



Annual Report 2022-23

YOUR TIME TO ENJOY

myleave.wa.gov.au

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

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

OFFICE:	Level 3, 50 Colin Street, WEST PERTH, 6005
POSTAL ADDRESS:	PO Box 1333, WEST PERTH, 6872
ABN:	43 638 379 092
WEB ADDRESS:	www.myleave.wa.gov.au
EMAIL:	hi@myleave.wa.gov.au
TELEPHONE:	08 9476 5400
BANK:	Bankwest a division of Commonwealth Bank of Australia
INVESTMENT ADVISOR:	Commonwealth Private a division of Commonwealth Bank of Australia
ACTUARY:	PricewaterhouseCoopers
EXTERNAL AUDITOR:	Office of the Auditor General / William Buck
BUSINESS HOURS:	8.00 am to 4.30 pm Monday to Friday
PUBLICATIONS:	Pamphlets and other material are available from the Board's Office and the Board's web site.
ACKNOWLEDGEMENTS:	Thank you to Construction Training Fund for providing some of the images used throughout this publication.

ISSN 1033-4173



Contents

Statement of Compliance	1
Chair's Foreword	3
Chief Executive's Report	4
Performance Highlights	5
Overview	6
Scheme Operations	6
Communications	9
Compliance Activities	10
Legislation	12
Technology	13
Investment	14
Financial Position	17
Operational Structure	19
Enabling Legislation	19
Responsible Minister	19
Board Members	20
Organisational Structure	24
Administered Legislation	28
Other Key Legislation Impacting on Activities	28
Performance Management Framework	29
Outcome Based Management Framework	29
Changes to the Outcome Based Management Framework	29
Shared Responsibilities with Other Agencies	29



Contents

Board Performance	30
Report on the Operations	30
Summary of Key Performance Indicators	31
Significant Issues Impacting the Board	32
Current and Emerging Issues and Trends	32
Economic and Social Trends	34
Changes in Written Law	34
Likely Developments and Forecast Results of Operations	34
Other Statutory Information	36
Ministerial Directions	36
Other Financial Disclosures	36
Governance Disclosures	36
Other Legal Requirements	37
Government Policy Requirements	39
Annual Estimates	41
Financial Statements	44
Disclosures and Legal Compliance	45
Certification of financial statements	45
Statement of Comprehensive Income	46
Statement of Financial Position	47
Statement of Changes in Equity	48
Statement of Cash Flows	49
Notes to the financial statements	50
1. Basis of preparation	50
2. Our funding sources	51
3. Use of our funding	52
4. Key assets	57
5. Other assets and liabilities	60
6. Financing	66
7. Financial instruments and contingencies	70
8. Other disclosures	72
Audited Key Performance Indicators	81
Certification of Key Performance Indicators	81
Key Performance Indicators	82
Independent Auditor's Report	86

Statement of Compliance

For year ended 30 June 2023

Hon Bill Johnston MLA
Minister for Industrial Relations

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Construction Industry Long Service Leave Payments Board for the reporting period ended 30 June 2023.

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

23 August 2023



John Gelavis
Member of the Board
MyLeave

23 August 2023



Chair's Foreword



Post COVID, the operations of MyLeave have largely returned to normal, but challenges remain. The building industry has experienced labour shortages and supply chain difficulties. Our investment portfolio returns have improved but the financial outlook remains volatile. Despite these issues, the Board remains cautiously optimistic that the long term future for the scheme remains positive.

This positive outlook is supported by trends in the number of registered workers (up by 11%), apprentices (up by 7%) and employers (up by 3%). Our investment assets increased by 2%, helped by investment returns of 8.9%.

Compared to last year, there were increases in the number of LSL payments made, the total amount of LSL payments and the average size of LSL payments.

Consistent with MyLeave's mission of managing construction industry portable long service leave in an efficient and effective manner, the Board's focus has been to ensure that financial assets are sufficient to meet payment obligations now and into the future, and that the administration of the scheme is optimised. Governance arrangements are also a high priority for the Board's attention.

The Board is confident that the major efficiency initiative of upgrading of the customer relationship management (CRM) system will result in improved customer service and more streamlined operations.

Despite the demands of the new CRM system and other initiatives, the Board is confident that the current low level of the levy for employer contributions, based on actuarial advice, can be maintained at a reasonable level subject to regular monitoring and review.

The Board is pleased to note that some significant milestones have been reached:

- Noting that the legislation governing the operation of the scheme is, in some instances, inconsistent with contemporary work practices in the construction industry the Board initiated a review process of the Act, approved by the Minister. The review, which is being conducted by an independent

organisation will involve extensive stakeholder consultation and research.

- MyLeave has developed a Communications Strategy which aims to improve our ability to communicate with employers, employees and other stakeholders.
- An important component of administering the scheme is to ensure compliance with the Act. The emphasis is on education and proactive compliance to ensure that enforcement via prosecution is the last resort. An indicator of the success of this approach is the fact that, of the registered employers, over 98% submitted their Employer Returns.
- The Board has been reviewing some of the statutory interpretations under the existing Act due to potential areas of ambiguity. The industry will be notified if there are any changes to the way the provisions are currently applied.

The Board has benefited from a stable membership and Board members who demonstrate a constructive approach to decision making. Current board members possess a wealth of experience and knowledge in all aspects of the industry. As Chair, I would like to recognise and express my gratitude for the ongoing contributions which Board members make to the complex matters which come to the Board for consideration. I would also like to thank the CEO, the Executive Team, and all employees of MyLeave for their efforts in making the scheme work for the benefit of employees and employers.

Susan Barrera
Chair | MyLeave Board

Chief Executive's Report



The demand for workers due to a high level of construction activity has seen the number of registered workers increase to over 123,000. During the year MyLeave recorded 12.4 million days of service which is approaching the highest level recorded of 13.7 million days in 2012/2013.

This increased activity with more construction workers, combined with higher wages, has resulted in the total long service liability increasing by over \$65 million. The increase in liabilities combined with a low contribution levy has resulted in surplus funds reducing in accordance with the Board's strategy for funding levels to be closer to target which includes a margin to accommodate changes in economic conditions. In recent years the Board has been in a very strong financial position that has enabled it to keep the contribution levy low and absorb the adjustment in liabilities.

The number of payments to workers has again increased over the previous year with 4,540 payments at a total of almost \$40 million. MyLeave continues to provide benefits to construction workers in Western Australia with around 72,000 workers receiving \$550 million in long service leave benefits since commencing in 1987.

The investment portfolio provided a solid return of \$52 million during the year at 8.9%. This is due to a recovery in the investment markets over the last year even though the markets have been through a period of volatility due to global impacts and increasing interest rates to address inflationary pressures.

Despite the increase in liabilities mentioned above, the Board's net assets are still strong at \$163 million giving a surplus funding ratio of 137% (157% in 2021/2022) which is marginally above the target funding ratio of 130%. Total assets are at \$610 million and liabilities of \$447 million.

The reduction in the funding ratio was a good outcome for workers with the value of benefits and weeks of leave increasing, as well as providing financial relief to the industry via the reduced contribution levy. The contribution levy was maintained at 0.1% for the year continuing to be at the lowest level in 20 years (excluding the COVID

relief levy). This provided the industry with a direct saving of \$40 million below the long term cost of the scheme based on a contribution levy of 1.1% as per actuarial advice.

A contract was awarded during the year for the implementation of MyLeave's customer relationship management system and this is expected to be operational in 2024. All the architectural and foundational work has been completed with development work on the functional requirements now well underway.

An independent review has commenced on the scheme's legislation that has been in operation for nearly four decades. The review aims to determine whether the overarching intent of the Act is being met for the contemporary construction industry and its workers. The recommendations from the review will look at ways of improving the operation of the scheme and will be reported to the Minister for consideration.

Our review of some statutory interpretations under the existing Act is nearing completion. The results will assist in providing greater clarity around some of the provisions.

My continuing thanks and appreciation go to staff for their dedication, hard work, support and achievements throughout the year. I also acknowledge the commitment of team members to the mission and purpose of MyLeave in servicing the needs of our customers.










Board members continue to provide guidance and support assisting the team meet objectives and improve the overall business of MyLeave. I would like to acknowledge Board members for their participation and help over the last year.

Jason Buckley
Chief Executive Officer | MyLeave







Performance Highlights

Performance activities are shown below with a comparison to last year as a percentage.




Workers


 4,540 LSL payments to workers ↑ 7.0%	 \$39.8 Million LSL payments to workers ↑ 10.4%	 \$8,774 Average LSL payment (gross) ↑ 3.1%
 123,100 Registered workers ↑ 10.6%	 6,558 Apprentices* *No charge to employers ↑ 7.3%	 4,592 Interstate Workers ↑ 61.5%
 20,340 Workers with vested LSL benefits ↑ 5.3%	 12.4 million Service days ↑ 9.0%	 1,423 Days of service queries ↑ 13.6%

Employers

 5,368 Registered employers ↑ 2.9%	 98.1% Average employer returns received ↔	 \$4.2 billion Industry wages ↑ 17.4%
 0.1% Levy ↓ -66.6%	 \$5.5 million Employer contributions* *Includes prior year adjustments ↓ -55.2%	 \$40 million Contribution levy below long term cost ↑ 60.0%

MyLeave Operations

 \$608 million Investment assets ↑ 2.0%	 \$445 million LSL liabilities ↑ 17.4%	 137% Liability cover ↓ -12.7%
 \$6.4 million Operational expenses ↑ 23.1%	 8.9% \$52 million Investment return ↑ 16.0%	 \$65.5 million Increase in LSL liabilities ↑ 460%

 less than 1% change.

Overview

Participation increased with an uplift in registered workers to around 123,000 with 12.4 million days of service recorded for an average of almost 74,000 workers with service recorded each quarter. The number of long service leave payments increased further from last year to almost pre-pandemic levels at more than 4,500 payments for the year at a total of almost \$40 million.

The contribution levy has been maintained at a historically low level at 0.1% of wages in an effort to reduce the Board's surplus and return the surplus ratio back to target levels. This has provided \$40 million in benefits to construction industry employers below the long-term cost of the scheme of 1.1%. Investment returns have been positive at 8.9% with proceeds of \$52 million showing a recovery from the negative return last year. Long service leave liabilities increased by \$65.5 million following the actuarial review due to higher wage rates over the last 12 months, higher pay inflation rate assumptions for future years, as well as more registered workers.

As a result of the above factors the Balance Sheet ended the year with an accounting surplus ratio of 137% (assets/liabilities). It is important that MyLeave continues to maintain a strong financial position to be able to meet long service leave liabilities and withstand fluctuations in the financial markets and the construction industry over the longer term.

Scheme Operations

In 2023 the number, and value, of payments to workers was 4,540 totalling \$39.8 million. The contribution levy has remained at 0.1% since January 2022. The Board of MyLeave was pleased to be able to continue with the low contribution levy due to a continuing strong financial position at June 2022. The reduced levy provides relief to employers whilst the funding amount is reduced to bring it more in line with the Board's target funding. The long term cost of the scheme is estimated at 1.1%, and with industry wages at \$4.18 billion for the year, the reduced levy provided a saving to the industry of \$40 million.

Board Members will soon decide the applicable levy for the year commencing 1 January 2024. MyLeave's Actuary, PricewaterhouseCoopers, will assist Board Members in their determination of the levy for 2024. As detailed in this Annual Report, MyLeave is in a sound financial position however Board Members need to ensure in determining the 2024 contribution levy, that MyLeave maintains its Mission:

"To provide financially sustainable portable long service leave for eligible Western Australia construction industry employees".



CONTRIBUTION LEVY						
	Jan 2019	Jan 2020	Jul 2020	Jan 2021	Jan 2022	Jan 2023
Levy percentage	1.10%	1.00%	0.01%	0.5%	0.1%	0.1%
Change	-0.10%	-0.10%	-0.99%	+0.49%	-0.4%	Nil

MyLeave statistics for 2023 show a continuing increase of workers in the construction industry driven by strong demand in the construction sector and labour shortages.

WORKERS					
	2019	2020	2021	2022	2023
Total registered	107,873 -4%	106,392 -1%	106,287 -0.1%	111,281 4.7%	123,100 10.6%
Total contributed for (average per quarter)*	62,420 -2%	62,191 0%	62,392 0.3%	67,701 8.5%	73,570 8.6%
Total days of service (average per quarter)*	2,556,098 -3.2%	2,588,099 1.2%	2,580,505 -0.3%	2,853,811 10.6%	\$3,110,101 9.0%
Number of benefits paid	5,808 6.7%	5,286 -9%	3,670 -30.4%	4,242 15.6%	4,540 7.0%
Value of benefits paid	\$44.5 m 1.8%	\$40.9 m -8.1%	\$29.1 m 28.9%	\$36.1 m 24.1%	\$39.8 m 10.4%

* Three quarter average from September to March.

Days of service recorded increases

The above data highlights the increase of 8.6% in active workers (Total contributed for) over the last year and two years in a row with an increase over 8%. The number of active workers has shown an increase of 18% to 73,570 from 2019.

The long service leave scheme continues to demonstrate its importance and value for construction workers in Western Australia with around 72,000 workers paid \$552 million since the Board commenced operations in 1987.

The quarterly average number of days of service has increased in 2023 from 2.85 million in 2022 to 3.11 million (9.0%).

The contribution levy revenue from employers decreased in 2023 to \$5.5 million, from the 2022 level of \$12.3 million. This was primarily due to the reduction in the levy from 0.5% in January 2022.

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

The average number of registered employers has again shown a continuing increase in the last year.

EMPLOYERS					
	2019	2020	2021	2022	2023
Total registered (average for the year)	4,992	4,958	5,052	5,215	5,368
Contribution levy amount	\$37.7 m -8.7%	\$32.7 m -13.2%	\$9.7 m -70.3%	\$12.3 m 26.8%	\$5.5 m -55.2%
Total industry wages	\$3.28 b 1.3%	\$3.02 b -7.9%	\$3.10 b 2.7%	\$3.56 b 14.8%	\$4.18 b 17.4%



Communications

MyLeave have developed and implemented a Communications Strategy to increase awareness of MyLeave and the important benefits we provide to the WA Construction Industry. This includes the use of Facebook and LinkedIn to provide our stakeholders with another avenue of obtaining information and communicating with us.

As part of the Communications Strategy, a brand refresh was recommended, developed and implemented to modernise MyLeave's corporate image and to align the organisation with the modern-day construction industry.

The MyLeave website has been migrated to the WA.gov platform meaning users can be assured that they are visiting a trustworthy source of information and have the additional benefit of being able to use the whole of Government search function from the WA.gov.au landing page.

Event marketing has also been recommended in the Communications Strategy to engage with stakeholders and increase brand awareness. This has given staff the opportunity to interact with the public and to become an additional avenue for communication and dialogue. MyLeave have hosted stands at the Careers Expo, Tradie Expo, and the SkillsWest Careers Expo in 2023 with the vision to continue attending these events in the future.

These initiatives are aimed at increasing accessibility of relevant information and ensuring that the information is reaching the right people. Our communications team are eager to implement more of the initiatives outlined in our Communications Strategy and to build on our member-base by ensuring that all eligible workers and employers are registered with MyLeave.



Compliance Activities

The *Construction Industry Portable Paid Long Service Leave Act 1985* serves to provide workers with long service leave entitlements. This serves to provide loyal workers of the construction industry with rest and respite for their hard work. This in turn attracts and retains workers in the industry providing benefits for employers.

The scheme relies on accurate and timely information from employers. To ensure workers obtain their entitlements our Compliance and Advisory Team, work with the goal of delivering fair, sustainable and accountable management of MyLeave operations. We strive for excellence in service delivery by providing quality advice and guidance, doing all we can to ensure compliance with legislative, policy and regulatory requirements. Our Team works within our regulatory framework and aims to

provide accountable and consistent advice, ensuring that complex issues are resolved as efficiently as possible.

The MyLeave compliance and advisory function aims to work together with industry and employees to resolve issues to the satisfaction of all involved. We demonstrate our commitment to honesty and integrity by following fair and robust policies and procedures, acting impartially in all our interactions.

Proactive Compliance

It is noted that there was an increase in enquiries and requests for assistance by both employees and employers over the preceding reporting period. Proactive compliance activity identified 660 potential employers with whom we initiated contact. The increase from 2021/2022 (579 employers identified) a variation of 14%, resulted in increased effort in compliance activity. A total of 261 employer questionnaires were distributed, an increase of 43 from 2021/2022 (19%).

Employer Registration Assessments

In 2022/2023 there were 657 new employers that were assessed as eligible and registered with the Scheme.

Days of Service Queries

In 2022/2023, 1,423 days of service enquiries were received from employees, up from 1,252 in 2021/2022. 54% were resolved by communicating with the employer and 18% were referred for further inspection. The remainder are currently being examined.

Assessments/Adjustments

As a result of compliance activity in monitoring the accuracy of information reported on employer returns, 318 adjustments were made to employee records. An increase from 284 adjustments from 2021/2022 (12%).



660 Employers identified



657 new employers registered for the Scheme



14% increase in days of service queries



318 adjustments to employee records

Employers Return Compliance Activities

MyLeave did not receive 3,665 Employer Returns by the specified statutory date, a decrease of 13% from 2021/2022. This required on average 916 compliance interventions per quarter. The increased compliance resulted in reduced enforcement effort and prosecutions, allowing diversion of compliance team activity towards days of service enquires and examination of adjustment data.



On average 98.1% of Employer Returns were received

% Returns Received Per Quarter	2021	2022	2023
Quarter 1	98.5%	98.5%	98.9%
Quarter 2	98.0%	98.4%	98.5%
Quarter 3	97.6%	97.6%	97.9%
Quarter 4	96.4%	96.4%	97.0%
Average	97.6%	97.7%	98.1%

Inspections

After a number of years using predominately remote inspection methods due to challenges presented by the COVID-19 pandemic, the inspection program began moving back towards in-person inspections, supplemented by the efficiencies of remote technologies realized during the pandemic.

After managing demand during the COVID-19 pandemic by excluding new employer registrations from automatic inspections, inspections on registration has recommenced resulting in an increase of 447 inspections and a 61% increase in completed inspections. This is in addition to a 73% increase from 2021/2022.



704 initiated and 691 Inspections completed

Enforcement

Prosecutions decreased by 48% from 2021/2022, a result of the increase in proactive compliance. MyLeave commenced 85 employer prosecutions, 9 are waiting to be heard, and all other employers have now fully complied.



85 prosecutions commenced

WAIRC Review

During the year, one case was heard and finalised by the WAIRC.

Compliance Summary

Progress on review, interpretation and application of our regulatory framework continues with a view to resolving significant challenges and providing positive results for both employees and employers whilst satisfying regulatory requirements. Development continues on improved information technology systems which will enable streamlined compliance activity and considerable efficiency dividends in education, proactive intervention, self-service capabilities and consistent outcomes.

Legislation

An independent review of the *Construction Industry Portable Paid Long Service Leave Act 1985* is in progress. KPMG were awarded the contract for the review with a finalised report scheduled for 30 November 2023.

The review aims to determine whether the overarching intent of the Act is being met for the contemporary construction industry and its workers. The industrial relations environment in Western Australia has evolved since the commencement of the Act over 35 years ago, and it is important to examine whether it reflects the modern construction workforce, and the Act operates as intended.

Once completed, the final report will be presented to the Minister for consideration.

The review has undertaken significant consultation with stakeholders undertaking in-person stakeholder consultation sessions, virtual meetings, online survey and written submission portal avenues available for stakeholder feedback. To encourage and facilitate stakeholder consultation, advertisements and invitations to participate were placed in the main Western Australian newspaper publication along with advertising on the MyLeave website and links contained in MyLeave staff electronic communications.

Industry and worker representative groups were notified of the review by individual correspondence and encouraged to communicate the Review Team consultation sessions with their members, as well as raise awareness of the ability for all interested stakeholders to provide feedback and make submissions.

Active consideration continues on proposed amendments to accommodate construction workers who work on ships and were excluded by a decision of the Western Australian Industrial Relations Commission in 2016. Consultation on these issues has previously been undertaken with approximately 60 stakeholders including industry representatives from both employees and employers.

Consideration continues for proposed amendments to rectify anomalies whereby construction workers are not able to accumulate service if they are stood down.

It is likely these amendments will be introduced into Parliament at the same time as any amendment required to accommodate construction workers who work on ships.

The Board is undertaking a review of some statutory interpretations which may affect contributions made by employers and entitlements for workers. Whilst this review is in progress, there are no definitive outcomes at this stage, and guidance and advice from MyLeave on accepted and contemporary interpretations apply.

Technology

Procurement of a system developer was completed during the year and work on developing the system customised to MyLeave’s bespoke business requirements is well underway. The CRM is being developed on the Microsoft Dynamics 365 platform configured to support employers and workers with their leave submissions and balances and providing a modern system for MyLeave’s employees to interact with and support such transactions.

The objective is to transform MyLeave’s business to a fully digital, secure, cloud-based operation that is cost effective, focuses on meeting the business needs whilst providing its customers with the best possible user experience. The transformation will involve replacing a very complex legacy system and redesigning processes to achieve more reliable and efficient business activities.

This project has been a major focus of staff during the year to ensure the full requirements of the scheme are achieved. It is planned to be operational by June 2024.

Substantial effort has also been put into improving our cyber security posture based on the Australian Cyber Security Centre Essential 8. This will help MyLeave to protect our systems and customer data from malicious cyber threats.



Investment

In 2023 the investment return percentage achieved by MyLeave was 8.9%, which is a better result than the 2021 negative return of -7.1%, and greater than the 20 year long term average return of 6.8% 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.

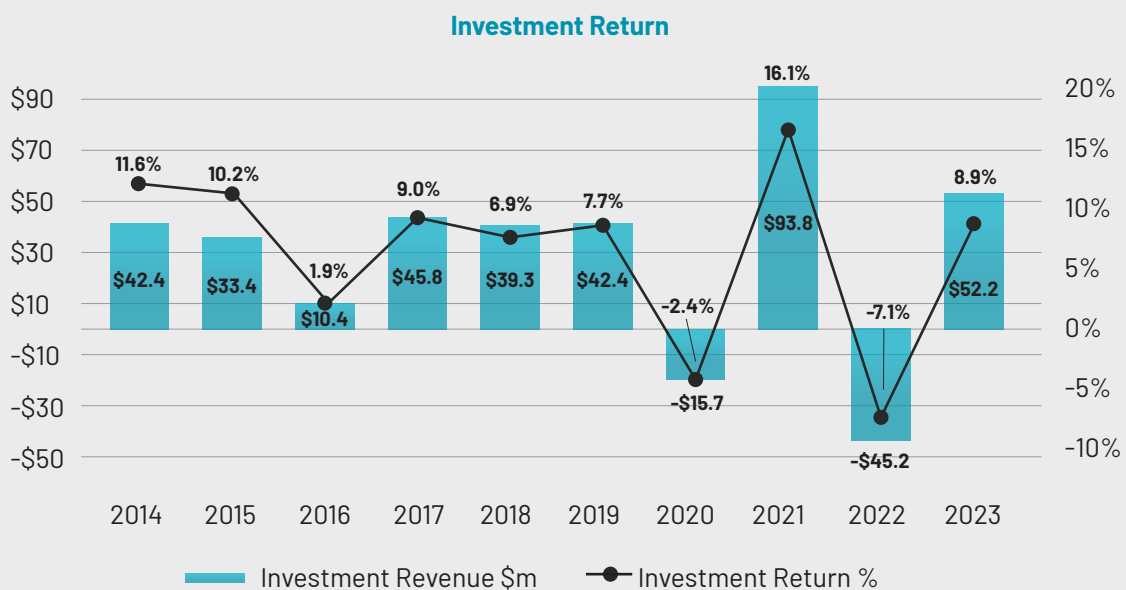
The proceeds from investments were \$52.2 million which contributes to covering the total long service liabilities and payments to workers.

MyLeave takes a long term view of investment returns and has set its strategy to match the long term liability profile of worker entitlements. MyLeave may experience

negative returns in some years, but this will be offset by positive returns so that in the longer term investment objectives are met.

It is important that MyLeave continues to maintain a sound Balance Sheet to address downturns in the investment markets.

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



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

Investment portfolio has a strong result

INVESTMENT ASSETS AND INCOME					
	2019	2020	2021	2022	2023
Investment assets	\$623 m	\$595 m	\$668 m	\$596 m	\$608 m
Investment income	\$42.3 m	-\$16.0 m	\$93.8 m	-\$45.2 m	\$52.2 m
Investment return	7.7%	-2.4%	16.1%	-7.1%	8.9%

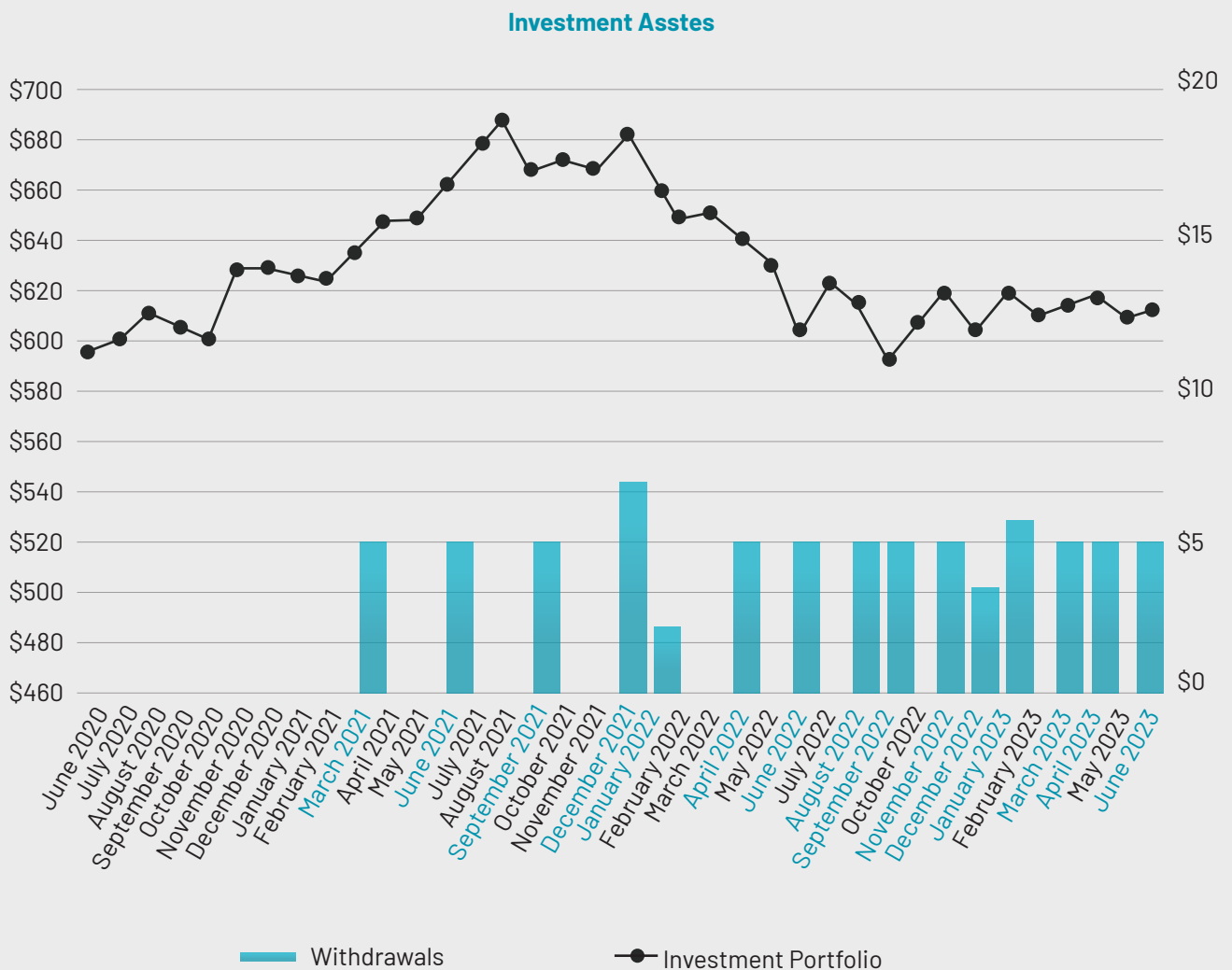
Whilst, over recent years, significant growth has been recorded in the investment portfolio, this aligns the portfolio to the Actuary's calculation of the total actuarial liability for worker payments. The investment portfolio is also required to have a financial buffer to cover global investment market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

The Statement of Comprehensive Income in this Annual Report details that in 2022/2023 the level of net investment income was \$52 million, and the contribution income from employers was \$5.5 million. As previously detailed, the contribution income was less than the 2021/2022 level of \$12.3 million.

The Board's investment assets have recovered from the economic impact of COVID-19 experienced in 2020. However there has been a negative impact on the value of the portfolio since its peak at \$689 million in August 2021 due to economic conditions around inflation and interest rates. The investment assets at 30 June 2023 are \$608 million.

The Board has withdrawn \$75 million from the portfolio to fund long service leave payments and operation expenses over the last three years. This is due to the low contribution levy that has been in place over that time.

The following chart shows the total investment assets by month over the last three years.



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

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

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

The average investment return over the last ten years has been 6.3% per year, and long term returns of 6.8% per year over 20 years.

The next table shows MyLeave's Strategic Asset Allocations (Benchmark and Actual) and the Notes to the Financial Statements provides specific details of the individual Fund Managers as at 30 June 2023.

STRATEGIC ASSET ALLOCATION			
Asset Class	Benchmark	Range	Actual 30 June 2023
Cash (including Term Deposits)	19%	5%-25%	17.8%
Fixed interest	21%	15%-35%	17.6%
Sub total	40%	30%-50%	35.4%
Australian listed equities	30%	10%-35%	32.9%
International listed equities	23%	10%-35%	25.2%
Property & infrastructure listed equities (international)	7%		6.5%
Sub total	60%	50%-70%	64.6%
Total	100%		100%

Financial Position

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

STATEMENT OF FINANCIAL POSITION					
	2019	2020	2021	2022	2023
Assets	\$632 m	\$605 m	\$674 m	\$599 m	\$610 m
Liabilities	\$406 m	\$375 m	\$397 m	\$382 m	\$447 m
Equity surplus	\$226 m	\$230 m	\$277 m	\$217 m	\$163 m
Accounting Ratio (Assets/ Liabilities)	156%	161%	170%	157%	137%

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

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

LONG SERVICE LEAVE LIABILITIES					
	2019	2020	2021	2022	2023
Vested LSL liability	\$260 m	\$253 m	\$277 m	\$284 m	\$330 m
Unvested LSL liability	\$144 m	\$119 m	\$116 m	\$95 m	\$115 m
Total LSL liability	\$404 m	\$372 m	\$393 m	\$379 m	\$445 m
Workers with vested LSL benefits	16,675	17,545	18,310	19,312	20,340

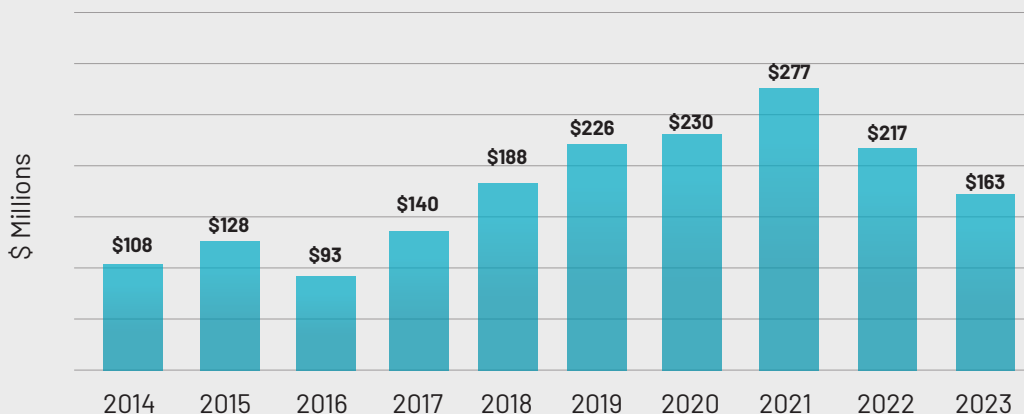
Actuarial liability increases

The increase in MyLeave's actuarial liability by \$65.5 million from last year was due to an increase in the average rate of pay, higher pay inflation rate assumptions for future years and an increase in the number of workers and accrued weeks of leave. An increase in the government bond rate used to determine the present value of anticipated long service leave payments partially offset the increase. The annual actuarial analysis includes a forecast for the short/medium term future liability and the actuarial liability is forecast to grow from \$445 million as at 30 June 2023 to \$475 million as at 30 June 2027.

The equity movement in 2022/2023 was -\$54 million. 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), government bond rate movement, and global investment market performance, which are outside of MyLeave's control.

The value of the Balance Sheet Equity (surplus/deficiency) and movement for the last ten years is shown in the following graph.

Balance Sheet Equity



The 2023 Balance Sheet Equity Surplus of \$163 million with an accounting ratio of 137% is more than MyLeave’s approved range of 110% - 130%. It is important that MyLeave retains a prudent coverage ratio to ensure the Balance Sheet Equity can withstand both future global investment market downturns and any material changes to the actuarial liability for worker payments.



Operational Structure

Enabling Legislation

The Construction Industry Long Service Leave Payments Board 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 were proclaimed on 19 December 1986. The operation of the scheme commenced by Ministerial Order on the appointed day of 6 January 1987.

Responsible Minister

The Honourable Bill Johnston MLA, Minister for Industrial Relations



Board Members

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

Business name: MyLeave



Board Chair

Susan Barrera

Appointed to the Board as Chair in September 2018. Susan worked for over 30 years in senior positions in the State Government including Executive Director Labour Relations and Director General Department of Communities. Susan is a consultant for The Nexus Network specialising in organisational change management.

Representing Workers



Mick Buchan

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



Lisa Judge

Appointed to the Board in September 2021. Lisa is the Assistant Secretary of UnionsWA, the state's peak union body, representing over 30 affiliated unions. Lisa previously held positions at CPSU/CSA and advisory positions with the ACT Government.



Steve McCartney

Appointed to the Board in May 2009 to September 2016. Reappointed to the Board in September 2018. Steve is the State Secretary of the Australian Manufacturing Workers Union since 2009. Steve previously held positions of State President and has worked for the Australian Manufacturing Workers Union since 2001.

Representing Employers



Jo Alilovic

Appointed to the Board in September 2018. Jo is Director and founder of 3D HR Legal. Jo is an HR lawyer and did her training in the largest independent law firm in Perth.



John Gelavis

Appointed to the Board in September 2020. John has 30 years' experience within the building and construction industry including sales, marketing, management, advocacy, and leadership roles. John is the Executive Director of Master Builders Association of WA and was previously the Executive Director of the Housing Industry Association for six years



Kate Schick

Appointed to the Board in September 2018. Kate is Principal advisor with the Construction Services Division at the Chamber of Commerce and Industry WA. Kate has had extensive experience in the major engineering, construction and maintenance industries having spent time working for both employer groups and contractors since 1996.



Appointment

The Act provides for the scheme to be administered by the Board which is a body corporate comprising seven members. The members of the Board have been appointed by the responsible Minister for a period of three years. Current Board members' appointments end on 24 September 2023.

The Chair is independently appointed by the Minister with other members appointed as follows.

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

Board Meeting Attendance	Number of meetings eligible to attend	Number of meetings attended
Susan Barrera (Chair)	7	7
Jo Alilovic	7	6
Mick Buchan	7	6
John Gelavis	7	6
Lisa Judge	7	6
Steve McCartney	7	4
Kate Schick	7	7

Audit and Risk Committee Attendance	Number of meetings eligible to attend	Number of meetings attended
Andrew Cox (Independent Chair)	4	4
Susan Barrera	4	3
Mick Buchan	4	4
John Gelavis	4	4

Board Remuneration

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

Position	Member	Type of remuneration	Period of membership	Term of appointment	Gross/actual remuneration
Chair	Susan Barrera	Board Payment	1/07/2022 to 30/06/2023	24 September 2023	\$35,084 #
Member	Jo Alilovic	Board Payment	1/07/2022 to 30/06/2023	24 September 2023	\$22,701 #
Member	Mick Buchan	Board Payment	1/07/2022 to 30/06/2023	24 September 2023	\$20,544 *
Member	John Gelavis	Board Payment	1/07/2022 to 30/06/2023	24 September 2023	\$20,544 *
Member	Lisa Judge	Board Payment	1/07/2022 to 30/06/2023	24 September 2023	\$20,544 *
Member	Steve McCartney	Board Payment	1/07/2022 to 30/06/2023	24 September 2023	\$20,544 *
Member	Kate Schick	Board Payment	1/07/2022 to 30/06/2023	24 September 2023	\$22,701 #
					\$162,662

Includes superannuation

* Remuneration paid directly to employer (excludes superannuation)



Organisational Structure

Vision

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

Mission

To provide financially sustainable portable long service leave for eligible Western Australian construction industry employees.

Objectives

- 1 To fully implement the scheme within the Western Australian construction industry by:**
 - ensuring all eligible employers are registered and that contributions are being paid for eligible employees; and
 - 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
 - minimising the administrative cost.

Strategic Plan

The Strategic Plan 2023-26 includes 18 strategies within five key focus areas as follows:

1 My Service

Customer focused and efficient organisation ensuring employees receive LSL benefits.

2 My Team

Capable people that are engaged, resilient and results orientated.

3 My Systems

'Digital-first' processes that deliver accurate and efficient results using reliable systems.

4 My Investment

Manage investment funds to meet liabilities and minimise the contribution rate.

5 My Oversight

Strong governance across all facets of the operations and decision making.

Values



Working together

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



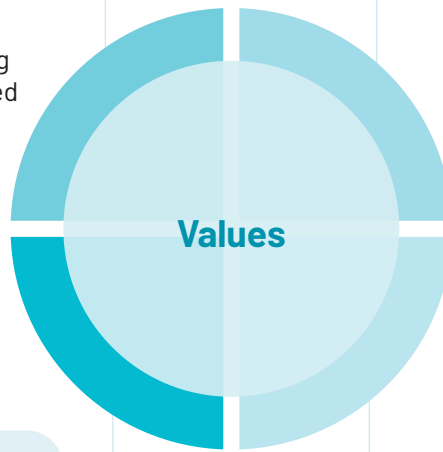
Honesty & integrity

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



Excellence in service delivery

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



Consistency

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



Organisation Chart



As at 30 June 2023, MyLeave's staffing level was 26.6 FTE

Senior Officers



Chief Executive Officer

Jason Buckley

Jason joined MyLeave in July 2019. Jason is responsible for assisting the Board in meeting its strategic objectives and administering the Act with the support of the General Managers and MyLeave employees.



General Manager

James Dew

Corporate and Finance

James commenced with MyLeave in January 2021. James leads the corporate teams which deliver the finance, information technology, human resources, records and procurement functions.



General Manager

Brandon Shortland

Compliance, Legal and Risk

Brandon joined MyLeave in May 2022. Brandon leads the compliance team who work with employers to ensure construction workers receive their correct long service leave entitlements. The team also review and interpret the statutory legislation. Other areas of responsibility include internal compliance, audit and risk management.



General Manager

Daniel Kelly

Operations and Communications

Daniel was employed by MyLeave in September 2018. Daniel leads the operations team who assess and process long service leave claims for construction workers, and the data from returns lodged by employers recording service entitlements for their workers. Daniel also oversees communications and stakeholder engagement.

Administered Legislation

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

Other Key Legislation Impacting on Activities

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

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

Auditor General Act 2006

Contaminated Sites Act 2003

Crime Corruption Commission Act 2003

Disability Services Act 1993

Electoral Act 1907

Equal Opportunity Act 1984

Financial Management Act 2006

Freedom of Information Act 1992

Fringe Benefits Tax Assessment Act 1986

Government Financial Responsibility Act 2000

Income Tax Assessment Act 1936 (Cth)

Income Tax Act 1986

Industrial Relations Act 1979

Library Board of Western Australia Act 1951

Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Payroll Tax Assessment Act 2002

Procurement Act 2020

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

State Records Act 2000

Statutory Corporations (Liability of Directors) Act 1996

Superannuation Guarantee (Administration) Act 1992

Taxation Administration Act 2003

Trustees Act 1962

Work Health and Safety Act 2020

Workers Compensation and Injury Management Act 1981



Performance Management Framework

Outcome Based Management Framework

Outcome

Financially sustainable portable long service leave for eligible Western Australian construction industry employees

Key Effectiveness Indicators

- (i) Eligible employers who have registered with the Board.
- (ii) Eligible and registered construction industry employees for whom contributions have been made (average per quarter).
- (iii) Eligible employers long service leave contribution rate.
- (iv) Annual return derived from the Board's investments.
- (v) Construction industry employees who have received a long service leave payment.
- (vi) Qualifying service profile of construction industry employees for whom contributions have been made.

Service

Management of the Construction Industry Long Service Leave scheme

Key Effectiveness Indicators

- (i) Average administrative cost per registered construction industry employee.
- (ii) Full time equivalent staff employed per thousand of registered Western Australian construction industry employees.

Changes to the Outcome Based Management Framework

The Board's Outcome Based Management Framework did not change during 2023.

Shared Responsibilities with Other Agencies

The Board did not share any responsibilities with other agencies in 2023.

Board Performance

Report on the Operations

Actual results versus budget targets

Financial Targets	2023 Target ⁽¹⁾ (\$000)	2023 Actual (\$000)	Variation ⁽²⁾ (\$000)
Total cost of services (expense limit) (details from Statement of comprehensive income)	8,590	6,427	2,163 ^(a)
Net cost of services (details from Statement of comprehensive income)	27,210	45,848	18,638 ^(b)
Total equity (sourced from Statement of Financial Position)	239,854	163,358	(76,496) ^(c)
Agreed salary expense level	3,401	3,341	60
Agreed borrowing limit (where applicable)	-	-	-

(1) As specified in the Budget Statements.

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

(a) This variation is primarily due to underspends in non-recurring expenses including CRM development costs, an Act review, development of a new records management system, employment benefit expenses and legal expenses.

(b) The net cost of service was higher than estimated due to better than expected earnings on investments made on the Board's funds. The underlying portfolio performance was estimated at 5.5% and the actual is 8.9% due to strong domestic and international markets returns.

(c) Total equity increased greater than anticipated due to the following factors:

	(\$000)
Higher provision/value for long service leave liability than forecast	(65,266)
Lower opening 1 July 2022 total equity than forecast	(30,160)
Higher number/value of long service leave payments than forecast	(1,334)
Higher investment income than forecast	16,450
Lower operating expenses than forecast	2,164
Higher contribution from employers than forecast	1,626
Higher other income than forecast	24
Equity Variance	(76,496)

Summary of Key Performance Indicators

	2023 Target ⁽¹⁾	2023 Actual	Variation ⁽²⁾
Outcome: Financially sustainable portable long service leave for eligible Western Australian construction industry employees.			
Key Effectiveness Indicators:			
(i) eligible employers who have registered with the Board.	5,215	5,368	153
(ii) eligible and registered construction industry employees for whom contributions have been made (average per quarter).	67,701	73,570	5,869
(iii) eligible employers long service leave contribution rate.	0.1%	0.1%	Nil
(iv) annual return derived from the Board's investments.	5.50%	8.92%	3.42%
(v) construction industry employees who have received a long service leave payment.	4,350	4,540	190
(vi) qualifying service profile of construction industry employees for whom contributions have been made: - Total number of employees qualified for a long service leave benefit	21,864	20,340	(1,524)
Service: Management of the Construction Industry Long Service Leave scheme.			
Key Efficiency Indicators:			
(i) average administrative cost per registered construction industry employee.	\$67.03 p.a.	\$52.21 p.a.	(\$14.82 p.a.)
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.24	0.22	(0.02)

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

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

Significant Issues Impacting the Board

Current and Emerging Issues and Trends

The key trend for MyLeave to monitor is the activity in the Western Australian construction industry. As detailed under the 'Year in Review' section, the quarterly worker data submitted by employers indicates there has been an increase of 8.6% in workers receiving contributions.

Post pandemic, Western Australia is experiencing a sustained recovery from rising commodity prices. There are record low levels of unemployment as well as net interstate migration returning to its peak mining boom related highs. Housing commencements are expected to be subdued under the weight of higher interest rates, supply constraints, and labour shortages. A recovery is expected with commencements increasing to 20,890 by 2024/2025.¹

HOUSING STARTS			
	Year	Number	Change (%)
Actual	2018-2019	15,480	-16%
	2019-2020	13,600	-12%
	2020-2021	23,610	74%
	2021-2022	21,340	-10%
Forecast	2022-2023	15,400	-28%
	2023-2024	17,230	12%
	2024-2025	20,890	21%

The Australian Construction Industry Forecasting Council ("ACIF") has published the following historical Actual results and detailed Forecasts for the value of construction in Western Australia as at May 2023². Total building and construction activity declined by 2.4% in 2021/2022 to \$31.4 billion. This was driven by a significant decline in Engineering Construction (7.4% decline).

Non-Residential Building grew by 19.9% in 2021/2022, from \$3.7 billion to \$4.4 billion. Total building and construction activity is expected to experience a significant increase in 2022/2023 of 4.7%, driven predominantly by strong results in Non-Residential Building and Engineering Construction. Activity is expected to peak in 2022/2023, before levelling off.

¹HIA State Outlook (Western Australia) - Autumn Edition 2023

² Australian Construction Market Report - May 2023 Table 10.30 (page 105)



VALUE OF CONSTRUCTION IN WESTERN AUSTRALIA ACTUAL VALUE (\$MILLION)					
	2018	2019	2020	2021	2022
Residential building	9,750	9,230	8,012	8,266	8,286
Non-Residential building	4,800	3,860	4,038	3,655	4,384
Engineering construction	34,270	17,151	17,792	20,220	18,714
Total construction	48,820	30,240	29,841	32,141	31,384

VALUE OF CONSTRUCTION IN WESTERN AUSTRALIA FORECAST VALUE (\$MILLION)					
	2023	2024	2025	2026	2027
Residential building	7,791	8,035	7,848	8,039	8,659
Non-Residential building	4,731	4,137	4,285	4,474	4,507
Engineering construction	20,334	20,476	20,545	20,651	19,714
Total construction	32,856	32,648	32,678	33,164	32,880

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

1) Contribution levy from employers can remain low subject to achieving the target funding level

The returns on investment portfolio, at the average long term return, has the potential to meet the annual long service leave payments to workers as well as meeting MyLeave’s operational expenses.

The positive investment returns this year will assist in achieving a low contribution rate, however the upwards movement in the long service liability due to increased worker wages and numbers will put pressure on the Board being able to maintain the contribution levy at a lower level than the long term cost of the scheme.

Lower contribution income from employers could be a financial risk if liabilities continue to increase at the rate recently experienced. If there is a lower contribution levy, the risk of default from employers is reduced.

2) Wage inflation and increase in construction workers increasing LSL liabilities

The construction sector is in a period of strong demand, and with a shortage of skilled workers, the scheme experienced a relatively large increase in worker wages. If this experience continues with higher wages to construction workers over a sustained period, LSL liabilities will increase. This may impact the Board’s funding ratio. However, the increase in liabilities can be managed with making measured increases rather than sharp adjustments to the contribution levy.

3) Draw down of capital from the investment portfolio to fund LSL payments and operations

Due to reduced contribution income from a lower levy, it has been necessary to draw down funds from the investment portfolio to fund long service leave payments to workers and to fund MyLeave's operations to administration costs. The investment portfolio will be supplemented by earnings that have the potential to offset the redemption of funds.

4) Increasing annual number of payments to workers

The number and value of payments made per annum has increased and appears to be heading towards pre-pandemic levels. Higher payments to workers is positive and consistent with the purpose of the scheme to make payments to workers who reach the minimum service period to receive a benefit.

The Board is undertaking a review of some statutory interpretations which may affect contributions made by employers and entitlements for workers. Whilst this review is in progress, there are no definitive outcomes at this stage.

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

Economic and Social Trends

Economic trends affecting investment markets, labour demand, construction activity, and wage inflation will impact on the operations of the Board. The investment markets have been through a period of volatility due to global impacts including the increase in interest rates to address inflationary pressures. Construction activity is at a high level and labour shortages exist to meet demand which is having a consequent impact on wage growth.

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



Other Statutory Information

Ministerial Directions

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Capital Works

No capital projects were completed during 2022/2023. However, expenses of \$1,028,000 have been incurred for an IT transformation project to replace core systems. Although a non-recurrent expenditure, this amount is not regarded as capital due to the application of accounting standards.

Employment and Industrial Relations

Employees are employed under the provisions of the *Government Officers' Salaries, Allowances and Conditions Award 1989* and the *Public Sector CSA Agreement 2021*. Staffing arrangements at 30 June 2023 compared with previous years is listed in the table below.

Staff Profile	2023	2022
Full time permanent	22.0	21.0
Full time contract	4.0	1.0
Part time measured on a FTE basis	1.2	1.4
On secondment	Nil	1.0
Total	27.2	24.4

Staff Development

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

Workers Compensation

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

Governance Disclosures

Contracts with Senior Officers

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

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. The amount of the insurance paid for 2022/2023 was \$21,978 (ex GST).



Other Legal Requirements

Unauthorised Use of Credit Cards

Officers of the Board hold corporate credit cards where their functions warrant usage of this facility. Each cardholder is reminded of their obligations under the Board's credit card policy. There was no personal usage for the 2022/2023 financial year.

Advertising, market research, polling, and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the Board incurred the following expenditure in advertising, market research, polling, direct mail, and media advertising. Total expenditure for 2021/2022 was \$78,177.

Expenditure was incurred in the following areas.

Expenditure	Organisation	Amount (\$)	Total (\$)
Direct mail	Zipform (1)	\$83,175	\$83,175
Media advertising	Branch Media Initiative Media Ark Media Dowd Publications	\$7,980 \$4,024 \$3,686 \$700	\$16,390
Recruitment advertising	Seek	\$1,405	\$1,405
Grand total			\$100,970

(1) Direct mail of notices and notifications to employers and workers registered with MyLeave.

Compliance with Public Sector Standards & Ethical Codes

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

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

Recordkeeping Plan

(*State Records Act 2000, Section 61*)

The Board is committed to ongoing compliance with the *State Records Act 2000* and to sound recordkeeping practices. The Board's Recordkeeping Plan was reviewed in accordance with the five year review timetable. The Review Report was submitted to the State Records Office on 2 June 2023. The Board utilises the services of an external consultant to ensure compliance with the *State Records Act 2000*.

National Strategic Plan for Asbestos Awareness and Management 2019-2023

The Board leases premises for its business operations. The property owner engaged an external consultant to review existing hazardous material management documentation and conduct a site audit to then provide hazardous material management documentation that meets the requirements of the *Work Health and Safety (WHS) Act 2020*.

The most recent audit and report was completed in June 2023. This report noted low risk 'presumed asbestos' material in areas not accessible by staff or visitors to the Board's premises. Due to the low risk posed, the report recommends another review up to the five year review period in June 2028. The property manager is the nominated custodian of the hazardous material management plan and register.

Occupational Safety, Health and Injury Management

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

REPORTABLE STATISTICS				
	Results – Base Year (2020/21)	Results – Prior Year (2021/22)	Results – Current reporting year (2022/23)	Target
Number of fatalities	Zero	Zero	Zero	Zero
Lost time injury and disease (LTI/D) incidence rate*	Zero	Zero	Zero	Zero (0) or 10% improvement on the previous three (3) years
Lost time injury and disease (LTI/D) severity rate*	Zero	Zero	Zero	Zero (0) or 10% improvement on the previous three (3) years
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	Not applicable	Not applicable	Not applicable	Greater than or equal to 80% return to work within 26 weeks
Percentage of managers and supervisors trained in work health and safety injury management responsibilities	Zero	Zero	Zero	Greater than or equal to 80%

*There were no lost times injuries over the reporting period. Therefore, there are no additional comments about targets.

Disability Access and Inclusion

(Disability Services Act 1993, Section 2)

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

Corruption Prevention

The Board's policies and procedures relating to the financial management processes it follows, the management of its computer information systems data, its risk management plan, the extensive use of independent external advisors and auditors together with regular Board oversight of operations fosters a strong corporate culture of accountability across the organisation which minimises the risk of misconduct and corrupt behaviour.

Substantive Equality

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

WA Multicultural Policy Framework

A multicultural plan for the 2022/2023 financial year has not been submitted and is to be developed. In the March 2023 quarterly entity profile, the Board had 9 staff who advised they are from culturally and linguistically diverse backgrounds representing 32% of the workforce and exceeding the public sector target of 15.5%.

Public Interest Disclosure

(Public Interest Disclosure Act 2003)

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

Freedom of Information

(Freedom of Information Act 1992)

There was one Freedom of Information application received for 2022/2023 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.

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

FOI Coordinator
MyLeave

PO Box 1333
West Perth WA 6872

Telephone: (08) 9476 5400

Email: hi@myleave.wa.gov.au

Internal audit

In compliance with Section 53(1)(d) of the *Financial Management Act 2006* and *Treasurer's Instruction 1201*, the Board has established an internal audit function to improve governance, risk management and internal controls.

The role of the internal audit is contained in the Audit and Risk Committee Charter as endorsed by the Audit and Risk Committee and approved by the Board. To comply with revised *Treasurer's Instruction 1201(3)*, the Committee is independently chaired by a suitably qualified person who is not employed by MyLeave.

Government Policy Requirements

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





Annual Estimates

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

The Minister for Industrial Relations, Hon Bill Johnston MLA, approved the following Budget Estimates for the 2023/2024 financial year on 6 April 2023 under section 40 of the *Financial Management Act 2006*.

STATEMENT OF COMPREHENSIVE INCOME	Estimate \$000
INCOME	
Investment income	32,000
TOTAL INCOME	32,000
EXPENSES	
Employee benefits expense	(3,648)
Supplies and services	(1,588)
Depreciation and amortisation expense	(223)
Finance costs	(84)
Accommodation expenses	(127)
Other expenses	(326)
Non-recurring project expenses	(2,183)
TOTAL EXPENSES	(8,179)
NET RESULT FROM OPERATING ACTIVITIES	23,821
NET CHANGE IN ACCRUED LSL LIABILITIES	
Contribution income from employers	4,000
Long service leave payments	(41,000)
(Increase)/decrease in LSL provision	(4,900)
NET CHANGE	(41,900)
TOTAL COMPREHENSIVE INCOME	(18,079)

Annual Estimates continued

STATEMENT OF FINANCIAL POSITION	Estimate \$000
ASSETS	
Current Assets	
Cash and cash equivalents	32,345
Receivables	566
Other current assets	976
Financial assets	546,536
Total Current Assets	580,423
Non-Current Assets	
Property, plant and equipment	175
Right-of-use assets	1,003
Total Non-Current Assets	1,178
TOTAL ASSETS	581,601
LIABILITIES	
Current Liabilities	
Accrued long service leave benefits liabilities	295,413
Payables	795
Lease liabilities	189
Employee related provisions	436
Total Current Liabilities	296,833
Non-Current Liabilities	
Accrued long service leave benefits liabilities	98,882
Lease liabilities	1,076
Employee related provisions	222
Total Non-Current Liabilities	100,180
TOTAL LIABILITIES	397,014
NET ASSETS	184,587
EQUITY	
Retained earnings	184,587
TOTAL EQUITY	184,587

Annual Estimates continued

STATEMENT OF CASH FLOWS	Estimate \$000
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Receipts from employers	3,810
Interest received	1,000
GST receipts from taxation authority	166
Payments	
Employee benefits	(3,648)
Supplies and services	(3,734)
Finance costs	(22)
Accommodation	(127)
Payments for long service leave	(41,000)
GST payments on purchases	(219)
Other payments	(320)
Net cash provided by/(used in) operating activities	(44,094)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Proceeds from sale of investments	45,000
Distributions received	15,600
Payments	
Purchase of financial assets	(15,622)
Purchase of non-current assets	(119)
Net cash provided by/(used in) investing activities	44,859
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal elements of lease payments	(228)
Net cash provided by/(used in) financing activities	(228)
Net increase/(decrease) in cash and cash equivalents	537
Cash and cash equivalents at the beginning of the period	31,808
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	32,345

Financial Statements

The Board has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2023 which provides users with information about the Board's stewardship of resources entrusted to it. The financial information is presented in the following structure:

Disclosures and Legal Compliance	45	6. Financing	66
Certification of financial statements	45	6.1 Financial assets.....	66
Statement of Comprehensive Income	46	6.2 Lease liabilities.....	67
Statement of Financial Position	47	6.3 Finance costs	69
Statement of Changes in Equity	48	6.4 Cash and cash equivalents	69
Statement of Cash Flows	49	6.5 Capital commitments.....	69
Notes to the financial statements	50	7. Financial instruments	
1. Basis of preparation	50	and contingencies	70
2. Our funding sources	51	7.1 Financial instruments	70
2.1 Investment revenue.....	51	7.2 Contingent assets and liabilities..	71
2.2 Analysis of net change in fair		8. Other disclosures	72
value of investments	51	8.1 Events occurring after the	
2.3 Interest revenue	52	end of the reporting period.....	72
2.4 Other income	52	8.2 Changes in accounting policy.....	72
3. Use of our funding	52	8.3 Key management personnel.....	73
3.1(a) Employee benefits expenses...52		8.4 Related party transactions.....	74
3.1(b) Employee related provisions ...53		8.5 Related bodies	74
3.2 Other expenditure.....	55	8.6 Affiliated bodies.....	74
4. Key assets	57	8.7 Remuneration of auditors	74
4.1 Property, plant and equipment57		8.8 Supplementary	
4.2 Right-of-use assets	59	financial information	74
5. Other assets and liabilities	60	8.9 Explanatory statement	
5.1 Receivables.....	60	(Controlled Operations).....	75
5.2 Other assets	61	Audited Key Performance Indicators	81
5.3 Accrued long service leave		Certification of Key	
benefits liability.....	61	Performance Indicators	81
5.4 Payables	65	Key Performance Indicators	82
		Key Effectiveness Indicators	83
		Service.....	85
		Key Efficiency Indicators	85
		Independent Auditor's Report	86

Disclosures and Legal Compliance

Certification of financial statements

For the reporting period ended 30 June 2023

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 2023 and the financial position as at 30 June 2023.

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.



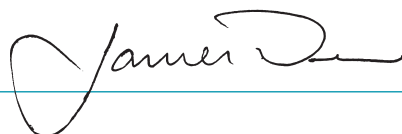
Susan Barrera
Chair

23 August 2023



John Gelavis
Member of the Board

23 August 2023



James Dew
Chief Finance Officer

23 August 2023

Statement of Comprehensive Income

For year ended 30 June 2023

	Notes	2023 (\$000)	2022 (\$000)
INCOME			
Investment income/(loss)	2.1; 2.2; 2.3	52,250	(45,178)
Other income	2.4	25	8
TOTAL INCOME/(LOSS)		52,275	(45,170)
EXPENSES			
Employee benefits expenses	3.1(a)	3,147	2,822
Supplies and services	3.2	2,235	1,760
Depreciation and amortisation expenses	4.1; 4.2	202	197
Finance costs	6.3	82	94
Accommodation expenses	3.2	132	119
Other expenses	3.2	629	220
TOTAL EXPENSES		6,427	5,212
NET RESULT FROM OPERATING ACTIVITIES		45,848	(50,382)
Net change in accrued LSL liabilities	5.3	(99,774)	(9,562)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(53,926)	(59,944)

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

Statement of Financial Position

As at 30 June 2023

	Notes	2023 (\$000)	2022 (\$000)
ASSETS			
Current Assets			
Cash and cash equivalents	6.4	27,468	2,933
Receivables	5.1	203	568
Other current assets	5.2	1,515	1,004
Financial assets	6.1	580,264	593,420
Total Current Assets		609,450	597,925
Non-Current Assets			
Property, plant and equipment	4.1	142	118
Right-of-use assets	4.2	1,167	1,330
Total Non-Current Assets		1,309	1,448
TOTAL ASSETS		610,759	599,373
LIABILITIES			
Current Liabilities			
Accrued long service leave benefits liabilities	5.3	329,623	284,101
Payables	5.4	578	709
Lease liabilities	6.2	177	158
Employee related provisions	3.1(b)	450	391
Total Current Liabilities		330,828	285,359
Non-Current Liabilities			
Accrued long service leave benefits liabilities	5.3	115,040	95,096
Lease liabilities	6.2	1,262	1,437
Employee related provisions	3.1(b)	271	197
Total Non-Current Liabilities		116,573	96,730
TOTAL LIABILITIES		447,401	382,089
NET ASSETS		163,358	217,284
EQUITY			
Retained earnings		163,358	217,284
TOTAL EQUITY		163,358	217,284

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

Statement of Changes in Equity

For the year ended 30 June 2023

	Notes	Total equity (\$000)
Balance at 1 July 2021		277,228
Net result from operating activities		(59,944)
Total comprehensive income for the period		(59,944)
Balance at 30 June 2022		217,284
Balance at 1 July 2022		217,284
Net result from operating activities		(53,926)
Total comprehensive income for the period		(53,926)
Balance at 30 June 2023		163,358

Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 (\$000)	2022 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from employers		5,159	15,055
Interest received		371	4
GST receipts from taxation authority		116	147
Payments			
Employee benefits		(3,013)	(2,865)
Supplies and services		(2,049)	(1,504)
Finance costs		(13)	(20)
Accommodation		(132)	(119)
Payments for long service leave		(39,834)	(36,083)
GST payments on purchases		(250)	(206)
Other payments		(394)	(321)
Net cash provided by/(used in) operating activities		(40,039)	(25,912)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of investments		118,043	28,725
Distributions received		26,151	29,695
Payments			
Purchase of financial assets		(79,331)	(77,117)
Purchase of non-current assets		(59)	(26)
Net cash provided by/(used in) investing activities		64,804	(18,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(230)	(216)
Net cash provided by/(used in) financing activities		(230)	(216)
Net increase/(decrease) in cash and cash equivalents		24,535	(44,851)
Cash and cash equivalents at the beginning of the period		2,933	47,784
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.4	27,468	2,933

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

Notes to the financial statements

For the year ended 30 June 2023

1. Basis of preparation

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

These annual financial statements were authorised for issue by the Board in its capacity as the Accountable Authority on 23 August 2023.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

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

The FMA and TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

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

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) receivables and payables are stated with the amount of GST included (where applicable).

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief from presenting comparatives for:

- Property, Plant and Equipment reconciliations; and
- Right-of-Use Asset reconciliations.

Notes to the financial statements

For the year ended 30 June 2023

Judgements and estimates

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

2. Our funding sources

How we obtain our funding

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

	Notes	2023 (\$000)	2022 (\$000)
Investment revenue	2.1	17,480	27,279
Analysis of gains/(losses) from investments	2.2	34,229	(72,461)
Interest revenue	2.3	541	4
Other income	2.4	25	8

Contribution income from employers is disclosed in note 5.3.

2.1 Investment revenue

	2023 (\$000)	2022 (\$000)
Distributions from managed funds	17,480	27,279
	17,480	27,279

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

2.2 Analysis of gains/(losses) from investments

	2023 (\$000)	2022 (\$000)
Investments realised during the period		
Securities in listed entities	7,643	11,428
Total realised gains/(losses)	7,643	11,428
Investments held at reporting date		
Fixed interest securities	1,387	(13,077)
Securities in listed entities	25,199	(70,812)
Total unrealised gains/(losses)	26,586	(83,889)
Net gains/(losses) from investments	34,229	(72,461)

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

Notes to the financial statements

For the year ended 30 June 2023

2.3 Interest revenue

	2023 (\$000)	2022 (\$000)
Bank account, cash investments and term deposits interest	541	4
Total interest revenue	541	4

Interest revenue is recognised as the interest accrues.

2.4 Other income

	2023 (\$000)	2022 (\$000)
Resources received free of charge	25	8
Total other income	25	8

Other income comprises resources received from other public agencies. These are recognised as income equivalent to the fair value of assets received, or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

3. Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2023 (\$000)	2022 (\$000)
Employee benefits expenses	3.1(a)	3,147	2,822
Employee related provisions	3.1(b)	721	588
Other expenditure	3.2	2,996	2,099

3.1(a) Employee benefits expenses

	2023 (\$000)	2022 (\$000)
Employee benefits	2,846	2,562
Superannuation – defined contribution plans	301	260
Total employee benefits provided	3,147	2,822

Employee benefits include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees.

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

Notes to the financial statements

For the year ended 30 June 2023

3.1(b) Employee related provisions

	2023 (\$000)	2022 (\$000)
Current		
<u>Employee benefits provisions</u>		
Annual leave	278	262
Long service leave	149	113
	427	375
<u>Other provisions</u>		
Employment on-costs	23	16
Total current employee related provisions	450	391
Non-current		
<u>Employee benefits provisions</u>		
Long service leave	257	189
	257	189
<u>Other provisions</u>		
Employment on-costs	14	8
Total non-current employee related provisions	271	197
Total employee related provisions	721	588

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

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

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

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

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

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

Notes to the financial statements

For the year ended 30 June 2023

3.1(b) Employee related provisions (continued)

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, note 3.2 (apart from the unwinding of the discount [finance cost])' and are not included as part of 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Employment on-costs provision	2023	2022
	(\$000)	(\$000)
Carrying amount at start of period	24	27
Additional/(reversals of) provisions recognised	13	(3)
Carrying amount at end of period	37	24

Key sources of estimation uncertainty – long service leave

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

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

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

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

Notes to the financial statements

For the year ended 30 June 2023

3.2 Other expenditure

	2023 (\$000)	2022 (\$000)
Supplies and services		
Communications	149	131
Consultants and contractors	1,669	1,261
Consumables	324	248
Other supplies and services expenses	93	120
Total supplies and services expenses	2,235	1,760
Accommodation expenses		
Lease rentals	113	105
Repairs and maintenance	9	3
Light and power	10	11
Total accommodation expenses	132	119
Other expenses		
Board members' fees	163	154
Audit & Risk Committee fees	5	7
Payroll related expenses	153	125
Employment on-costs	25	(7)
Expected credit loss expense	232	(101)
Insurances	44	35
Motor vehicle expenses	7	7
Total other expenses	629	220
Total other expenditure	2,996	2,099

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

Consultants and contractors expenses includes \$1,028,000 (2022: \$604,000) relating to development costs for a new Customer Relationship Management (CRM) system. These costs were expensed (rather than capitalised as a work-in-progress Intangible Asset) in accordance with guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) in April 2021.

Lease rental expenses include:

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

Notes to the financial statements

For the year ended 30 June 2023

3.2 Other expenditure (continued)

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

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

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

Expected credit losses is recognised as the movement in the allowance for impairment of trade receivables. Please refer to note 5.1 movement in the allowance for impairment of receivables.

Payroll related expenses includes payroll tax and payroll preparation costs.

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

Notes to the financial statements

For the year ended 30 June 2023

4. Key assets

Assets the Board utilises for economic benefit or service potential

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

	Notes	2023 (\$000)	2022 (\$000)
Property, plant and equipment	4.1	142	118
Right-of-use assets	4.2	1,167	1,330

4.1 Property, plant and equipment

Year ended 30 June 2023	Furniture and fittings (\$000)	Leasehold improvements (\$000)	Office equipment (\$000)	Total (\$000)
1 July 2022				
Gross carrying amount	260	206	325	791
Accumulated depreciation	(165)	(206)	(302)	(673)
Accumulated impairment loss	-	-	-	-
Carrying amount at start of period	95	-	23	118
Additions	24	-	34	58
Disposals	-	-	-	-
Write-offs	-	-	-	-
Depreciation	(25)	-	(9)	(34)
Carrying amount at 30 June 2023	94	-	48	142
<u>Reconciliation</u>				
Gross carrying amount	284	206	359	849
Accumulated depreciation	(190)	(206)	(311)	(707)
Accumulated impairment loss	-	-	-	-
Carrying amount at 30 June 2023	94	-	48	142

Initial recognition

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

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

Subsequent measurement

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

Notes to the financial statements

For the year ended 30 June 2023

4.1 Property, plant and equipment (continued)

Useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

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

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

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

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

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

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

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

As at 30 June 2023, there were no indications of impairment to property, plant and equipment. All surplus assets at 30 June 2023 have either been classified as assets held for sale or have been written-off.

Notes to the financial statements

For the year ended 30 June 2023

4.2 Right-of-use assets

Year ended 30 June 2023	Office Accommodation (\$000)	Vehicles (\$000)	IT Equipment (\$000)	Total (\$000)
Carrying amount at beginning of period	1,283	18	29	1,330
Lease restructure	-	5	-	5
Depreciation	(149)	(9)	(10)	(168)
Net carrying amount as at end of period	1,134	14	19	1,167

The Board has leases for office accommodation, motor vehicles and IT equipment.

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

The motor vehicle leases are generally considered non-cancellable and it is assumed that the leases will continue for the assigned lease term. The scheduled termination of leases are between 15 March 2024 and 15 May 2027.

The IT equipment lease is considered to be non-cancellable and it is assumed that the lease will continue for the assigned lease term. The scheduled termination of the lease is April 2025.

Initial recognition

At the commencement date of the lease, the Board recognises right-of-use assets and a corresponding lease liability for most leases. The right-of-use assets are measured at cost comprising of:

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

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

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

For the year ended 30 June 2023

4.2 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 4.1.

5. Other assets and liabilities

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

	Notes	2023 (\$000)	2022 (\$000)
Receivables	5.1	203	568
Other assets	5.2	1,515	1,004
Accrued long service leave benefits liabilities	5.3	444,663	379,197
Payables	5.4	578	709

5.1 Receivables

	2023 (\$000)	2022 (\$000)
Current		
Employer debtors	513	526
Allowance for impairment of employer debtors	(326)	(135)
Other debtors	16	177
Total receivables	203	568

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

Allowance for impairment of employer debtors is measured at the lifetime expected credit losses at each reporting date, that is based on the Board's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Individual receivables are written off when the Board has no reasonable expectations of recovering the cash flows. Please refer to note 3.2 for the amount of expected credit losses expensed in this financial year.

Notes to the financial statements

For the year ended 30 June 2023

5.2 Other assets

	2023 (\$000)	2022 (\$000)
Current		
Accrued contributions	1,045	886
Prepayments	300	118
Accrued term deposit interest	170	-
Balance at end of period	1,515	1,004

Accrued contributions: contributions from employers are due at the end of each 3-month period. Consequently, contributions due in respect of the quarterly period to 30 June 2023 have been accrued.

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

5.3 Accrued long service leave benefits liability

	2023 (\$000)	2022 (\$000)
Opening balance	379,197	393,426
Increase/(decrease) in provision	65,466	(14,229)
Balance at end of period	444,663	379,197
Contribution income from employers	5,526	12,292
Long service leave payments	(39,834)	(36,083)
Net change in accrued LSL liabilities	99,774	9,562
Increase/(decrease) in provision	65,466	(14,229)
The liability is allocated as follows:		
Current		
Accrued long service leave benefits liability	329,623	284,101
Non-current		
Accrued long service leave benefits liability	115,040	95,096
Total	444,663	379,197

Notes to the financial statements

For the year ended 30 June 2023

5.3 Accrued long service leave benefits liability (continued)

Accrued Long Service Leave Benefit Liabilities

The Board accounts for the portable long service leave benefits liability under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* as a provision as it is a liability of uncertain timing or amount and the Board satisfies the below conditions:

- a) it has a present obligation as a result of a past event
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- c) a reliable estimate can be made of the amount of the obligation.

The Board engages a qualified actuary (PricewaterhouseCoopers) on an annual basis to measure the accrued long service leave benefit liabilities.

The actuarial valuation of long service leave benefit liabilities reflects the actuary's assessment of the benefits accrued up to the reporting date and payable to workers participating in the Scheme. The expected future payments are discounted based on assessments of the Commonwealth bond rate at an appropriate period. The duration of the selected discount instrument is (generally) similar to the Scheme's vesting period for a long service leave entitlement. The liability is calculated by the actuary using an actuarial valuation method that takes into account a range of assumptions.

The accrued portable long service leave benefit is classified as a current liability in the balance sheet where the Board does not have an unconditional right to defer the settlement of the liability for at least 12 months. Conversely, the remaining balance of the liability is classified as non-current in the balance sheet.

The key assumptions used to determine the values of accrued long service leave benefits were:

Notes to the financial statements

For the year ended 30 June 2023

5.3 Accrued long service leave benefits liability (continued)

	2023		2022	
Rate of workers' future pay increases *	5.0% per annum		4.0% per annum	
Discount rate	4.0% as quoted by the government bond rate for a 7.4 year term		3.6% as quoted by the government bond rate for a 7.4 year term	
Participation rate	44%		44%	
Termination rates	Completed years of service	Termination Rate	Completed years of service	Termination Rate
	Less than 1	26%	Less than 1	28%
	1	18%	1	20%
	2	16%	2	18%
	3	16%	3	17%
	4	15%	4	15%
	5	8%	5	8%
	6	6%	6	6%
	7	8%	7	8%
	8	8%	8	8%
	9	9%	9	8%
	10	8%	10	7%
	11	7%	11	6%
	12	8%	12	6%
	13	5%	13	6%
	14	6%	14	6%
	15 to 29	26%	15 to 29	21%
	30 or more	100%	30 or more	100%

* The rate of workers' future pay increases assumption is based on the actuary's long-term economic forecasts for future increases in construction industry salaries and wages and has been discussed with management.

Notes to the financial statements

For the year ended 30 June 2023

5.3 Accrued long service leave benefits liability (continued)

The actuary also uses sensitivity analysis to monitor the potential impact of changes to key variables about which assumptions need to be made. The actuary has identified four assumptions for which changes are reasonably possible that would have a significant impact on the amount (accounting value) of the accrued long service leave benefit liabilities:

- (i) Discount rate (bond yield);
- (ii) Pay inflation;
- (iii) Participation rate; and
- (iv) Termination rate.

The following are sensitivity calculations on a univariate basis for the discount rate, pay inflation, participation rate and termination rate assumptions, in aggregate:

Assumption	Reporting period	Assumed at reporting date	Reasonably possible change	Increase/ (Decrease) in accrued long service leave benefit liabilities \$'000
Discount rate	2023:	4.0%	+0.5% / -0.5%	(13,934) / 14,781
	2022:	3.6%	+0.5% / -0.5%	(12,165) / 12,195
Pay inflation	2023:	5.0%	1.0% / 0% pa in the first year and -1% pa thereafter	29,968 / (23,397)
	2022:	4.0%	1.0% / 0% pa in the first year and -4% pa thereafter	26,338 / (71,990)
Participation rate	2023:	44%	+10.0% / -10.0%	17,765 / (18,230)
	2022:	44%	+10.0% / -10.0%	14,731 / (15,375)
Termination rate	2023:	Various depending on completed years of service	+10.0% / -10.0%	(65,456) / 119,700
	2022:	Various depending on completed years of service	+10.0% / -10.0%	(50,228) / 83,423

5.3 Accrued long service leave benefits liability (continued)

The Board has a number of measures in place to manage risks associated with the Scheme, including the establishment of suitable funding objectives. These funding objectives and the Scheme's circumstances are taken into account by the actuary when recommending the required employer contribution rates.

Notes to the financial statements

For the year ended 30 June 2023

5.3 Accrued long service leave benefits liability (continued)

Accordingly, the Board and the Board's actuary continue to monitor the Scheme's funding position on a regular basis and the Board takes information into account annually when setting the contribution levy. Given the accounting ratio is currently above the target range of 110% to 130% at 137%, the actuary does not have any reason to believe that the Board will not continue to meet the Scheme's funding commitments. However, the actuary conducted scenario testing which indicated that based on the current contribution levy of 0.1%, a 'shock' scenario which resulted in an investment return of -10% p.a. in the first two years and 5% p.a. thereafter would result in the accounting ratio falling below the target range by 2024 and below solvency (deficit) by 2025. Similarly, for a 'major shock' scenario which resulted in an investment return of -15% p.a. in the first year, 0% p.a. for the second year and 5% p.a. thereafter, the accounting ratio is projected to yield a deficit within one year. As indicated above, the Board has the ability to adjust the contribution levy to accommodate investment return fluctuations.

The actuary stated that the Board had a positive funding position as at 30 June 2023 (2022: strong funding position) measured by the coverage of benefits by assets.

The accrued long service leave benefit liabilities have changed in the current financial year as a result of contribution income from employers, long service leave payments and gains and losses relative to the actuarial assumptions adopted.

Vested Benefits

Vested benefits are benefits which are not conditional upon continued participation in the Scheme and include benefits where registered workers' were entitled to a long service leave claim at the reporting date. An unconditional entitlement exists once registered workers' have completed the requisite period of service, equal to 1,540 service days (equivalent to 7 years of accumulated employment). The face value of vested benefits attributable to registered workers at 30 June 2023 is \$267,814,000 (2022: \$233,297,000).

Contributions from Employers

Contributions from employers are due at the end of each 3-month period. Per AASB 1056 *Superannuation Entities*, the annual employer contributions are vested in the workers, however, these are not payable to the workers on demand as workers have to complete a requisite period of service before they can claim a payment. The completion of the service period by the workers is outside the control of the Board and on receipt of contributions from employers, an obligation to pay cash arises.

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

5.4 Payables

	2023 (\$000)	2022 (\$000)
Current		
Trade payables	393	542
PAYG payable to ATO	-	54
Accrued salaries	89	53
Accrued expenses	96	60
Balance at end of period	578	709

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

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

Notes to the financial statements

For the year ended 30 June 2023

6. Financing

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

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

6.1 Financial assets

	2023	2022
	(\$000)	(\$000)
At valuation:		
1. First Sentier Wholesale Strategic Cash	81,676	95,225
2. PIMCO Wholesale Global Bond Fund	26,186	27,343
3. Macquarie Income Opportunity Fund	27,517	30,722
4. UBS Wholesale Diversified Fixed Income Fund	26,069	44,064
5. Pandal Fixed Interest	26,974	28,798
6. Vanguard Australian Shares Index Fund	100,444	91,697
7. Core Equity Portfolio	78,002	-
8. Fidelity Australia Equities Fund	-	43,685
9. Investors Mutual Australia Shares	-	29,551
10. Celeste Australian Smaller Companies Fund	19,909	18,925
11. Vanguard International Share Index Fund (Hedged)	54,789	46,958
12. Vanguard International Share Index Fund	70,982	60,070
13. MFS Global Equity Fund (Unhedged)	22,749	21,139
14. Macquarie Wholesale Global Listed Real Estate Fund	17,423	19,059
15. ClearBridge RARE Infrastructure Value Fund (Hedged)	21,613	21,581
	574,333	578,817
Accrued distributions	5,931	14,603
Total financial assets	580,264	593,420

Notes to the financial statements

For the year ended 30 June 2023

6.1 Financial assets (continued)

Investments and other financial assets

The Board classifies its investments as financial assets at fair value through profit and loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting period. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

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

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

Purchases and sales of investments are recognised on trade-date – the date on which the Board commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership.

During the reporting period, \$25.0 million in fixed interest investments were sold and the funds were re-invested into term deposits. The term deposits have maturities of 3 months and accordingly, these funds are now classified as ‘cash and cash equivalents’ in the balance sheet (refer to note 6.4).

6.2 Lease liabilities

	2023 (\$000)	2022 (\$000)
Not later than one year	177	158
Later than one year and not later than five years	15	29
Later than five years	1,247	1,408
	1,439	1,595
Current	177	158
Non-Current	1,262	1,437
	1,439	1,595

Notes to the financial statements

For the year ended 30 June 2023

6.2 Lease liabilities (continued)

Initial measurement

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the Board exercising an option to terminate the lease;
- periods covered by extension or termination options are only included in the lease term by the Board if the lease is reasonably certain to be extended (or not terminated).

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

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

Subsequent measurement

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

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

	2023 (\$000)	2022 (\$000)
Lease expenses recognised in the Statement of Comprehensive Income		
Lease interest expense	69	75
Total lease expense	69	75

Low-value leases with an underlying value of \$5,000 or less are recognised on a straight-line basis.

Notes to the financial statements

For the year ended 30 June 2023

6.3 Finance costs

	2023 (\$000)	2022 (\$000)
Finance costs		
Interest expense on lease liabilities	69	75
Bank fees	13	19
Finance costs expensed	82	94

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

6.4 Cash and cash equivalents

	2023 (\$000)	2022 (\$000)
Cash and cash equivalents	27,468	2,933
Balance at end of period	27,468	2,933

Cash and cash equivalents	2023 (\$000)	2022 (\$000)
Current		
Bankwest Cash Account	2,012	2,672
First Wrap Plus Cash Account	139	261
Term Deposits (3 month maturities)	25,317	-
	27,468	2,933

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.

During the reporting period, \$25.0 million in fixed interest financial assets were sold and the funds were re-invested into term deposits. The term deposits have maturities of 3 months and accordingly, these funds are now classified as 'cash and cash equivalents' in the balance sheet (refer to note 6.1).

6.5 Capital commitments

There were no outstanding capital commitments in the 2023 reporting period (2022: nil).

Notes to the financial statements

For the year ended 30 June 2023

7. Financial instruments and contingencies

This note sets out the key risk management policies and measurement techniques of the Board.

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

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

	Notes	2023 (\$000)	2022 (\$000)
<u>Financial assets</u>			
Cash and cash equivalents	6.4	27,468	2,933
Receivables ^(a)	5.1	203	568
Other assets	5.2	1,215	886
Financial assets	6.1	580,264	593,420
Total financial assets		609,150	597,807
<u>Financial liabilities</u>			
Financial liabilities ^(b)	5.4, 6.2	2,017	2,304
Total financial liabilities		2,017	2,304

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

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

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.

Notes to the financial statements

For the year ended 30 June 2023

7.1 Financial instruments (continued)

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; or
- fair value through profit or loss (FVPL).

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

Classifications of financial assets are determined by both:

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

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

Financial assets at amortised cost

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

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- 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.

Financial assets at fair value through profit or loss

Under Equity FVPL, subsequent movements in fair value are recognised in the profit or loss. Dividend and distributions from these investments continue to be recorded as income within the profit or loss unless the dividend clearly represents return of capital.

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at the best estimate.

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

7.2.1 Contingent assets

The Board is not aware of any contingent assets existing as at 30 June 2023.

7.2.2 Contingent liabilities

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

Statutory Interpretation

The Board is undertaking a review of some statutory interpretations which may affect contributions made by employers and entitlements for workers. The definitive outcome of the review cannot be determined at present and accordingly any potential liability and the funding to settle it cannot be measured with sufficient reliability at reporting date.

Notes to the financial statements

For the year ended 30 June 2023

8. Other disclosures

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

	<u>Notes</u>
Events occurring after the end of the reporting period	8.1
Changes in accounting policy	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Supplementary financial information	8.8
Explanatory statement	8.9

8.1 Events occurring after the end of the reporting period

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

8.2 Changes in accounting policy

The following standards are operative for reporting periods ended on or after 30 June 2023:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current;
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants;
- AASB 2023-3 Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2.

The above standards are not expected to have a material impact on the Board's accounts.

Notes to the financial statements

For the year ended 30 June 2023

8.3 Key management personnel

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

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

Compensation of members of the accountable authority

Compensation band (\$)	2023	2022
10,001 – 20,000	-	4
20,001 – 30,000	6	2
30,001 – 40,000	1	1
	2023	2022
	(\$000)	(\$000)
Total compensation of members of the accountable authority	163	154

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

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

Compensation of senior officers

Compensation band (\$)	2023	2022
0 – 50,000	-	1
50,001 – 100,000	-	2
100,001 – 150,000	-	1
150,001 – 200,000	3	1
250,001 – 300,000	1	1
	2023	2022
	(\$000)	(\$000)
Short term employee benefits	692	649
Post employment benefits	85	67
Other long term benefits	28	12
Total compensation of senior officers	805	728

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

Notes to the financial statements

For the year ended 30 June 2023

8.4 Related party transactions

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

Related parties of the Board include:

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

Material transactions with related parties

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

8.5 Related bodies

The Board does not have any related bodies.

8.6 Affiliated bodies

The Board does not have any affiliated bodies.

8.7 Remuneration of auditors

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

	2023 (\$000)	2022 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	25	24

8.8 Supplementary financial information

(a) Write-offs

During the financial year, \$42,000 (2022: \$29,000) was written off the Board's receivables ledger under the authority of:

	2023 (\$000)	2022 (\$000)
The accountable authority	42	29
The Minister	-	-
Executive Council	-	-
	42	29

Notes to the financial statements

For the year ended 30 June 2023

8.8 Supplementary financial information (continued)

(b) Losses through theft, defaults and other causes

There were no losses through theft, defaults and other causes during the 2023 reporting period (2022: nil).

(c) Gifts of public property

There were no gifts of public property provided by the Board during the 2023 reporting period (2022: nil).

8.9 Explanatory statement (Controlled Operations)

This explanatory section explains variations in the financial performance of the Board undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2023, and between the actual results for 2023 and 2022 are shown below. Narratives are provided for key major variances, which are greater than:

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

8.9.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2023	Actual 2023	Actual 2022	Variance between actual and estimate	Variance between actual results for 2023 and 2022
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<u>Income</u>						
Investment income/(loss)	(1),(a)	35,800	52,250	(45,178)	16,450	97,428
Other income		-	25	8	25	17
Total income/(loss)		35,800	52,275	(45,170)	16,475	97,445
<u>Expenses</u>						
Employee benefits expenses	(b)	3,401	3,147	2,822	(254)	325
Supplies and services	(2),(c)	4,389	2,235	1,760	(2,154)	475
Depreciation and amortisation expenses		211	202	197	(9)	5
Finance costs		91	82	94	(9)	(12)
Accommodation expenses		125	132	119	7	13
Other expenses	(3),(d)	373	629	220	256	409
Total expenses		8,590	6,427	5,212	(2,163)	1,215
NET RESULT FROM OPERATING ACTIVITIES		27,210	45,848	(50,382)	18,638	96,230
Net change in accrued LSL liabilities	(4),(e)	(34,800)	(99,774)	(9,562)	(64,974)	(90,212)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(7,590)	(53,926)	(59,944)	(46,336)	6,018

Notes to the financial statements

For the year ended 30 June 2023

8.9.1 Statement of Comprehensive Income Variances (continued)

Major Estimate and Actual (2023) Variance Narratives:

- (1) Investment income exceeded estimates by \$16.450 million (45.9%) due to strong domestic and international markets returns. The actual investment return was a gain of 8.9%, significantly outperforming the estimated return of 5.5%.
- (2) Supplies and services expenses were under estimates by \$2.154 million (49.1%) predominantly due to underspends in non-recurring expenses including CRM development costs, an independent review of the *Construction Industry Portable Paid Long Service Leave Act 1985* and the development of a new records management system (\$1.810 million), legal expenses (\$151,000), training (\$58,000), accountancy and audit fees (\$36,000) and travel (\$31,000).
- (3) Other expenses exceeded estimates by \$256,000 (68.6%). The estimates classified payroll tax (\$146,000) as an employee benefits expense, however, it is treated as an other expense for the benefit of these financial statements. Additionally, doubtful debts expenses were \$81,000 higher than expected due to higher volumes of debtors entering into voluntary administration and liquidation, entering into payment plans and referred to external debt collection agencies.
- (4) Net change in accrued LSL liabilities exceeded estimates by \$64.974 million (186.7%) due to a number of factors. Payments to workers were marginally higher than expected. Similarly, total contribution income from employers was marginally higher than expected as a result of escalating industry wages. Finally, the Actuary's assessment of the LSL liabilities was significantly higher than estimated, principally due to an increase in the average rate of pay, higher pay inflation rate assumptions for future years and an increase in the number of workers and accrued weeks of leave.

Major Actual (2023) and Comparative (2022) Variance Narratives

- (a) Investment income increased by \$97.428 million (215.7%) due to strong domestic and international markets. In the prior year, a number of geopolitical and macroeconomic factors contributed to significant market declines, which resulted in a comparative decrease in the fair value of investments and a corollary increase in losses. The actual investment return for the current year was a gain of 8.9%, significantly outperforming the prior year loss of 7.1%.
- (b) Employee benefits expense increased by \$325,000 (11.5%) predominantly due general escalation in accordance with the Government's wages policy, payment of the \$3,000 cost of living payment to all staff and an increase in the number of staffing resources.
- (c) Supplies and services expenses increased by \$475,000 (27.0%) predominantly due to a higher level of expenditure on development of the new CRM as well as higher investment advisor fees and computer consultancy costs.
- (d) Other expenses increased by \$409,000 (185.9%) predominantly due to higher doubtful debts expense (\$333,000), employment on-costs (\$31,000), payroll tax (\$28,000) and insurance premiums (\$10,000).
- (e) Net change in accrued LSL liabilities increased by \$90.212 million (943.4%) due to a number of factors. Payments to workers were comparatively higher due to an increase in the volume of claims paid and an increase in average wage rates. Similarly, total contribution income from employers was marginally higher than expected as a result of escalating industry wages. The balance movement of \$65.466 million was the result of the Actuary's assessment of the LSL liabilities as at 30 June 2023.

Notes to the financial statements

For the year ended 30 June 2023

8.9.2 Statement of Financial Position Variances

	Variance note	Estimate 2023	Actual 2023	Actual 2022	Variance between actual and estimate	Variance between actual results for 2023 and 2022
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
ASSETS						
<u>Current Assets</u>						
Cash and cash equivalents	(1),(a)	1,060	27,468	2,933	26,408	24,535
Receivables		376	203	568	(173)	(365)
Other current assets		850	1,515	1,004	665	511
Financial assets	(2),(b)	634,612	580,264	593,420	(54,348)	(13,156)
Total Current Assets		636,898	609,450	597,925	(27,448)	11,525
<u>Non-Current Assets</u>						
Property, plant and equipment		120	142	118	22	24
Right-of-use assets		1,167	1,167	1,330	-	(163)
Total Non-Current Assets		1,287	1,309	1,448	22	(139)
TOTAL ASSETS		638,185	610,759	599,373	(27,426)	11,386
LIABILITIES						
<u>Current Liabilities</u>						
Accrued long service leave benefits liabilities	(3),(c)	278,747	329,623	284,101	50,876	45,522
Payables		509	578	709	69	(131)
Lease liabilities		151	177	158	26	19
Employee related provisions		525	450	391	(75)	59
Total Current Liabilities		279,932	330,828	285,359	50,896	45,469
<u>Non-Current Liabilities</u>						
Accrued long service leave liabilities	(3),(c)	116,880	115,040	95,096	(1,840)	19,944
Lease liabilities		1,278	1,262	1,437	(16)	(175)
Employee related provisions		241	271	197	30	74
Total Non-Current Liabilities		118,399	116,573	96,730	(1,826)	19,843
TOTAL LIABILITIES		398,331	447,401	382,089	49,070	65,312
NET ASSETS		239,854	163,358	217,284	(76,496)	(53,926)
EQUITY						
Retained earnings		239,854	163,358	217,284	(76,496)	(53,926)
TOTAL EQUITY		239,854	163,358	217,284	(76,496)	(53,926)

Notes to the financial statements

For the year ended 30 June 2023

8.9.2 Statement of Financial Position Variances (continued)

Major Estimate and Actual (2023) Variance Narratives:

- (1) Cash and cash equivalents exceeded estimates by \$26.408 million (2,491.3%) predominantly due to the acquisition of over \$25.000 million in term deposits with maturities of 3 months. The term deposits were acquired following the sale of an equivalent value of financial assets.
- (2) Financial assets were under estimates by \$54.348 million (8.6%) predominantly due to the acquisition of over \$25.000 million in term deposits with maturities of 3 months which were categorised as cash and cash equivalents. Additionally, the budget (established 3 months prior to the start of the current reporting period) had a projected opening balance of \$642.000 million, whereas the actual opening balance was \$593.420 million resulting in a much lower actual closing balance.
- (3) Difference in allocation between current and non-current liabilities and a \$49.036 million (12.4%) increase in the total liability as assessed by the Actuary.

Major Actual (2023) and Comparative (2022) Variance Narratives

- (a) Cash and cash equivalents increased by \$24.535 million (836.5%) due to the acquisition of over \$25.000 million in term deposits with maturities of 3 months. The term deposits were acquired following the sale of an equivalent value of financial assets.
- (b) Financial assets decreased by \$13.156 million (2.2%) predominantly due to drawdowns to fund long service leave payments to workers and agency operations. The decrease was partially offset by higher than expected investment returns.
- (c) Current liability increased by \$45.522 million (16.0%) as assessed by the Actuary. Similarly, the non-current liability increased by \$19.944 million (21.0%) as assessed by the Actuary. The increases were mainly due to higher rates of pay, increased participation rate and future pay rate inflation; and were partially off-set by an increased discount rate.

Notes to the financial statements

For the year ended 30 June 2023

8.9.3 Statement of Cash Flows Variances

	Variance note	Estimate 2023	Actual 2023	Actual 2022	Variance between actual and estimate	Variance between actual results for 2023 and 2022
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
Receipts from employers	(1),(a)	3,710	5,159	15,055	1,449	(9,896)
Interest received	(2),(b)	4	371	4	367	367
GST receipts from taxation authority		166	116	147	(50)	(31)
Payments						
Employee benefits	(3)	(3,401)	(3,013)	(2,865)	388	(148)
Supplies and services	(4),(c)	(4,335)	(2,049)	(1,504)	2,286	(545)
Finance costs		(22)	(13)	(20)	9	7
Accommodation		(125)	(132)	(119)	(7)	(13)
Payments for long service leave	(d)	(38,500)	(39,834)	(36,083)	(1,334)	(3,751)
GST payments on purchases		(219)	(250)	(206)	(31)	(44)
Other payments	(e)	(375)	(394)	(321)	(19)	(73)
Net cash provided by/(used in) operating activities		(43,097)	(40,039)	(25,912)	3,058	(14,127)
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds from sale of investments	(5),(f)	41,000	118,043	28,725	77,043	89,318
Distributions received	(6),(g)	17,900	26,151	29,695	8,251	(3,544)
Payments						
Purchase of financial assets	(7)	(15,710)	(79,331)	(77,117)	(63,621)	(2,214)
Purchase of non-current assets		(59)	(59)	(26)	-	(33)
Net cash provided by/(used in) investing activities		43,131	64,804	(18,723)	21,673	83,527
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal elements of lease payments		(217)	(230)	(216)	(13)	(14)
Net cash provided by/(used in) financing activities		(217)	(230)	(216)	(13)	(14)
Net increase/(decrease) in cash and cash equivalents		(183)	24,535	(44,851)	24,718	69,386
Cash and cash equivalents at the beginning of the period		1,243	2,933	47,784	1,690	(44,851)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,060	27,468	2,933	26,408	24,535

Notes to the financial statements

For the year ended 30 June 2023

8.9.3 Statement of Cash Flows Variances (continued)

Major Estimate and Actual (2023) Variance Narratives:

- (1) Receipts from employers exceeded estimates by \$1.449 million (39.1%) predominantly due to higher volumes of workers recorded on quarterly returns and higher than expected levels of wages.
- (2) Interest received exceeded estimates by \$367,000 (9,175.0%) due to the acquisition of over \$25.000 million in term deposits with maturities of 3 months.
- (3) Employee benefits payments were under estimates by \$388,000 (11.4%). The estimates classified payroll tax (\$146,000) as an employee benefits expense, however, it is treated as an other expense for the benefit of these financial statements. Additionally, a number of vacancies were carried for extended periods throughout the reporting period.
- (4) Supplies and services payments were under estimates by \$2.286 million (52.7%) predominantly due to underspends in non-recurring expenses including CRM development costs, an independent review of the *Construction Industry Portable Paid Long Service Leave Act 1985* and the development of a new records management system, legal expenses, training, accountancy and audit fees and travel.
- (5) Proceeds from sale of investments exceeded estimates by \$77.043 million (187.9%). Monies in underperforming financial assets were redeemed and reinvested in term deposits and a core equity portfolio.
- (6) Distributions received exceeded estimates by \$8.251 million (46.1%). The budgeted distributions were based on an expected income return of 2.75%, however actual distributions received were much higher following strong market returns.
- (7) Purchase of financial assets exceeded estimates by \$63.621 million (405.0%). Monies in underperforming financial assets were redeemed and reinvested in term deposits and a core equity portfolio.

Major Actual (2023) and Comparative (2022) Variance Narratives

- (a) Receipts from employers decreased by \$9.896 million (65.7%). The average contribution levy during the current reporting period was 0.1%, compared to 0.3% in the prior year.
- (b) Interest received increased by \$367,000 (9,175.0%) due to the acquisition of over \$25.000 million in term deposits with maturities of 3 months.
- (c) Supplies and services payments increased by \$545,000 (36.2%) predominantly due to a higher level of expenditure on development of the new CRM as well as higher investment advisor fees and computer consultancy costs.
- (d) Payments for long service leave increased by \$3.751 million (10.4%). 4,540 benefits totaling \$39.834 million were paid in the current reporting period compared to 4,242 benefits totaling \$36.083 million in the prior year.
- (e) Other payments increased by \$73,000 (22.7%) predominantly due to higher levels of payroll tax payments, insurance premiums and employment on-costs.
- (f) Proceeds from sale of investments increased by \$89.318 million (310.9%). Monies in underperforming international equities investment funds were fully redeemed and reinvested in term deposits and a core equity portfolio.
- (g) Distributions received decreased by \$3.544 million (11.9%). Comparatively weak market returns in the previous reporting period resulted in distributions recognised as at 30 June 2023 being marginally lower than those recognised as at 30 June 2022.

Audited Key Performance Indicators

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 2023.



Susan Barrera
Chair

23 August 2023



John Gelavis
Member of the Board

23 August 2023

Key Performance Indicators

Desired Outcome

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

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

KEI (i) is the number of employers registered with the Board. In 2023 there was a marginal increase in conjunction with the ongoing rebound in the Western Australian construction industry following the COVID-19 pandemic.

KEI (ii) is the number of employees for whom contributions have been made. There has been an increase in numbers of average employees for whom contributions have been made by employers, which again is indicative of robust industry activity.

As evidenced in KEI (iii), the average contribution rate for the reporting period was 0.1% and the Board considered this rate to be sufficient to maintain an adequate level of assets to meet LSL liabilities.

Over the preceding five years, as per KEI (iv), the Board has generated a positive average investment return. Due to strong domestic and international markets, the Board's investment return as at 30 June 2023 was 8.92%. Board Members acknowledge that the annual investment performance will fluctuate on a year in/year out basis.

KEI (v) shows the number of registered employees and number of employees paid a benefit. The number of employees in the industry was 10.6% higher than the estimate; again, reflective of robust construction industry activity. Additionally, although the number of employees paid a benefit was on target, the actual result was significantly higher than the prior year comparative indicating that the number of claims submitted to the Scheme continues to normalise after the COVID-19 pandemic.

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

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

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

Key Performance Indicators (continued)

Key Effectiveness Indicators

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

FINANCIAL YEAR	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Registered Employers – Average for the year (number)	5,215	5,368	5,215	5,052	4,958
Change in average number of Registered Employers		2.9%	3.2%	1.9%	(0.7%)
Growth in Firms in the Industry ^(a)		*	4.2%	12.4%	(6.6%)

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

* 2022-23 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	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Employees contributed for – Average for the year (number)	67,701	73,570	67,701	62,392	62,191
Change in average number of Employees contributed for (%)		8.7%	8.5%	0.3%	(0.4%)
Change in number of Employees in the industry (%)*		9.9%	13.9%	(10.1%)	(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 2023. Occupations: Technicians and Trades Workers plus Machinery Operators and Drivers).

(iii) Construction Industry Employers Long Service Leave Contribution Rate

FINANCIAL YEAR	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Average Contribution Rate (%)	0.10%	0.10%	0.3% ^(a)	0.255% ^(b)	1.05% ^(c)

(a) The contribution rate was decreased from 0.50% to 0.10% with effect from 1 January 2022

(b) The contribution rate was decreased from 1.00% to 0.01% with effect from 1 July 2020 and increased from 0.01% to 0.5% from January 2021

(c) The contribution rate was decreased from 1.10% to 1.00% from 1 January 2020

Key Performance Indicators (continued)

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

FINANCIAL YEAR	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Board's Investment Return	5.50%	8.92%	(7.10%)	16.05%	(2.42%)
Benchmark Return (Composite Index)	5.50%	9.36%	(6.18%)	16.34%	(1.34%)
Investment Return - (5 Year Average)	4.00%	4.63%	4.23%	7.45%	4.62%

Investment return of 8.92% 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	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Employees Registered in the Scheme (number)	111,281	123,100	111,281	106,287	106,392
Number of Employees paid a benefit (number)	4,350	4,540	4,242	3,670	5,286

Benefits paid totaling 4,540 (2022: 4,242) indicates that the number of claims submitted to the Scheme continues to normalise after the COVID-19 pandemic.

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

FINANCIAL YEAR	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Employees Registered in the Scheme (number)	111,281	123,100	111,281	106,287	106,392
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit (number)	89,417	102,760	91,969	87,977	88,847
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service (number)	10,857	9,954	9,692	9,308	8,930
Employees qualified for a long service leave benefit - more than 10 years of service (number)	11,007	10,386	9,620	9,002	8,615

Key Performance Indicators (continued)

Service

Management of the Construction Industry Long Service Leave Scheme

Key Efficiency Indicators

(i) Average Administrative Cost Per Registered Construction Industry Employee

FINANCIAL YEAR	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
W.A. Scheme Cost per Employee	\$67.03	\$52.21	\$46.84	\$49.81	\$45.66
Other State Schemes (average)		*	\$60.43	\$60.68	\$55.29

* 2022-23 figures not available at the time of preparation of the Report.

The Key Efficiency Indicator (i) has comparatively increased due higher employee benefits, supplies and services and other expenses. The variance against the estimate is predominantly due to lower employee benefits and supplies and services expenses and a higher than expected number of employees registered in the scheme (estimate: 111,281; actual: 123,100).

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

FINANCIAL YEAR	2023 Target	2023 Actual	2022 Actual	2021 Actual	2020 Actual
Staff per thousand employees	0.24	0.22	0.20	0.22	0.20
Other State Schemes (average)		*	0.38	0.35	0.34

* 2022-23 figures not available at the time of preparation of the Report.

The Key Efficiency Indicator (ii) has increased predominantly due to higher full time equivalent staffing levels as at 30 June 2023 (2023: 27.2 FTE; 2022: 22.4 FTE) and a higher number of employees registered in the scheme (2023: 123,100; 2022: 111,281). The variance against the estimate is due to lower than expected full time equivalent staffing levels as at 30 June 2023 (estimate: 28.4 FTE; actual: 27.2 FTE) and a higher than expected number of employees registered in the scheme (estimate: 111,281; actual: 123,100).

Independent Auditor's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

Construction Industry Long Service Leave Payments Board

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

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

- the Statement of Financial Position at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2023 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

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

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

Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Page 1 of 5

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

Independent Auditor's Report (continued)

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Construction Industry Long Service Leave Payments Board. The controls exercised by the Board are those policies and procedures established 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 the State's financial reporting framework (the overall control objectives).

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 the State's financial reporting framework during the year ended 30 June 2023.

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.

Independent Auditor's Report (continued)

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 Engagement ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

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

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

Limitations of controls

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

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2023. 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 Board's performance and fairly represent indicated performance for the year ended 30 June 2023.

The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls 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.

Independent Auditor's Report (continued)

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 Instructions 904 *Key Performance Indicators*.

Auditor General's responsibilities

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

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

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

My independence and quality management relating to the report on financial statements, 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial statements, key performance indicators and my auditor's report.

My opinion on the financial statements, controls and key performance indicators does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditor's Report (continued)

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The 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 2023 included in the annual report 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, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. 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.



Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
25 August 2023





myleave.wa.gov.au

T +61 8 9476 5400

E hi@myleave.wa.gov.au

Level 3, 50 Colin Street, West Perth WA 6005

PO Box 1333, West Perth WA 6872