets

There were no indications of impairment to plant and equipment at 30 June 2020.

There were no surplus assets held at 30 June 2020.

21. Lease Liabilities

Current

151

-

Non-current

1,676

-

Total lease liabilities

1,827

-

22. Payables

Trade payables

619

907

Accrued salaries

46

27

Accrued expenses

242

316

907

1,250

23. Provisions

Current

Employee benefits provision

Annual leave^(a)

169

234

Long service leave^(b)

285

341

454

575

Other provisions

Employment on-costs^(c)

80

95

Total current employee related provisions

534

670

Non-current

Employee benefits provision

Long service leave^(b)

57

73

57

73

Other provisions

Employment on-costs^(c)

10

11

Total non-current employee related provisions

67

84

Total employee related provisions

601

754

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

23. Provisions continued

- (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.
- (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.
- (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.

Carrying amount at start of the year

Additional provision recognised

Carrying amount at end of period

2020 \$000	2019 \$000
105	79
(16)	26
89	105

24. Equity

Retained earnings

Balance at 1 July 2018

Correction of prior period errors

Result for the period

Balance at end of period

2020 \$000	Restated 2019 \$000
226,219	163,269
-	24,766
3,277	38,184
229,496	226,219

Fair Value Reserve

Balance at 1 July 2018

Correction of prior period errors

Balance at end of period

-	38,425
-	(38,425)
-	-

Total equity at end of period

229,496	226,219
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25. Cash and cash equivalents

Bankwest Cash Account

First Wrap Plus Cash Account

Colonial First Rate Wholesale Saver

Balance at end of period

15,344	27,512
1,413	12,376
44,821	40,738
61,578	80,626

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

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);

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

29. Explanatory Statement

This statement provides details of significant variances between estimates (original budget) and actual results for 2020 and between the actual results for 2020 and 2019.

Narratives are provided below for key major variances, which are for the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Financial Position.

Statement of Comprehensive Income Variances

	Variance Note Est/Act.	Variance Note Act/Act.	Estimate 2020	Actual 2020	Restated Actual 2019	Variance between Estimate and Actual 2020	Variance between Actual result for 2020 and 2019
			\$000	\$000	\$000	\$000	\$000
Income							
Investment income	1	1	32,442	26,652	21,858	(5,790)	(4,794)
Interest revenue	1	1	409	243	540	(166)	297
Contribution from employers	-	6	-	-	37,739	-	(37,739)
Accrued long service leave	-	6	-	-	7,001	-	(7,001)
Net remeasurement changes in fair value	2	1	-	(42,639)	19,963	(42,639)	62,602
TOTAL INCOME			32,851	(15,744)	87,101	(48,595)	13,365
Expenses							
Employee benefits expense		2	2,404	2,394	2,062	(10)	(332)
Supplies and services	3	3	1,356	1,559	1,334	203	(225)
Depreciation & amortisation expense	4	4	86	244	100	158	(144)
Finance costs	4	4	40	116	33	76	(83)
Accommodation expenses	4	4	308	115	297	(193)	182
Other expenses	5	5	610	428	619	(182)	191
Loss on sale of assets			-	1	-	1	-
TOTAL EXPENSES			4,804	4,857	4,445	53	(411)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

29. Explanatory Statement (continued)

Estimates (2020) and Actual (2020) Variance Narratives

1. Actual investment income was lower than the estimate as a result of unfavorable underlying portfolio performance due to the COVID-19 Pandemic. Actual investment return was a negative return of (2.4%). The actual rate of interest was lower than estimated (Actual 0.66% estimate 1.88%).
2. The change in fair value of financial assets which was previously measured through other comprehensive income is now measured through profit and loss.
3. Supplies and services costs are related to implementation costs for the Board's new ICT Transformation Project - Project Phoenix which were not included in estimates. (\$294,198).
4. With the introduction of AASB 16 Leases from 1 July 2019, the Board has recognised leased properties and motor vehicles as Right of Use assets and lease liabilities in the balance sheet. This has resulted in an increase in depreciation on the Right of Use assets and interest on the lease liabilities, and a decrease in accommodation expenses, compared to the budget.
5. The Board had a number of retirements resulting in lower employee on-costs.

Actual (2020) and Actual (2019) Variance Narratives

1. Investment return for 2020 was a negative return (2.42%) as compared to a positive return 7.69% in 2019. Cash at bank was lower than previous year.
2. The increase in employee benefits expense variance between (2020) actual and (2019) actual is a result of the Board paying two CEO from July to March 2020 and a number of FTE positions filled in 2019/20 financial year. This year there were a couple of retirements from the Board.
3. Increase supplies and services costs is due to implementation costs for the Board's new ICT Transformation Project - Project Phoenix \$294,198, COVID-19 pandemic costs and higher spending on legal costs as compared to previous year.
4. The introduction of AASB 16 Leases from 1 July 2019, the Board has recognised leased properties and motor vehicles as Right of Use assets and lease liabilities in the balance sheet. This has resulted in an increase in depreciation on the Right of Use assets and interest on the lease liabilities, and a decrease in accommodation expenses, compared to previous year.
5. The Board had a number of retirements over the past 12 months resulting in lower employee on-costs also the actual provision for doubtful debts was lower in 2020.
6. The impact of the new revenue accounting standards, AASB 15 and AASB 1058, resulted in contributions from employers and long service leave payments being reported through accrued long service leave liabilities in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**For the Year Ending 30 June 2020****30. Financial Instruments****Categories of Financial Instruments**

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

	2020 \$000	2019 \$000
Financial Assets		
Cash and cash equivalents	61,578	80,626
Receivables	647	387
Financial assets	533,828	542,937
	596,053	623,950
Financial Liabilities		
Financial liabilities	907	1,250

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the Year Ending 30 June 2020

31. Compensation of Key Management Personnel

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

Compensation of Members of the Accountable Board

Compensation Band (\$)	2020	2019
0 - 5,000	2	6
5,001 - 10,000	1	1
10,001 - 15,000	-	2
15,001 - 25,000	3	3
25,001 - 35,000	1	-
	\$000	\$000
Total compensation of members of the Accountable Board:	79	95

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

Compensation of Senior Officers

Compensation Band (\$)	2020	2019
50,001 - 100,000	2	-
130,001 - 140,000	1	-
180,001 - 190,000	1	1
250,001 - 260,000	1	-
280,001 - 290,000	-	1
	\$000	\$000
Total compensation of Senior Officers:	727	469

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

No Senior Officers are members of the Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**For the Year Ending 30 June 2020****31. Compensation of Key Management Personnel continued****Board and Committee Remuneration**

Fees paid to Board Members during the period were:

Member	Position	Period of membership	Gross	Superannuation	Total Remuneration
Ms S. Barrera	Chair	1/07/19 to 30/06/20	23,433	2,226	25,659
Ms J. Alilovic	Member	1/07/19 to 30/06/20	14,910	1,416	16,326
Mr M. Buchan ¹	Member	1/07/19 to 30/06/20	3,728	354	4,082
Ms M. Hammat ²	Member	1/07/19 to 30/06/20	-	-	-
Mr S. McCartney ³	Member	1/07/19 to 30/06/20	-	-	-
Mr M. McLean	Member	1/07/19 to 30/06/20	14,910	1,416	16,326
Ms K. Schick	Member	1/07/19 to 30/06/20	14,910	1,416	16,326
			71,891	6,828	78,719
Paid to Board Member's Employers			63,766	-	63,766
Total fees paid			135,657	6,828	142,485

Paid in this financial year:

1. Mr Buchan's board fees of \$11,152 from 1/10/2019 to 30/06/2020 was paid directly to CFMEU (WA).
2. Ms Hammat's board fees of \$26,307 from 25/09/2018 to 30/06/2020 was paid directly to UnionsWA.
3. Mr McCartney's board fees of \$26,307 from 25/09/2018 to 30/06/2020 was paid directly to AMWU (WA).

32. Remuneration of auditor

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

Auditing the accounts, financial statements controls and key performance indicators

2020 \$000	2019 \$000
29	29

33. Supplementary financial information**Write-offs**

Bad debts written off by the Board members during the financial year

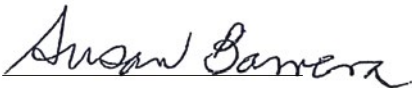
199	162
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AUDITED KEY PERFORMANCE INDICATORS


For the Year Ending 30 June 2020

Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Construction Industry Long Service Leave Payments Board's performance and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ended 30 June 2020.



Susan Barrera
Chair



Michael McLean
Member of the Board

AUDITED KEY PERFORMANCE INDICATORS CONTINUED

For the Year Ending 30 June 2020

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 2020 there was a small decrease 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.

As evidenced in KEI (iii), the Board considered the rate of 1.0% (from 1 January 2020) to be sufficient to maintain the Balance Sheet within the Board approved Accounting Ratio range.

Over the preceding ten years, as per KEI (iv), the Board has generated a positive investment return, however a negative 2.4% return was received in 2020 due to the economic impact of the COVID-19 pandemic. MyLeave Board Members acknowledge that the annual investment performance will fluctuate on a year in/ year out basis.

KEI (v) shows the number of registered employees and number of employees paid a benefit. There were less employees in the industry as compared to target due to industry downturn.

In regard 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.

The Key Efficiency Indicators are significantly less than Other State Schemes (average). The Key Efficiency Indicator (i) has increased as a result of the Board's new IT project called "Project Phoenix", legal and computer expenses coupled with the reduction in the number of employees registered with the Scheme from 107,873 (2019) to 106,392 (2020).

Specific costs not normal to operational requirements in 2019/20 - Project Phoenix \$294,198 and COVID-19 costs \$105,347.

AUDITED KEY PERFORMANCE INDICATORS CONTINUED

For the Year Ending 30 June 2020

Key Effectiveness Indicators

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

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Registered Employers - Average for the year (number)	4,992	4,958	4,992	5,013	5,049
Change in average number of Registered Employers (%)		(0.7%)	(0.4%)	(0.7%)	(0.5%)
Growth in Firms in the Industry (IBISWORLD Pty Ltd) (%)		*	2.9%	1.0%	3.7%

* 2019/2020 statistics were not available at the time of preparation of this Report.

(ii) Eligible and Registered Construction Industry Employees for whom Contributions have been made

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Employees contributed for - Average for the year (number)	62,420	62,191	62,420	63,794	68,134
Change in average number of Employees contributed for (%)		(0.4%)	(2.2%)	(6.4%)	(11.0%)
Change in number of Employees in the industry (%) *		(1.9%)	(15.3%)	13.0%	1.9%

* 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 2020). Occupations: Technicians and Trades Workers plus Machinery Operators and Drivers).

(iii) Construction Industry Employers Long Service Leave Contribution Rate

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Contribution Rate (%)	1.10%	1.05% ^(a)	1.15% ^(b)	1.28% ^(c)	1.35%

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

(b) The contribution rate was decreased from 1.20% to 1.10% with effect from 1 January 2019

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

AUDITED KEY PERFORMANCE INDICATORS CONTINUED**For the Year Ending 30 June 2020****Key Effectiveness Indicators continued****(iv) Annual Return Derived from the Board's Investments**

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Board's Investment Return (%)	5.70%	(2.42%)	7.69%	6.89%	9.02%
Investment Return - (Average)					
Composite Index (%)		(1.34%)	8.60%	8.34%	8.28%

Investment return of (2.42%) was in line with underlying portfolio performance driven by world markets and events.

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

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Employees Registered in the Scheme (number)	107,873	106,392	107,873	112,245	121,533
Number of Employees paid a benefit (number)	4,793	5,286	5,808	5,445	5,808

Benefits paid totaling 5,275 (2019: 5,808) was driven by underlying construction industry activity.

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

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Employees Registered in the Scheme (number)	107,873	106,392	107,873	112,245	121,533
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit (number)	88,795	88,847	91,198	96,391	106,634
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service (number)	9,337	8,930	8,319	7,954	7,716
Employees qualified for a long service leave benefit - more than 10 years of service (number)	9,741	8,615	8,356	7,900	7,183

AUDITED KEY PERFORMANCE INDICATORS CONTINUED**For the Year Ending 30 June 2020****Service**

Management of the Construction Industry Long Service Leave Scheme.

Key Efficiency Indicators**(i) Average Administrative Cost Per Registered Construction Industry Employee**

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
W.A. Scheme Cost per Employee (\$)	\$44.54	\$45.66	\$41.21	\$37.01	\$34.76
Other State Schemes (average) (\$)		*	\$53.74	\$51.93	\$50.36

* 2019/2020 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

FINANCIAL YEAR	2020 Target	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Staff per thousand employees (number)	0.19	0.20	0.19	0.18	0.17
Other State Schemes (average) (number)		*	0.33	0.32	0.34

* 2019/2020 figures not available at the time of preparation of the Report.

OTHER STATUTORY INFORMATION

Ministerial Directives

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Capital Works

No capital projects were completed during 2019-2020.

Employment and Industrial Relations

Staff Profile	2020	2019
Full time permanent	20.0	19.0
Part time measured on a FTE basis	1.4	1.4
Total	21.4	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 2019/2020 was \$19,139.

Other Legal Requirements

Unauthorised Use of Credit Cards

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

There was no personal usage for the 2019/20 financial year.

OTHER STATUTORY INFORMATION CONTINUED

Other Legal Requirements continued

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

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 2020		
	Target for 2019/2020	Actual for 2019/2020
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.

OTHER STATUTORY INFORMATION CONTINUED

Other Legal Requirements continued

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.

Freedom of Information

(Freedom of Information Act 1992)

There were two Freedom of Information applications received for 2019/20 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 2020/2021 financial year:

ANNUAL ESTIMATES 2020/21	
Income	\$000
Contribution from employers	25,000
Net investment revenue	12,416
Other Income	-
Total income	37,416
Expenses	\$000
Long service leave payments	55,000
Employee benefits expense	2,631
Supplies and services	1,338
Depreciation and amortisation	282
Finance costs	115
Accommodation expenses	122
Net change in members' benefits liabilities	10,000
Other expenses	1,181
Total expenses	70,669

AUDITOR'S REPORT



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 2020, 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 2020 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 Responsibility 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 entity'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.

Page 1 of 4

AUDITOR'S REPORT CONTINUED

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

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 2020.

The Board's responsibilities

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

Auditor General's responsibilities

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

An assurance engagement 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 non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

AUDITOR'S REPORT CONTINUED

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 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Construction Industry Long Service Leave Payments Board are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

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 entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

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

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

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

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

AUDITOR'S REPORT CONTINUED

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

This auditor's report relates to the financial statements and key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



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15 September 2020

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