2020 Financial Tool Box

Portable Long Service Leave

Annual Report – 2019/2020
Construction Industry
Long Service Leave Board

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Presiding Officer's Report

Like all businesses and organisations, the Construction Industry Long Service Leave Board (the Board) has faced many challenges this year as it adapted its operations to meet the restrictions imposed to combat COVID-19 and deal with the ongoing economic impact of those restrictions.

Operational staff made a tremendous effort this year to support eligible workers to access their entitlements quickly and efficiently particularly in the early months of the pandemic. I acknowledge this work and the continued commitment of the operational staff of the Board to provide our customers with optimum service during a period of significant disruption.

Board Members met regularly throughout the year (over the past 6 months remotely) to ensure the continued governance of the organisation.

Clearly markets have been volatile and the Board has been actively managing its investments based on the advice from its investment managers, JANA Investment Advisors, to ensure the best possible outcomes in the current climate.

The Board has investments in AMP Capital and the Board has been alert to the impact of the sexual harassment allegations against one of AMP Capital's senior executives. These allegations and AMP Capital's response to them has led to serious disquiet amongst its staff, clients and investors. Whilst recent changes at AMP Capital are positive the Board will continue to monitor developments over the coming months.

Members of the Board attended a conference in Fremantle, Western Australia in what seems like a lifetime away, last November. This provided a great opportunity to learn from other portable long service leave schemes around the country and for them to learn from South Australia. Board members have the opportunity to attend JANA Investment Advisors annual conference virtually online this September for further professional development.

The Schemes Chief Executive Officer has met several times with the Civil Construction Federation (CCF) this year in an attempt to resolve differences of legal opinion about the interpretation of the Construction Industry Long Service Leave Act (the Act). Significant progress has been made; however, there remain some specific areas of disagreement between the varying sets of legal opinion and further work is required in this area.

This year Board members John Camillo and Colin Fenney resigned. We thank them for their many years of service to the construction industry and the Board.

Finally, I look forward to another year of working with and supporting the employers and workers who participate in the Scheme and the staff who administer it. I hope that this time next year we will be operating in a COVID free environment.

Marie Boland
Presiding Officer

CEO's Report

Reflecting on the year gone by, the 2019/2020 financial year can only be described as an extraordinary year and a tale of 2 halves. The first half of the year (July through to December 2019) resembled a typical business as usual environment with the organisation:

- Concluding its 2017-2019 Strategic Plan and commencing the implementation of its 2020- 2022 strategic objectives.
- Conducting a triennial review of its investment consultants.
- Continuing to implement our long-awaited replacement information system.
- Farewelling the organisations most tenured employee who retired after 33 years of service.

In contrast, the second half of the year (January through to June 2020) was anything but normal.

Following on from catastrophic bushfires in the Adelaide Hills, Kangaroo Island and more broadly across Regional Australia, South Australia and the Global Community were presented with the global viral pandemic of COVID-19.

From an organisational perspective COVID-19 presented numerous challenges that required teamwork, flexibility, and an unwavering focus on supporting our stakeholders and the sound financial position of the organisation.

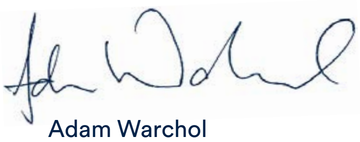
Preparations were made early with a series of risk management and business continuity activities and in late March 2020 the team moved to a remote working environment for a period of six weeks.

Economic and social uncertainty during this period resulted in the organisation experiencing a large volume of enquiries regarding long service leave entitlements and claim levels were comparable to the organisation's peak period at Christmas. At the same time investment market volatility lead to adverse investment performance and cashflow restrictions which required careful management. Fortunately, the Board's sound financial position enabled it to weather the significant fall in investment markets.

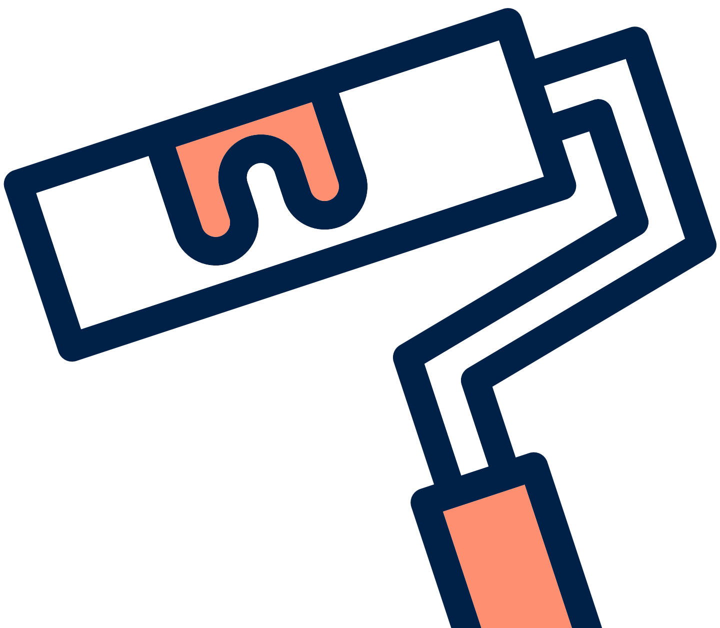
I can honestly say with immense pride that the team flourished under these conditions and did not miss a beat, and it was a pleasure to support both workers and employers during this challenging time.

Regrettably the year was not without setback with the resignation of the organisations Finance and Operations Manager as we commenced remote working arrangements, delays in the roll out of our replacement information system pushing implementation 'go live' into FY2021, and no resolution to discussions held with the civil construction industry in relation to application of the Act.

Looking ahead at the challenges relating to COVID-19, the organisation remains well placed to meet its operational and financial objectives and to continue to support our stakeholders to the highest standard.



Adam Warchol
CEO



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Scheme Statistics

	Financial Year 2016	Financial Year 2017	Financial Year 2018**	Financial Year 2019	Financial Year 2020
Clients					
Active registered workers (Workers with accrued entitlement)	23,664	23,882	27,815	30,743	31,604
Currently employed registered workers	16,338	17,980	21,777	22,816	23,820
Registered employers	2,260	2,385	2,486	2,567	2,620
Contractors/Working Directors registered	649	681	654	643	611
Operations and Administration					
Salaries & related on costs	$964,000	$960,000	$944,962	$895,000	$891,000
Administration*	$807,000	$831,000	$765,000	$756,000	$665,000
Total administration costs	**$1,771,000**	**$1,791,000**	**$1,710,000**	**$1,651,000**	**$1,556,000**
Claims					
No of long service leave claims	2,200	1,991	1,963	2,187	2,304
Value of long service leave claims	$14,514,000	$13,280,000	$13,173,111	$13,608,273	$15,042,775
Financial					
Total assets	$126,495,000	$135,589,000	$147,496,000	$157,897,000	$161,528,000
Total liabilities	$110,300,000	$111,000,000	$116,707,000	$129,862,000	$135,419,000
Funds under management	$121,880,000	$130,701,000	$140,575,000	$149,411,000	$154.404.000
Investment income	$2,590,000	$9,834,000	$9,684,000	$7,800,000	$1,627,000
Investment return	2.1%	7.8%	6.8%	5.5%	1.1%
Levy rate	2.25%	2.15%	2.15%	2.00%	2.00%
Levy income	$13,500,000	$14,140,000	$16,204,000	$17,755,000	$18,469,000
Contractors/Working Directors contribution rate	$225	$230	$235	$240	$245
Contractors/Working Directors interest rate	2.10%	2.00%	2.00%	2.30%	2.00%
Operating cashflow excluding investment income	($2,627,000)	($1,262,000)	$914,000	$2,217,000	$2,120,000
Fund surplus/(deficit)	$16,194,000	$24,589,000	$30,789,000	$28,035,000	$26,109,000
Human Resources					
FTE headcount	10.8	9.5	9.6	9.6	10.0
Economic					
CPI	0.7%	1.6%	2.1%	1.4%	0.8%
Industry wage growth	2.9%	0.1%	2.5%	2.3%	3.0%
Average weekly earnings	$1,251	$1,252	$1,284	$1,314	$1,351
Performance Indicators					
Administration cost per client	$66.65	$66.46	$55.24	$48.63	$44.67
Management expense ratio	1.4%	1.3%	1.2%	1.0%	1.0%
Benefits expense ratio	91.3%	88.5%	88.5%	89.2%	90.6%
Leave utilisation rate	9.3%	8.3%	7.1%	7.1%	7.3%
Solvency ratio	114.7%	122.2%	126.4%	121.6%	119.3%

*Administration costs have been restated across all years to include depreciation and bad debts

**Due to accounting standard changes some financial figures have been restated to provide meaningful comparatives to FY2019

Finance

State of the Fund

As at 30th June 2020 the Fund has a Surplus of $26.1M and a solvency ratio of 119.3%.

Summary of Financial Year

In FY2020 the Board incurred an operating deficit of $1.9M.

Levy revenue increased 4.1% from FY2019 to $18.5M despite the levy rate remaining at 2.0%. The increase was representative of increased worker registrations along with a modest increase in wage inflation at 3.0%.

Investment income totalled $1.6M representing a 1.1% return on investment in challenging conditions.

The volume of Worker Payment claims increased by 5.3% from FY2019 with a 10.5% increase in value.

The Worker Payment Provision increased by $5.4M from FY2019. This was due to the increase in worker registrations, a reduction in the discount rate used to value the liability and retrospective service credits.

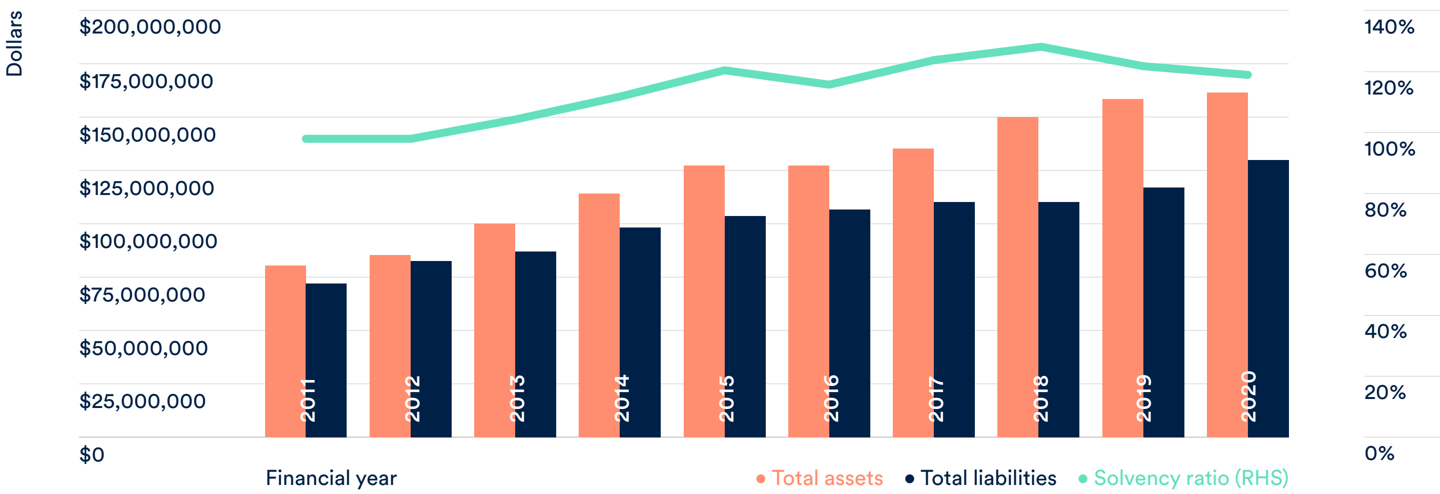
Total operating expenses remained slightly below the prior year for the 4th consecutive year and have reduced to the lowest level since FY2011 reflecting effective expenditure management.

Total assets increased to $161.5M.

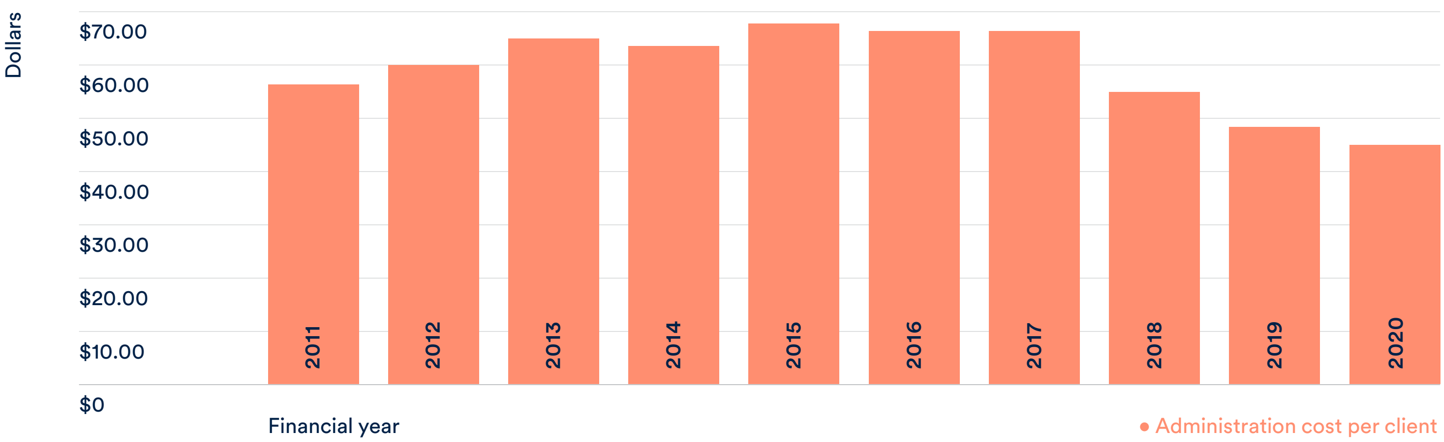
Cash flows from operating activities (excluding investment income) were positive in FY2020 reflecting increased levy collections of $18.5M and steady outflows of worker payments and administration expenses. No redemptions were required from investments to supplement operating cash flows, however a cash distribution was received of $0.4M and a term deposit was redeemed as part of the investment strategy reallocations.

	Actual 2019/20 ($ Million)	Budget 2019/20 ($ Million)
Income		
Levies	18.47	16.50
Investments (including cash holdings)	1.63	9.14
Other	0.06	0.00
Total Income	20.16	25.64
Expenditure		
Long Service Leave Payments	15.04	15.12
Increase in accrued LSL liability	5.37	6.00
Salaries & Related Costs	0.89	0.92
Operating Costs	0.78	1.04
Total Expenditure	22.08	23.09
Surplus/(Deficit)	(1.93)	(2.54)

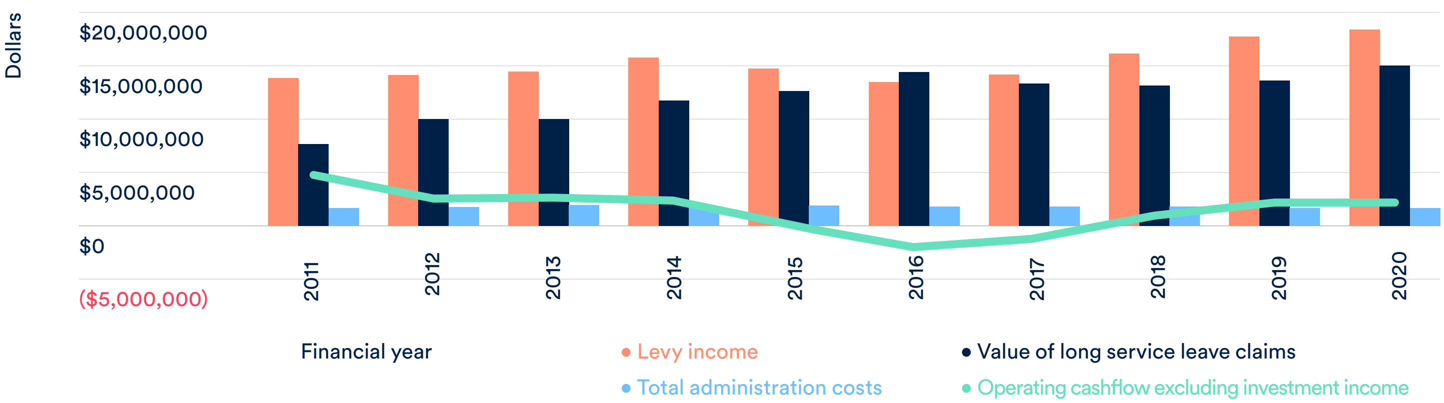
Asset & Liability — 10 Year Trend



Administration Cost Per Client — 10 Year Trend



Operating Cashflow excluding Investment Income



Investment

Investment returns form a vital element of the scheme, supplementing levy revenues in order to ensure the Fund can meet future long service liabilities whilst maintaining a low levy rate.

As part of its overall organisational strategy, the Board utilise an implemented consultancy investment model to achieve its investment objectives. Being a small organisation, this strategy is the most effective in order to leverage the wide research and investment skills required to manage over one hundred and fifty million dollars of investment. JANA Investment Advisers are the Board's primary investment consultant and have a long-standing relationship with Portable Long Service Leave as well as being an industry leader in their field.

During the year the Board engaged an external consultant to undertake a review of the Board's investment portfolio performance. The review consisted of a benchmarking exercise of the performance of the investments over a 1 and 3 year period against peer groups.

Overall, the Diversified Portfolio out-performed the median returns of its comparable peer groups consisting of other actively managed portfolios for both periods. The review also identified that the Diversified Portfolio under-performed against comparable indexed/passive portfolios for both periods.

In November 2019 the Board completed its annual review of investment strategy and maintained its existing investment objectives of:

— A high probability the net return exceeds the inflation rate (CPI) by at least 2% per annum over rolling five-year periods;

— Limiting the probability of a negative annual return to one year in every four years, on average; and

— A high probability that the Fund will maintain a solvency between 100% and 115%

Performance

Despite a significant market downturn triggered by the negative effects to local and global economies due to the COVID 19 pandemic a positive investment return of 1.1% was achieved. This represented the 11th consecutive year of positive returns to the Fund. Key asset class performances included gains in Global Listed Property ($0.5m), Defensive Debt ($1.7m) and Global Unhedged Equities ($0.6m) partially offset by losses in Australian Equities ($0.9m) and Unlisted Infrastructure ($0.3m).

Financial Year 2020 — Asset Allocation and Performance

Category						Asset Allocation at 30/06/2020	Investment Gain/Loss FY 2020	Withdrawals / Deposits	Performance
All investments	Construction Industry Fund	Growth	Equities	Global	Unhedged	$23,866,625	$571,138	$1,050,357	2.52%
All investments	Construction Industry Fund	Growth	Equities	Global	Hedged	$3,650,571	$67,303	$249,643	0.45%
All investments	Construction Industry Fund	Growth	Equities	Australian		$13,096,651	-$885,446	$1,200,000	-7.54%
All investments	Construction Industry Fund	Growth	Real Assets	Property	Global Listed	$0	$446,585	-$4,967,435	11.74%
All investments	Construction Industry Fund	Growth	Real Assets	Property	Unlisted	$6,877,250	-$195,511	$3,548,464	-0.50%
All investments	Construction Industry Fund	Growth	Real Assets	Infrastructure	Unlisted	$9,344,933	-$295,611	-$366,813	-3.12%
All investments	Construction Industry Fund	Growth	Sub Total			$56,836,031	-$291,542	$714,215	-0.79%
All investments	Construction Industry Fund	Defensive	Alternatives			$7,255,590	$48,443	-$435,000	-0.97%
All investments	Construction Industry Fund	Defensive	Debt			$80,656,956	$1,700,858	$3,953,183	2.21%
All investments	Construction Industry Fund	Defensive	Cash			$3,324,844	$68,365	-$1,044,782	2.01%
All investments	Construction Industry Fund	Defensive	Sub Total			$91,237,389	$1,817,665	$2,473,400	2.12%
All investments	Construction Industry Fund	Total				$148,073,420	$1,526,123	$3,230,149	1.13%
All investments	Working Contractor Fund	Defensive	Cash			$6,331,030	$74,792	$210,000	1.23%
All investments	Total					$154,404,450	$1,600,915	$3,397,616	1.13%

Note: Performance is calculated on a weighted rate of return and may vary slightly from those published by individual Investment Advisors or Trusts.

No redemptions (withdrawals) were required during the year to supplement operating cashflows. Redemptions and applications (deposits) were undertaken during the year to increase the Boards allocation to Unlisted Property, divest from Listed Property, to invest in a Socially Responsible Investment Trust, and to move to a more favourable Alternatives Trust.

An additional investment of $3.2M was added to the Portfolio based on surplus operating cash flow requirements. A cash distribution of $0.4M was received from the AMP Capital Diversified Infrastructure Trust.

In March 2020 the portfolio experienced a significant decline in value as investment markets responded negatively to the effect of COVID-19. These unrealised losses had recovered by the end of the financial year.

The Board received realised gains of $7.6M and unrealised losses of $6.0M leading to a total investment gain of $1.6M.

Investment markets will continue to be challenged into the future due to the global recessionary environment induced by the COVID-19 pandemic. Local and global governments have responded with rapid fiscal and monetary policy to offset increasing unemployment rates and to provide economic stimulus, but a low inflation and low interest rate environment is forecast to remain. Geopolitical factors will also persist such as the approaching US Presidential Election, tension in the South China Sea and the implementation of Brexit by the end of the calendar year.

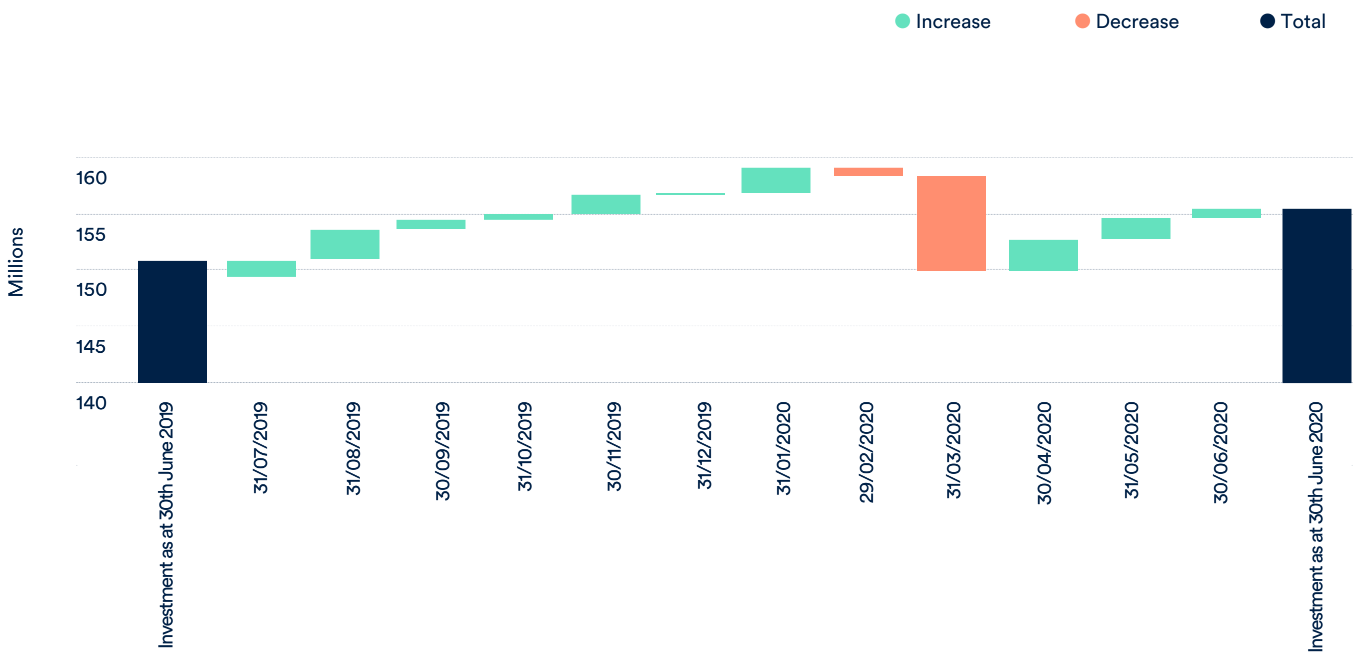
Persistently high stock valuations and low and negative bond yields provide a challenge for capital allocation and risk compensation.

Amongst these challenges and opportunities, the Board believes its portfolio is structured robustly and with enough diversification to achieve its investment objectives whilst providing protection against adverse conditions and events.

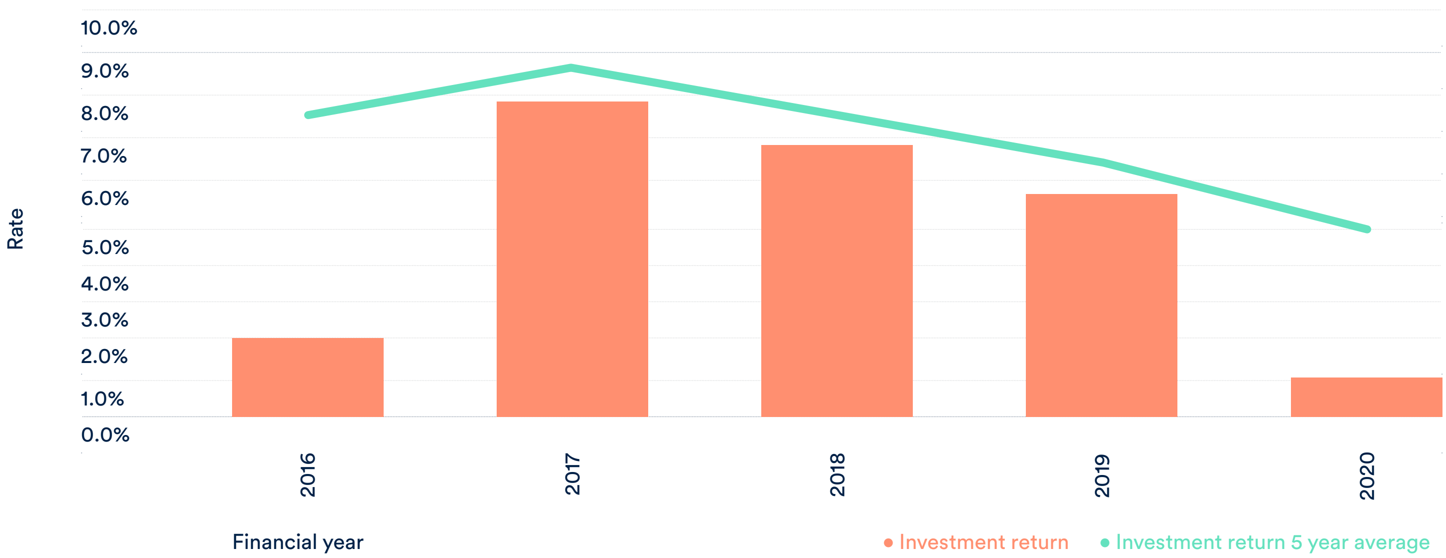
Financial Year 2020 in Investments (Gain/Loss) By Category

Investment Movement by Month

This graph illustrates the movement in value of each investment class from the start of the financial year to 30th June 2020.
The blue bars illustrate an increase in value.



5 Year Investment Return



The five year average return on investments held by the Board is 4.65%.

Self-Employed Contractor / Working Director Fund

The Self-Employed Contractor / Working Director Fund is a voluntary fund established to facilitate the preservation of previously accrued service when a construction worker transitions from an employee to a Self-Employed Contractor or Working Director. Rather than forfeiting their previously accrued service - Self-Employed Contractors or Working Directors can voluntarily make up to 6 fixed bi-monthly contributions per annum in order to accrue service credits that will contribute to reaching a long service leave entitlement.

The Fund is an accumulation fund as registrants will receive their original contributions plus an investment return in the form of interest when they reach entitlement and/or exit the fund. This is in addition to any accrued entitlement that has vested in the construction worker fund (defined benefit).

The Board is required to set the contribution amount and interest rate annually in advance of the Financial Year ahead and as such is exposed to interest rate risk.

The Contribution and Interest Rate for the 2019/2020 Financial Year were:

	Financial Year 2020	Financial Year 2019
Contribution Rate (Bi Monthly)	$245.00	$240.00
Interest Rate	2.0%	2.3%

The contribution amount is set at a level comparable to the current industry average ordinary weekly pay rate. The interest rate is aligned with the expected investment earnings of the fund. Recently the interest rate has been set at a level higher than the expected return of the underlying investment in order to return some of the excess returns received over time to its members.

Registrants can exit this fund at any stage therefore a different investment risk profile is applied to reduce risk of capital loss and provide adequate cash liquidity.

This fund is segregated from the core investment portfolio due to its defined purpose and different operating rules.

The Self-Employed Contractor / Working Director Fund has returned an average of 3.8% since its inception in 2006.

As at 30th June 2020 the balance held in investment was $6,331,030 against a liability of $6,346,495.

Actuarial Services

Mercer were appointed as the Board's Actuary in 2018. During the 2019/2020 Financial Year Mercer provided the following services:

- Annual report on the valuation of the scheme's long service leave liabilities at 30th June, sufficiency of the Construction Industry Fund and appropriateness of the levy rate;
- Sensitivity Analysis on the future funding of the scheme including projected cash flows and liabilities over the next eight years;
- Recommendation to the Board on the contribution rate and interest payable on account balances under the Self-Employed Contractor / Working Director Fund;
- Provision of short term liability forecasts for budget purposes.
- Sensitivity Analysis on the future funding of the scheme in relation to potential legislative changes relating to COVID-19.

The Board's valuation process is cyclic with a comprehensive review scheduled every 3 years known as a 'triennial review'. The last triennial review was undertaken in the 2017/2018 financial year.

Valuation

The FY2020 valuation estimates the Board's liability (excluding self-employed contractors and working directors) to be $128.3M with Vested Benefits being $114.0M.

Financial Year 2020	Value of Liability *(excluding self-employed contractors and working directors)*	Leaving Industry Vested Benefits *(excluding self-employed contractors and working directors)*
Value of liability	$128,311,000	$114,039,000

The FY2020 valuation estimates the Board's liability in relation to self-employed contractors and working directors to be $6.4M. The FY2020 valuation estimates the Board's total liability to be $134.7M.

	Financial Year 2020	Financial Year 2019
Construction workers	$128,311,002	$122,943,002
Self-employed contractors & working directors	$6,346,495	$6,044,334
Total Provision Long Service Leave Entitlements	$134,657,498	$128,987,336

Assumptions

The Actuary uses several experiential and economic assumptions in order to estimate the value of the Board's liabilities.

Experiential assumptions include:

— whether workers are active or inactive in the industry;

— the rates at which workers will accrue service credits in future;

— the rates at which workers will leave the Fund due to death, incapacity, retirement and leaving the industry; and

— the rates at which workers will take their long service leave entitlements.

Economic Assumptions include:

— the average long term rates of wage inflation; and

— the average long term investment return rate.

This year, the Actuary has elected to use a single long term investment return rate assumption that is intrinsically adjusted to allow for any short/medium-term expectations rather than the tiered approached used in previous years.

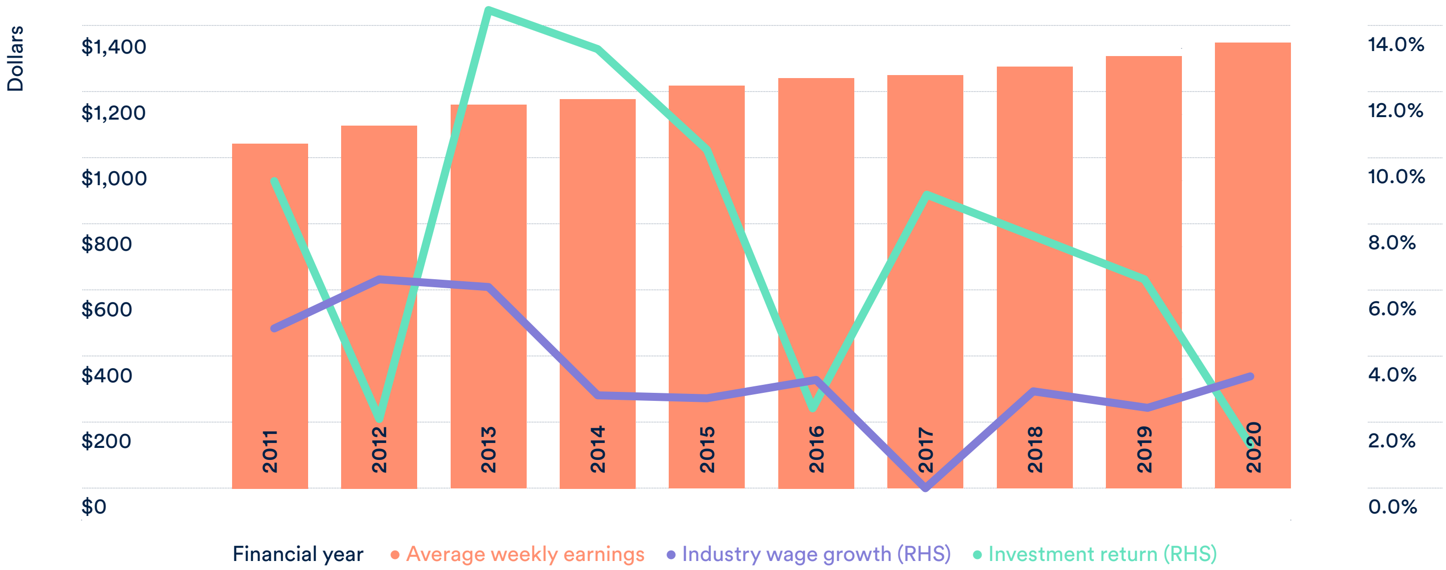
In order to be consistent with this single tier investment approach a similar change in the wage inflation assumptions was made.

The economic assumptions are as follows:

Assumption	FY2020	FY2019
Average Weekly Earnings (Wage Inflation)	3.0% pa	3.0% pa for 5 years 4.0% pa thereafter
Investment Return	5.2% pa	3.5% pa for 5 years 7.2% pa thereafter
Gap	2.2% pa	0.5% pa for 5 years, 3.2% pa thereafter

Average Weekly Earnings increased in FY2020 by 3.9% to $1,365 ($1,314 in FY2019). The Average Investment Return was 1.1% in FY2020 (5.5% in FY2019).

Average Weekly Earnings



The Actuary has advised that the Fund was in a strong financial position as at 30th June 2020 with a surplus (total assets exceeding total liabilities) of $26.1M and a solvency ratio of 119.3%.

Audit Services

Nexia Edwards Marshall were appointed the Board's auditors in 2019. An unqualified audit opinion was achieved during the 2019/2020 Financial Year.

Operations

Employer Return Management

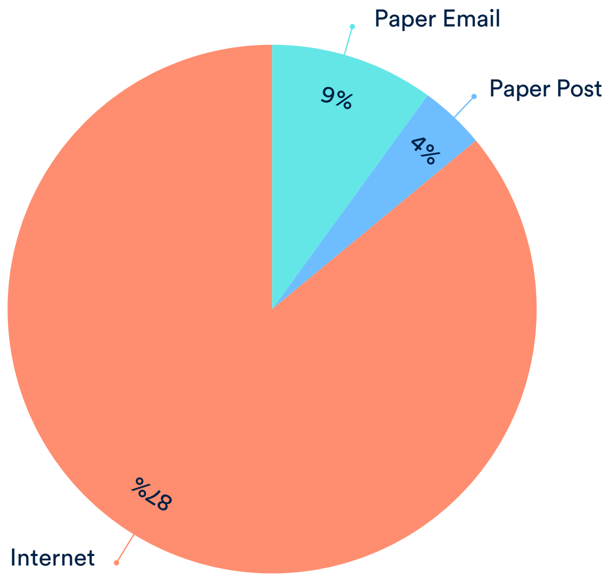
An Employer Return is the legislative mechanism used for an eligible employer to declare who has worked for them over the prescribed return period (2 months). Information contained in the Employer Return is then used to calculate the appropriate levy and credit service to construction workers.

Employer Return management is a shared responsibility across the organisation encompassing automatic reminders, data entry and review, customer education and communication, error correction and investigation, statutory fines, follow-up, debt collection and, when required, prosecution. Employer Return management activities undertaken in FY2020 consisted of:

Financial Year 2020								
	Issued	Received on time		Late		Fines		
Financial Year	Number	Number	%	Number	%	Number	%	Amount
2020	13,604	11,529	85%	2075	15%	393	3%	$29,475
2019	13,017	11,182	86%	1835	14%	538	4%	$40,350
2018	12,423	10,400	84%	2023	16%	478	4%	$35,850
2017	11,968	10,111	84%	1857	16%	842	7%	$63,150
2016	11,704	10,118	86%	1586	14%	1038	9%	$77,850

During the last quarter of FY2020 the Board temporarily suspended late lodgement and late payment fines due to COVID-19.

Employer Return Lodgement



During the year, the Board continued its push to convert employers completing returns by paper to the online equivalent. This resulted in the conversion of an additional 7% of employers and now 94% of Employers lodge returns electronically using the Board's online services.

During the year the Board wrote off $79K of bad debt from 26 employers.

Bad Debt Write Off	Financial Year 2020	Financial Year 2019	Financial Year 2018	Financial Year 2017	Financial Year 2016
No	26	20	30	45	28
Value	$79,117	$105,341	$81,817	$66,876	$255,000

Prosecution

No prosecutions were undertaken during the 2019/2020 financial year.

Legislation

Legislative Amendments

During the year the Board continued discussions with representatives from the civil construction industry and the South Australian Government regarding the application of the Act.

No update has been provided to the previously proposed amendments to the Act which the South Australian Government previously sought further industry consultation back in 2019.

Information Technology

Information Systems

The Board's focus on transforming its information technology environment continued in 2020. This primarily consisted of system customisation, user acceptance testing and data migration activities associated with the implementation of a new information system, now anticipated for the 4th quarter of 2020.

Cyber Security

The Board upgraded its firewall and remote access connectivity during the year to ensure optimal performance and maintain high levels of operational security.

Employees were periodically reminded to be vigilant of cyber security risks.

Communications and Field

Implementation of our communication and field strategy continued in 2019/2020 but was muted due to COVID-19 restrictions.

Routine engagement occurred throughout the first half of the year with stakeholder groups including employer associations and unions to ensure their members were adequately informed about Portable Long Service Leave. This involved advertising and editorial content in member-based publications, general check-ins, and attendance at member related functions by Portable Long Service Leave representatives.

During the year we continued to regularly communicate directly with members:

— to keep members informed of legislative and policy updates, scheme coverage issues, statutory obligations, and general scheme matters

— to notify workers of approaching leave entitlements or when they may lose service credits due to industry absences

This was achieved by:

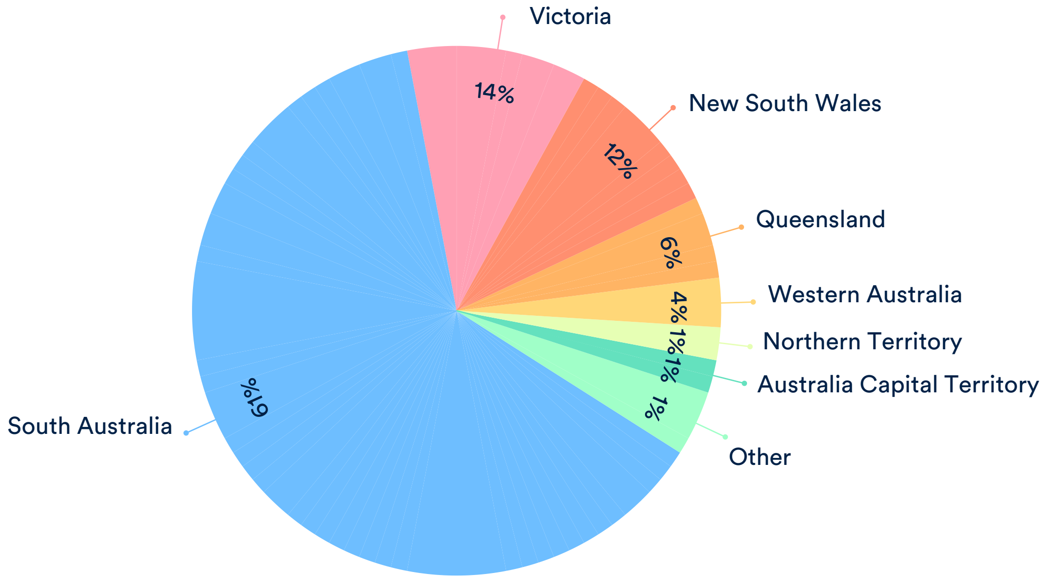
— issuing electronic and paper service statements, and notifications to actively registered workers

— sending email/SMS reminders prior to the due date for returns lodgement to assist employers to comply with scheme obligations

— Publishing news articles on our website

Our website www.portableleave.org.au was regularly accessed with approximately 39,000 unique users over the course of the year across all States and Territories representing a 30% increase from the prior year. The website is predominantly used by users based in South Australia however approximately 40% of activity is generated by interstate users.

Users by Region



Field activities consist of proactive communication and education of stakeholders together with compliance activities.

	Field Activities	Financial Year 2020	Financial Year 2019	Financial Year 2018	Financial Year 2017
Communication	Site Visits	177	151	152	166
	Apprentice Presentations	26	28	19	28
	Employer Meetings	81	112	285	130
	Worker Meetings	5	7	20	13
	Industry Stakeholder Meetings	8	17	27	3
	Letters to Prospective Employers	114	111	813	0
	Regional Trips	7	5	11	2
Compliance	Employer Audit	141	59	7	0
	Unregistered Service Investigation	207	217	254	340
Outcomes	Employer Registration Requests	341	360	367	322
	Contractor Registration Requests	110	115	115	77
Total Activities		1217	1182	2059	1081
Additional Levies Identified		$1,527,584	$1,161,303	$952,180	$940,000
Interest Imposed		$130,871	$126,859	$102,098	$46,236

6 trips to regional areas were undertaken during the year covering:

- Barossa Valley
- Yorke Peninsula
- Port Augusta
- Mt Gambier / South East
- Fleurieu Peninsula
- Riverland

An internal audit program exists to review rates of compliance with the Act. Audits are selected based on random and targeted methodologies and verify accuracy of information declared on employer returns against payroll data. FY2020 saw this program increase in scope and volume.

Assumption	FY2020	FY2019
Audits Completed	141	59
Compliant	91	34
Non-Compliant	45	25

The Board uses data matching techniques utilising external sources of information to identify possible non-compliant employers and allow the Board to initiate communication.

An additional $1.7M in non-compliant levies and penalty interest was collected in FY2020 through compliance activities.

During the year, the Board was respondent to three appeals in the South Australian Employment Tribunal in accordance with Section 34 of the Act.

- Both matters were resolved through conciliation.

Registrations

FY2020 saw a modest increase in registered workers (3.1%) and registered employers (2.1%).

	Financial Year 2020	Financial Year 2019	Change Percent
Active registered workers (Employed or less than allowable absence)	31,604	30,743	3.1%
Currently employed registered workers	23,820	22,816	4.6%
Registered employers	2,620	2,567	2.1%
Contractors / Working Directors registered	611	643	(4.9)%

Age demographics remain consistent with previous years with a significant proportion of registrations being under the age of 40 (63%) and an even higher proportion under the age of 50 (79%).

Usage of Long Service Leave

Leave utilisation remained consistent with previous years at 7.29% despite a peak claims period in April 2020 due to COVID-19.

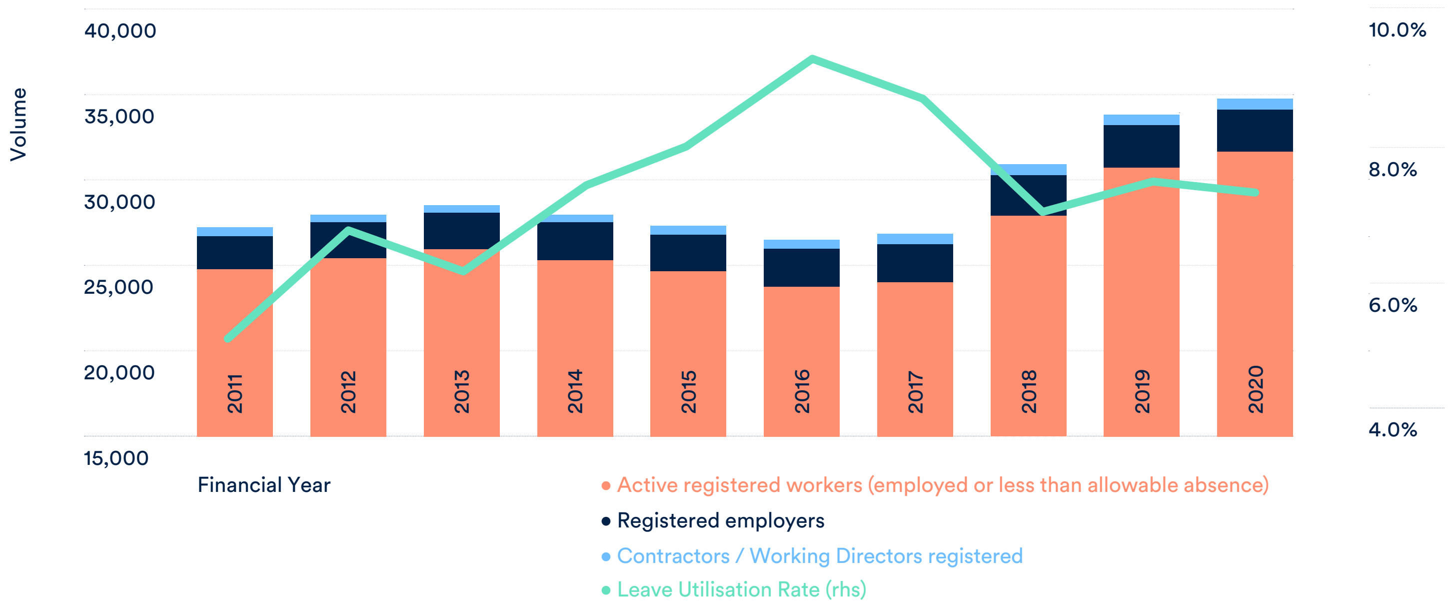
Usage of leave is spread broadly across age bandings however 65% of leave utilised is for persons under the age of 50 indicating employees are utilising long service leave during their working years rather than waiting until retirement.

It is worthwhile to note however that the utilisation rate increases with age with a higher utilisation rate for the age brackets 50 and above.

This year an average 63% of registered workers took long service leave whilst working in the industry. Approximately 24% of registered workers took a pro rata payment as they left the industry or transitioned into a role no longer covered by the scheme.

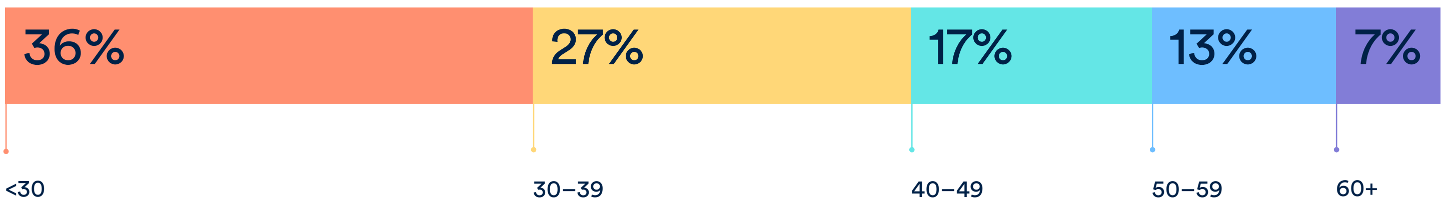
Claims involving interstate service represented 10% of all claims reflective of the transient nature of work across Australia.

Registrations

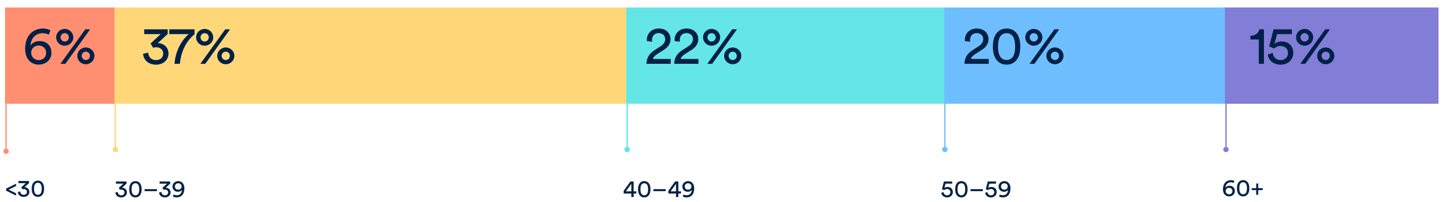


*Utilisation rate is total long service leave claims divided by total registered workers.

Financial Year 2020 Active Worker Registrations by Age



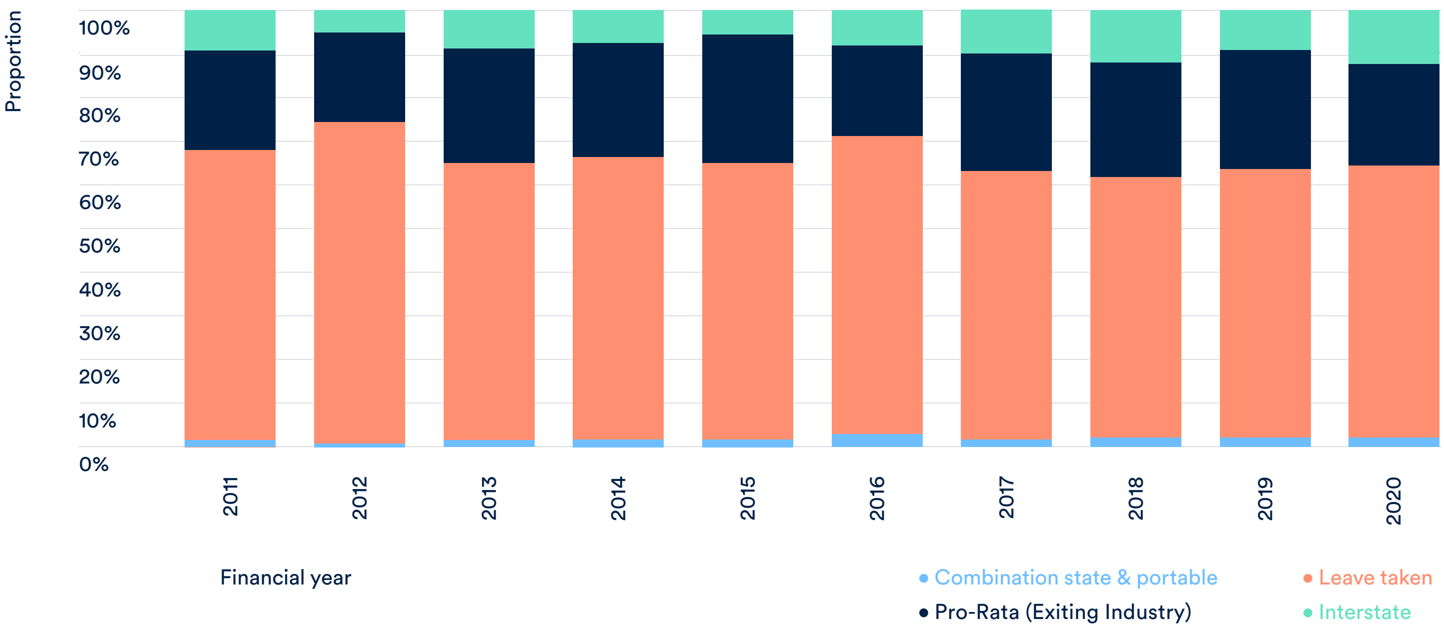
Financial Year 2020 Long Service Leave Claims by Age



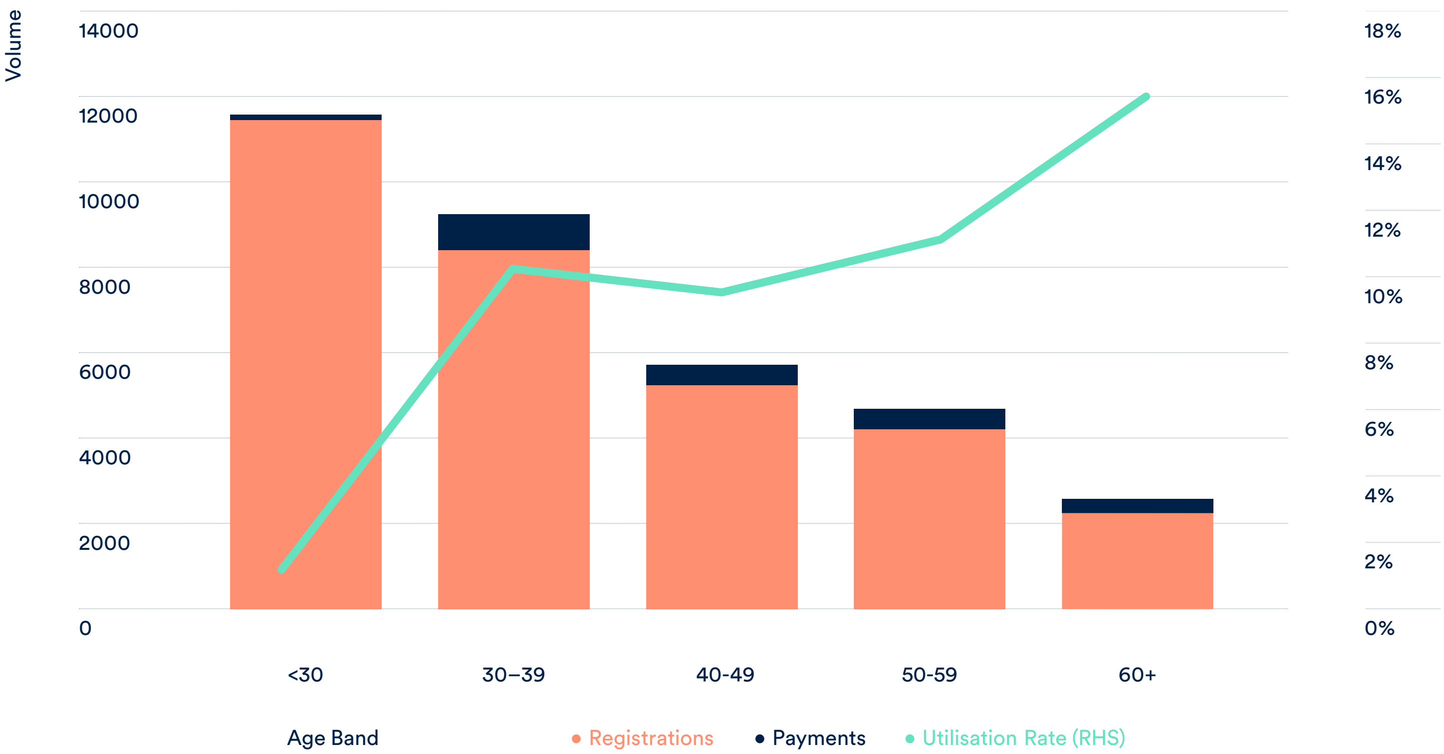
Financial Year 2020 Apprentice Profile

No levy is imposed on apprentices, however they continue to accrue long service leave service credits in the same way as other workers.

Long Service Leave Claims by Type



Financial Year 2020 Utilisation by Age



*Utilisation rate is total long service leave claims divided by total registered workers.

Governance

The Construction Industry Long Service Leave Board (the Board) is responsible for the administration of the Construction Industry Long Service Leave Act 1987 (the Act). Portable Long Service Leave is the Business Name of the Board.

Composition

Membership of the Board is determined in accordance with Section 7 of the Act and comprises of three members appointed to represent the interests of employers and three members appointed to represent the interests of workers. The Presiding Officer is nominated by the Minister for Industrial Relations.

Appointments

The Board was appointed by the Governor on 27th June 2017, effective 1st July 2017 for a period of 5 years. On 21st October 2019 Ms Thina Mariappan resigned from the Board.

On 10th December 2019 Mr John Camillo resigned from the Board. On 11th December 2019 Mr Colin Fenney resigned from the Board. On 12th December Mr Derek Stapleton, Ms Alexandra Russell and Ms Demi Brown were appointed to the Board.

On 6th February 2020 Mr Peter Bauer and Mr Stuart Gordon were appointed to the Board.

Board Meetings

During the 2019/2020 year the Board met on 10 occasions, excluding sub committees and working parties.

Board Members		Meetings available to attend	Meetings attended
Ms Marie Boland	Presiding Officer	10	8
Mr Derek Stapleton*	SA Unions	8	8
Mr Colin Fenney**	SA Unions	6	2
Mr John Camillo***	SA Unions	6	3
Ms Erin Hennessy	SA Unions	10	9
Mr Peter Bauer****	SA Unions	7	4
Mr Larry Moore	National Electrical and Communications Association	10	9
Ms Estha van der Linden	Business SA	10	9
Mr Steve Minuzzo	Master Builders Association	10	10

Deputies			
Ms Alexandra Russell*	SA Unions	0	0
Mr Stuart Gordon	SA Unions	2	2
Mr John Adley	SA Unions	1	1
Mr Peter Salveson	Master Builders Association	0	0
Ms Demi Brown*	AMCA SA	0	0
Ms Thina Mariappan*****	Master Plumbers Association	1	1
Ms Karen van Gorp	Business SA	1	1

* Appointed 12th December 2019. ** Resigned 11th December 2019.
*** Resigned 10th December 2019. **** Appointed 6th February 2020. ***** Resigned 21st October 2019.
Note: Board members and deputies were eligible to attend October 2019 Strategic Planning Board Meeting.

Board Committees

Due to its small size and frequency of meetings the Board does not have standing subcommittees. Instead the Board establishes sub committees on an as required basis in order to provide closer attention to important areas facing the organisation.

In 2019/2020 the Board did not establish any subcommittees.

Overseas Travel

During the 2019/2020 year, no Members of the Board engaged in overseas travel in their capacity as a Member of the Board.

Board Training & Development

During the 2019/2020 year the Board undertook the following training and development activities:

- Portable Long Service Leave National Conference
- Investment Briefings
- Non accredited Asset Class Training
- Individual Board member training within policy limits or self funded including:
  - University studies

Strategic Planning

As part of its Strategic Planning objectives in 2019/2020 the Board commenced a Board Evaluation exercise. A facilitated workshop of the results was deferred until 2020/2021 due to COVID-19 social distancing measures.

Risk Management

The Board has a structured approach to Risk Management via a Risk Management Framework and Risk Register that is reviewed regularly by an internal risk review committee made up of representatives from different areas of the organisation. The risk committee met two times during the year in October 2019, and February 2020 and reported to the Board in November 2019.

The Board's Business Continuity Plan was enacted in March 2020 with closure of the office and a 6-week work from home period. There were no adverse outcomes to the organisation or customers service levels through this period.

Annual Report

The 2018/2019 Annual Report was tabled in Parliament in accordance with the Act on the 15th October 2019.

Actuary Report

The 2018/2019 Actuary Report was tabled in Parliament in accordance with the Act on the 15th October 2019.

Board Remuneration

Board members are remunerated in accordance with Department of Premier and Cabinet (DPC) Circular 16 – Remuneration for Government Appointed Part Time Boards and Committees.

The Board as classified as a Category 1, Level 6 Board.

Financial Performance

The Board received an Unqualified Audit Report from Nexia Edwards Marshall for the 2019/2020 year.

Fraud

No instances of fraud were reported or detected during the year.

Delegations

The Board maintains a schedule of financial delegations that is reviewed annually. It was reviewed and subsequently approved in the June 2020 Board Meeting.

Day to day management of the Board's affairs and the implementation of strategy and policy are delegated to the Chief Executive Officer and management.

Insurance

The Board has insurance coverage through the South Australian Insurance Corporation (SAICORP).

People

Employees as at 30th June 2020 totalled 10 FTE.

The Board's most tenured employee retired during the year following 33 years of service resulting in changes in personnel employed in field officer and customer support officer roles that resulted in 2 part time roles converting to full time roles during the year.

The Board recognises and values the contribution of its employees ensuring transparent and equitable remuneration, flexible working arrangements, training and development opportunities, and input into policies and procedures where applicable.

No Workplace Health and Safety incidents of significance occurred during the year.

An Employee Assistance Program was made available throughout the year.

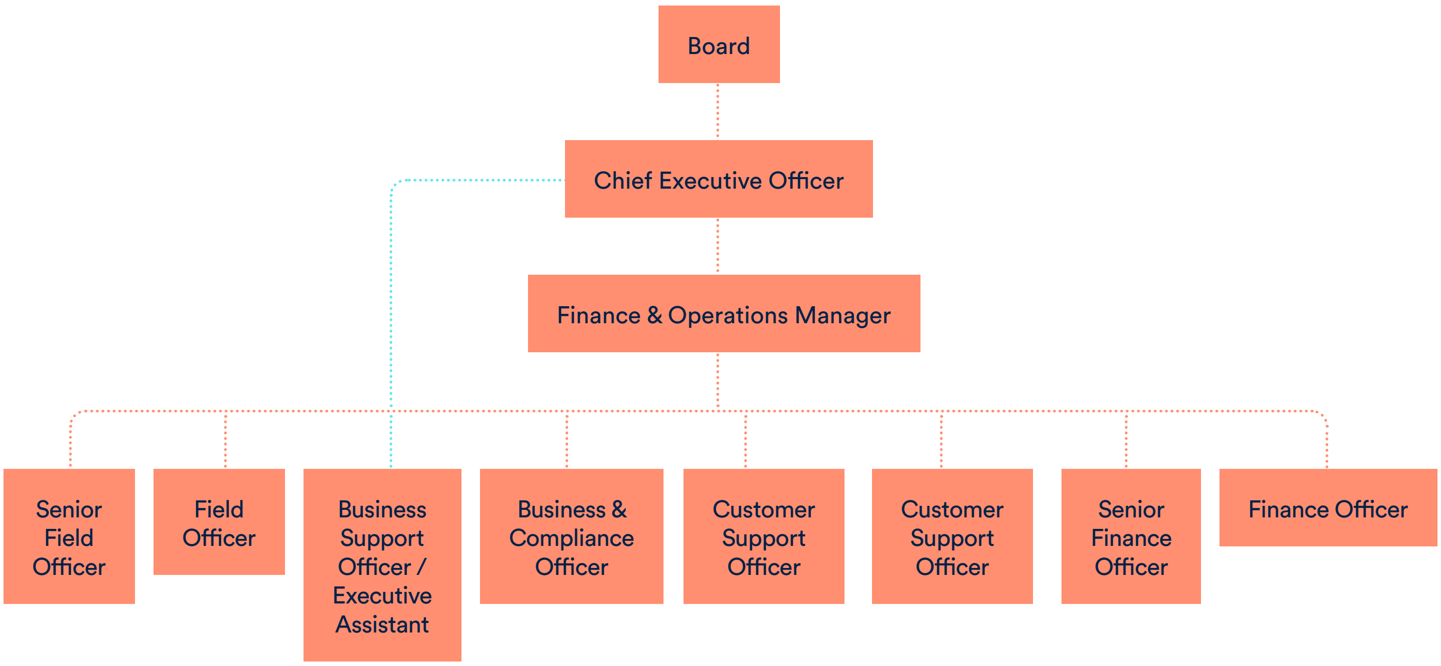
A Paid Parental Leave policy was implemented during the year.

Flu vaccinations were made available during the year to those wishing to participate.

Employees participated in the following activities during the year:

- Hosted Australia's Biggest Morning Tea raising valuable funds for cancer
- Undertook Teambuilding activities of ten pin bowling and laser tag
- Participated in an employee managed social club
- Participated in a Footy tipping competition and
- Shared lunches at periodic times throughout the year

Employees undertook a facilitated Team Building Workshop in February 2020. A Customer Service of the quarter award was initiated during the year following positive feedback received through the Boards customer feedback tool.



People	2016	2017	2018	2019	2020
Full time	9	8	8	8	10
Part time	3	2	2	2	–
Total	12	10	10	10	10
FTE	10.8	9.5	9.6	9.6	10.0

Financial Statements

STATEMENT BY THE BOARD

In the opinion of the Board:

1 (a) The accompanying Statement of Comprehensive Income gives a true and fair view of the surplus of the Construction Industry Fund for the year ended 30th June 2020;

(b) The accompanying Statement of Financial Position gives a true and fair view of the state of affairs of the Construction Industry Long Service Leave Board as at 30th June 2020;

(c) The accompanying Statement of Cash Flows gives a true and fair view of cash flows of the Construction Industry Long Service Leave Board for the year ended 30th June 2020; and

(d) The internal controls over financial reporting have been effective throughout the reporting period.

2 At the date of this statement there are reasonable grounds to believe the Construction Industry Long Service Leave Board can meet its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board.

Marie Boland

M Boland
Presiding Officer

Adam Warchol
Chief Executive Officer

15th September 2020

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $000's	2019 $000's
Income From Ordinary Activities			
Levies	3	18,469	17,755
Realised Investment Income	3	7,659	5,242
Unrealised gain on financial assets at fair value through profit or loss	3	(6,032)	2,558
Other	3	61	20
Total Income		20,157	25,575
Expenses From Ordinary Activities			
Worker Payments	4	20,411	26,611
Contractor Interest		116	130
Employee Benefits Expense	5	891	895
Depreciation	10	45	50
Depreciation charge for Right of Use Asset	12	92	92
Interest expense on Lease Liability		12	14
Impairment Loss on Receivables	9	82	98
Administration	6	434	500
Total Expenses		22,083	28,390
Total Surplus / (Deficit)		**(1,926)**	**(2,815)**
Total Other Comprehensive Income		-	-
Total Comprehensive Income		**(1,926)**	**(2,815)**

The above statement should be read in conjunction with the accompanying notes.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $000's	2019 $000's
Assets			
Cash and Cash Equivalents	8	3,278	4,242
Receivables	9	3,106	3,480
Financial Assets	9	154,404	149,411
Property, Plant & Equipment	10	84	134
Intangible Assets	11	188	70
Right of Use Asset	12	468	560
Total Assets		161,528	157,897
Liabilities			
Trade and other Payables	13	121	101
Lease Liability	12	539	630
Employee Benefits	14	102	144
Worker Payments	14	128,311	122,943
Registered Contractor Contribution Fund	14	6,346	6,044
Total Liabilities		135,419	129,862
Net Assets		**26,109**	**28,035**
Equity			
Accumulated Surplus		**26,109**	**28,035**

The above statement should be read in conjunction with the accompanying notes.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $000's Inflows (Outflows)	2019 $000's Inflows (Outflows)
Cash Flows From Operating Activities			
Receipts From Levies & Operations		18,612	17,277
Payments to Workers		(15,043)	(13,608)
Payments to Suppliers & Employees		(1,478)	(1,501)
Interest Received		29	49
Net Cash Provided by / (Used In) Operating Activities		2,120	2,217
Cash Flows From Investing Activities			
Redemption of Investments		1,691	273
Purchase of Investments		(4,642)	(1,200)
Payments from Registered Contractors Fund		(24)	(9)
Payments for Plant & Equipment		(7)	(54)
Proceeds from Sale of Plant & Equipment		–	24
Net Cash Provided by / (Used In) Investing Activities		(2,982)	(966)
Cash Flows From Financing Activities			
Payments for Principal Right of Use Asset		(90)	(84)
Payments for Interest Lease Liability		(12)	(14)
Net Cash Provided By (Used In) Financing Activities		(102)	(98)
Net Increase / (Decrease) in Cash Held		(964)	1,153
Cash at the Beginning of the Year		4,242	3,089
Cash at the End of the Year	**8**	**3,278**	**4,242**

The above statement should be read in conjunction with the accompanying notes.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Retained Earnings $000's	Total Equity $000's
Balance at 30 June 2018	30,789	30,789
Retrospective Adjustment on Change of Accounting Policy AASB 9	61	61
Deficit for 2019	(2,815)	(2,815)
Balance at 30 June 2019	28,035	28,035
Deficit for 2020	(1,926)	(1,926)
Balance at 30 June 2020	**26,109**	**26,109**

The above statement should be read in conjunction with the accompanying notes.

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 — Objectives of the Construction Industry Long Service Leave Board

The Construction Industry Long Service Leave Board is responsible for administering the Construction Industry Fund which controls levies collected from employers to provide portable long service leave for employees in the construction industry.

2 — Statement of Significant Accounting Policies

(a) Basis of Preparation

The reporting entity is The Construction Industry Long Service Leave Board, a statutory scheme created pursuant to the Construction Industry Long Service Leave Act, 1987. The Board operates in the State of South Australia.

The Construction Industry Long Service Leave Board applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053 Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act, 1987 to the extent applicable. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, with the exception of the Statement of Cash Flows, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

The financial report has been prepared based on a twelve month operating cycle and presented in Australian currency and rounded to the nearest thousand dollars ($000).

The financial statements were authorised for issue by the Board on 15 September 2020.

(b) Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard have required change.

The accounting policies have been consistently applied, unless otherwise stated.

During the reporting period 30 June 2019 the Board applied AASB 9 Financial Instruments and AASB 1053 Application of Tiers of Accounting Standards have been applied. The Board has elected to early adopt AASB 16 Leases, AASB 15 Revenue and AASB 1058 Income of Not-for-Profit Entities.

(c) Taxation

The Construction Industry Long Service Leave Board is exempt from income tax under Section 11 of the Income Tax Assessment Act 1997. The Board is liable for fringe benefits tax (FBT) and goods and services tax (GST).

Revenue, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable. Receivables and payables are stated with the amount of GST included.

(d) Presentation of Statement of Financial Position on a Liquidity Basis

The Board have taken the view in complying with the requirements of Australian Accounting Standards, the treatment of worker payments as current liabilities does not reflect the true liquidity of the entity as these liabilities are not likely to be repaid in the next 12 months.

Accordingly, the Board has chosen to present its statement of financial position under the liquidity presentation method under AASB 101 Presentation of Financial Statements on the basis it presents a more reliable and relevant view.

(e) Estimation Uncertainty

When preparing the financial statements the Board undertakes a number of judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

— Note 3 – Revenue recognition - whether income from levies and penalties is recognised over time or at a point in time;

— Note 12 – Leases - whether a contract is, or contains, a lease.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

— Note 9 – Receivables – measurement of estimated credit loss allowance for trade and other receivables – key assumptions in determining the average historical loss rate;

— Note 11 – Impairment test of intangible assets – key assumptions underlying recoverable amounts, including the recoverability of development costs;

— Note 14 – Provision – Worker Payments – key actuarial assumptions;

— Notes 14 and 15 – recognition and measurement of provisions and contingencies – key assumptions about the likelihood and magnitude of an outflow of resources.

(f) Events after the Reporting Period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

The Board is not aware of any significant events since the end of the reporting period.

(g) Changes in Significant Accounting Policies

New and Amended Accounting Standards Adopted by the Entity

The Board applied AASB 1053 Application of Tiers of Australian Accounting Standards for the first time as at 30 June 2019.

During the year ending 30 June 2019 the Board adopted the accounting standards AASB 9 Financial Instruments, and early adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases.

The accounting policies in relation to these accounting standards are described in Note 3 Income, Note 9 Financial Instruments and Note 12 Leases.

The application of these changes in accounting policies had no impact on the cash flows of the entity.

There were no significant changes in accounting policies during the year ending 30 June 2020.

3 — Income

Income from Levies and Penalties

The Board generates income from levies and penalties imposed under the Construction Industry Long Service Leave Act 1987. The levy rate prescribed in accordance with regulations under the Act for the Construction Industry Fund was 2.00% of total remuneration paid to employees for the year ending 30 June 2020. Levies are recognised when returns are received with an accrual to recognise levies received from employers after the end of the reporting period but relating to the May/June billing cycle. The service related to these contributions are included in the actuarial assessment of worker payment liabilities.

The Board has determined that levies and penalties are transactions to principally enable the entity to further its objectives and has recognised income when the right to receive the levy is recognised (on receipt of returns lodged by employers) under AASB 1058, the initial application of which is described in Note 1 New and Amended Accounting Standards Adopted by the Board.

The Board has considered the disaggregation of income into categories that reflect how the nature and amount of income (and resultant cash flows) are affected by economic factors. The Board has considered income from levies and penalties by variation in the geographical region, type of counterparty to which the levy rate applies including number of workers per employer or variation in rate applied (other than the date from which the rate applies) and determined that further disaggregation does not provide more useful information due to factors including the project nature of work.

Income from Investments

Income from investments includes distributions from financial assets (managed funds) and interest income arising from financial assets measured at amortised cost (realised investment income) and unrealised gains on financial assets at fair value through profit or loss.

Other Income

Other includes profit on the sale of property, plant and equipment and sundry income.

4 — Worker Payments

	2020 $000's	2019 $000's
Actuarial Assessment of 30 June Liability	128,311	122,943
Worker Payments during the Year	15,043	13,608
Actuarial Assessment in Previous Year	(122,943)	(109,940)
Total Worker Payments Expense	**20,411**	**26,611**

5 — Employee Benefits Expense

	2020 $000's	2019 $000's
Salaries and Wages	732	740
Long Service Leave	7	18
Annual Leave	7	(14)
Employment on-costs - Superannuation	68	70
Employment on-costs - Other	28	30
Board Fees	49	51
Total Employee Benefits Expense	**891**	**895**

The number of employees at 30 June 2020 was 10 (2019: 10).

6 — Administration

	2020 $000's	2019 $000's
Motor vehicles	17	15
Accommodation	33	33
Staff Training and Development	24	10
Audit, Actuary, Legal and Consultancy	84	196
Information and Telecommunications Technology	107	111
Other Administration	169	135
Total Administration	**434**	**500**

7 — Auditor's Remuneration

	2020 $000's	2019 $000's
Remuneration of the Auditor of the Board for	15	16
Auditing the Financial Statements	**15**	**16**

8 — Cash And Cash Equivalents

Cash and cash equivalents recorded in the Statement of Financial Position and Statement of Cash Flows include cash on hand and demand deposits. Cash is measured at nominal value. For the purpose of the Statement of Cash Flows, cash includes all bank balances. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2020 $000's	2019 $000's
Cash at Bank and in Hand	18	3,278	4,242
Total Cash And Cash Equivalents		**3,278**	**4,242**

9 — Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The Board’s financial assets include investments in managed funds and term deposits, as part of a portfolio of identified instruments that are managed together in accordance with a documented investment strategy.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component. The Board’s receivables include amounts receivable from employer debtors (levies) less expected credit losses, accruals, sundry debtors and prepayments. Employer debtors arise in the normal course of collecting levies from employers and are generally receivable 21 days following the end of the two monthly billing cycle. Accrued contributions are levies received from employers after the end of the reporting period but relating to the May/June billing cycle. The service related to these contributions are included in the actuarial assessment of worker payment liabilities.

Classification and subsequent measurement

Financial assets are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Measurement is on the basis of two primary criteria:

— The contractual cash flow characteristics of the financial asset; and

— The business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

— The financial asset is managed solely to collect contractual cash flows; and

— The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

The Board’s term deposits are subsequently measured at amortised cost.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

— The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

— The business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised. The Board’s investment in managed funds are classified as at fair value through profit or loss.

Financial liabilities are subsequently measured at amortised cost or fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is held for trading or initially designated as at fair value through profit or loss. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The Board’s financial liabilities are detailed in Note 13.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

— Incurred for the purpose of repurchasing or repaying in the near term;

— Part of a portfolio where there is an actual pattern of short-term profit-taking; or

— A derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

— The right to receive cash flows from the asset has expired or been transferred;

— All risk and rewards of ownership of the asset have been substantially transferred; and

— The entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Board recognises a loss allowance for expected credit losses on its financial assets that are measured at amortised cost. Loss allowance is not recognised for financial assets measured at fair value through profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Board used the simplified approach to impairment, as applicable under AASB 9 to trade receivables.

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss including appropriate groupings of historical loss experience and forward looking estimates of default events.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Impairment of Assets

At the end of each reporting period, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

	2020 $000's	2019 $000's
Financial Assets at fair value through profit or loss		
Managed Funds	151,079	145,104
Financial Assets at amortised cost		
Term Deposits	3,325	4,307
Total Financial Assets	**154,404**	**149,411**

	2020 $000's	2019 $000's
Current		
Employer Debtors	751	604
Credit loss allowance	(69)	(68)
	682	536
Accrued Contributions	2,313	2,630
Sundry Debtors & Prepayments	111	314
Total Receivables	**3,106**	**3,480**

Reconciliation of the ending impairment allowance under AASB 139 and the opening loss allowance determined in accordance with AASB 9.

	2020 $000's	2019 $000's
Carrying amount at the beginning of the year	68	136
Adjustment on initial application of AASB 9	–	(61)
Balance at 1 July	68	75
Amounts written off	(81)	(105)
Net remeasurement of loss allowance	82	98
Carrying amount at the end of the year	**69**	**68**

10 — Property, Plant & Equipment

Property, plant and equipment are measured at cost less depreciation and impairment losses. The residual values, useful lives and depreciation/amortisation methods of all major assets held by the Board are reviewed and adjusted if appropriate on an annual basis. Leasehold improvements are amortised over their estimated useful life or the unexpired portion of the relevant lease, whichever is the shorter.

Depreciation of assets is determined as follows:

Class of Asset	Depreciation Method	Depreciation Rate
Office Equipment	Diminishing Value	50%
Motor Vehicles	Diminishing Value	30%
Office Furniture & Fittings	Diminishing Value	15%
Leasehold Improvements	Prime Cost	20%

All items of property, plant and equipment are tested for indications of impairment at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

	2020 $000's	2019 $000's
Leasehold Improvements at Cost	46	46
Less Accumulated Depreciation	(35)	(26)
	11	20
Office Equipment at Cost	106	99
Less Accumulated Depreciation	(94)	(86)
	12	13
Office Furniture & Fittings at Cost	27	27
Less Accumulated Depreciation	(14)	(12)
	13	15
Motor Vehicles at Cost	95	122
Less Accumulated Depreciation	(47)	(36)
	48	86
Total Plant & Equipment at Cost	274	294
Less Accumulated Depreciation	(190)	(160)
Total Plant & Equipment	**84**	**134**

Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the financial year were as follows:

	Leasehold Improvements $000's	Office Equipment $000's	Office Furniture $000's	Motor Vehicles $000's	Total $000's
2019					
Balance at Beginning of Year	30	17	17	83	147
Additions	-	7	-	46	53
Disposals	-	-	-	(15)	(15)
Depreciation Expense	(10)	(11)	(2)	(28)	(51)
Balance at End of Year	**20**	**13**	**15**	**86**	**134**
2020					
Balance at Beginning of Year	20	13	15	86	134
Additions	-	7	-	-	7
Disposals	-	-	-	(12)	(12)
Depreciation Expense	(9)	(8)	(2)	(26)	(45)
Balance at End of Year	**11**	**12**	**13**	**48**	**84**

Impairment

There were no indications of impairment of property, plant or equipment at 30 June 2020.

11 — Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. Intangible assets are initially recognised at cost and subsequently recognised at cost less amortisation and any impairment. Intangible assets includes the development, plan and design for the production of a new information system. During the year ended 30 June 2018, the Board was contractually committed to a design for $60,000. The design was subsequently assessed as not fit for purpose, and the intangible asset derecognised in 2019. The design costs are included in Administration costs (Consultancy) in Note 6. The Board has contracted implementation of another information system during the year ended 30 June 2019 and currently recognise this as work in progress. The Board is contractually committed to the contract for $350,000 of which the approximately 54% of the project has been completed. Amortisation will commence when the current work in progress is complete in accordance with the contract.

Amortisation is calculated on a straight line basis over the estimated useful life of the intangible asset. There were no indications of impairment of intangible assets at 30 June 2020.

	2020 $000's	2019 $000's
Work in Progress - Software Development	188	70
Total Intangible Assets	**188**	**70**

	Software Design $000's	Software Development $000's	Total $000's
2019			
Balance at Beginning of Year	27	-	27
Additions	33	70	103
Disposals	(60)	-	(60)
Depreciation Expense	-	-	-
Balance at End of Year	**-**	**70**	**70**
2020			
Balance at Beginning of Year	-	70	70
Additions	-	118	118
Disposals	-	-	-
Depreciation Expense	-	-	-
Balance at End of Year	**-**	**188**	**188**

12 — Leases

At inception of a contract, the Board determines whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Board assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Board has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Board has the right to direct the use of the asset. The Board has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Board has the right to direct the use of the asset if either:

- The Board has the right to operate the asset; or
- The Board designed the asset in a way that predetermines how and for what purpose it will be used.

The Board leases its office accommodation at Rose Park. The premises are recognised as a right of use (ROU) asset with a corresponding lease liability in the Statement of Financial Position. The lease is subject to variable lease payments, due to an annual increase and reduced by a lease incentive for a period of 2 years. The term of the lease is 5 years, with extension options the Board is reasonably likely to exercise for a further 2 and 2 years.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the useful life of the right of use asset or the end of the lease term. In addition, the right of use assets is periodically tested for impairment and the carrying value reduced by impairment losses.

The lease liability is discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Board's incremental borrowing rate.

	2020 $000's	2019 $000's
Right of Use Asset	828	828
less Accumulated Depreciation	(360)	(268)
Total Right of Use Asset	**468**	**560**

The Board has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less or leases of low value assets including IT equipment and expenses these on a straight line basis over the lease term.

	2020 $000's	2019 $000's
Lease Liability	539	630
Total Lease Liability	**539**	**630**

13 — Trade and other Payables

Payables include trade creditors and accruals, including goods and services received prior to the end of the reporting period that are unpaid at the end of the period. Payables are measured at their nominal value and are normally settled within the terms of payment stipulated by the supplier.

The accounting policies relating to financial liabilities including Payables are detailed in Note 9 Financial Instruments.

	2020 $000's	2019 $000's
Financial liabilities at amortised cost		
Trade Creditors	10	14
Sundry and Other Creditors	111	87
Total Payables	**121**	**101**

14 — Provisions

Provisions are recognised when the Board has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the financial year.

Worker Payment Provision

Provision is made for amounts due to construction industry employees under the current legislation based on an annual independent actuarial assessment of worker payment liabilities. The effective date of the actuarial report on the worker payment liabilities is 30 June 2020. The actuarial report for the Construction Industry Long Service Leave Board was prepared by Mr Julian Hotz, FIAA of Mercer and was dated 2 September 2020.

The actuarial report indicates Mr Hotz is satisfied as to the accuracy of the data upon which the worker payment liabilities have been determined.

Actuarial Methods

The liabilities have been calculated using a “best estimate” method incorporating assumptions on expected actual investment returns, wage inflation, exit rates, take up of long service leave whilst in service, future service credits and an allowance for the operating expenses of the fund.

Processes Used To Select Assumptions

Assumptions relating to the valuation of the worker payment provision can be categorised as financial or demographic.

Financial Assumptions

Financial assumptions consist of the rate of investment earnings for the Fund’s assets and the rate of pay increases.

The rate of return on investment is informed by the Board’s investment advisers JANA based on the current strategic asset allocation for the short to medium term and over the longer term.

Wage inflation should reflect the long term trend and expectations regarding the future and is derived from the average increase in ordinary weekly pay per annum over the last five years and current economic forecasts for the next five years.

Demographic Assumptions

Demographic assumptions are determined from analysis of the Fund’s experience over the last three years and include the rate at which members move from active to inactive, rates of exit for leaving the industry, leave taken per year and a service accrual percentage. The death rate is derived from Australian Life Tables.

Sensitivity Analysis

The worker payment liabilities are sensitive to changes in the actuarial assumptions adopted for the valuation. The absolute levels of the assumptions for investment returns and wage inflation are less important than the difference or ‘gap’ between them.

The results of sensitivity analysis show that a 1% per annum (pa) reduction in the ‘gap’ is expected to increase the value of accrued liabilities by 5% whilst a 1% pa increase in the ‘gap’ is expected to reduce the value of accrued liabilities by 5%.

Registered Contractor Contribution Fund

Registered contractor funds are voluntary contributions by registered contractors and working directors to fund their own long service leave and include accrued interest that is credited monthly.

Employee benefits

Employee benefits accrue for employees as a result of services provided up to the end of the financial year that remain unpaid, and include annual and long service leave entitlements plus an allowance for on-costs. Annual leave liability is measured at the undiscounted amount expected to be settled within 12 months. The liability for long service leave is measured as the present value of expected future payments to be made and based on assumptions including expected future salary and on-costs, experience of employee departures and periods of service. Any re-measurements arising for changes in assumptions are recognised in profit or loss in the period in which the changes occur.

The unconditional portion of the long service leave provision is expected to be settled within 12 months as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 7 years of service and measured at nominal value. The liability for long service leave for employees who do not have an unconditional right to payment has been measured at the present value of the future cash outflows to be made for these benefits accrued to the reporting date expected to be settled after 12 months. No provision has been made for personal leave as all personal leave is non-vesting.

	2020 $000's	2019 $000's
Worker Payments		
Expected to be settled within 12 months	17,000	16,000
Expected to be settled after 12 months	111,311	106,943
Total Worker Provisions	**128,311**	**122,943**
Registered Contractor Contribution Fund		
Expected to be settled within 12 months	500	500
Expected to be settled after 12 months	5,846	5,544
Total Registered Contractor Provisions	**6,346**	**6,044**
Employee Benefits		
Annual Leave expected to be settled within 12 months	38	35
Long Service Leave expected to be settled within 12 months	34	88
Long Service Leave expected to be settled after 12 months	30	21
Total Employee Provisions	**102**	**144**

Movements in the carrying amounts of each provision between the beginning and the end of the financial year were as follows:

	Annual Leave $000's	Long Service Leave $000's	Worker Payments $000's
2019			
Carrying Amount at Beginning of Year	49	92	109,940
Provision Used	(70)	-	(13,608)
Additional Provisions Recognised	56	17	26,611
Carrying Amount at End of Year	**35**	**109**	**122,943**
2020			
Carrying Amount at Beginning of Year	35	109	122,943
Provision Used	(53)	(52)	(15,043)
Additional Provisions Recognised	56	7	20,411
Carrying Amount at End of Year	**38**	**64**	**128,311**

15 — Contingent Liabilities

The Board is not aware of any contingent liabilities or made an estimate of the potential financial effect that may become payable.

16 — Fair Value of Assets and Liabilities

The Board measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the Board would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

The valuation techniques selected by the Board are consistent with one or more of the following valuation approaches:

— The market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;

— The income approach, which converts estimated future cash flows or income and expenses into a single discounted present value;

— And the cost approach, which reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets.

Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

The Board measures and recognises financial assets at fair value through profit or loss on a recurring basis after initial recognition. The Board does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

For investments in financial assets at fair value through profit or loss, the fair values have been determined based on quoted market prices at the end of the reporting period.

	2020 $000's	2019 $000's
Recurring fair value measurements		
Financial assets		
Financial assets at fair value through profit or loss	151,079	145,104
	151,079	**145,104**

17 — Key Management Personnel and Related Parties

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel (KMP).

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties such as levies paid in the capacity of an employer at the levy rate as it relates to employees and for a value of $1,477 (2019: $1,520).

KMP Compensation	2020 $000's	2019 $000's
Short-term employee benefits	287	293
Post-employment benefits	24	25
	311	**318**

The names of Board/Deputy Members who have held office during the financial year are :

Ms Marie Boland	
Ms Estha van der Linden	Ms Karen Van Gorp (Deputy)
Mr Steven Minuzzo	Mr Peter Salveson (Deputy)
Mr Laurence Moore	Ms Demi Brown (Deputy from 12 December 2019)
Mr Derek Stapleton (from 12 December 2019)	Ms Alexandra Russell (Deputy from 12 December 2019)
Mr Colin Fenney (resigned 11 December 2019)	Mr Derek Stapleton (ceased as Deputy on 11 December 2019)
Ms Erin Hennessy	Mr John Adley (Deputy)
Mr John Camillo (resigned 10 December 2019)	Mr Peter Bauer (Deputy ceased 10 December 2019)
Mr Peter Bauer (from 6 February 2020)	Mr Stuart Gordon (Deputy from 6 February 2020)

The Board was appointed by the Governor on 27 June 2017 effective 1 July 2017 for a period of 5 years.

18 — Financial Risk Management

The Board has exposure to risk in performing its statutory functions. The Board has a structured approach to risk management including a Risk Management Framework and Risk Register reviewed regularly by an internal risk review committee.

The Board is exposed to the following risks arising from financial instruments:

— Credit risk

— Liquidity risk

— Market risk.

Credit Risk

Credit risk is the risk of financial loss to the Board if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from employers for levies.

The carrying amounts of receivables represent the maximum credit exposure. The Board had no significant concentrations of credit risk with any single counterparty or group of counterparties. Impairment losses on financial assets and contract assets recognised in profit or loss are detailed in Note 9 Financial Instruments.

Liquidity Risk

Liquidity Risk is the risk that the Board will encounter difficulty in meeting its obligations that are settled in cash or another financial asset.

The Board invests in financial assets in managed funds utilising an Implemented Consultant to ensure a range of liquidities and maturities are available. The Board maintains a solvency ratio within a target range.

An actuarial review of the state and sufficiency of the Fund is conducted annually. This review confirms the current position and predicts whether income (levy and investment) will provide sufficient monetary reserves to meet future liabilities.

Market Risk

Market Risk is the risk that changes in prices, ie interest rates, foreign currency rates and equity prices will affect the Board's income or holding of financial instruments.

The Board has exposure to interest rate risk on the interest payable on the Registered Contractor Contribution Fund. The interest rate is set annually in advance on actuarial review. The interest rate applicable to the year ended 30 June 2020 is 2.0% (2019: 2.3%).

The Board holds cash and cash equivalents, and term deposits with variable interest rates.

The inclusion of Australian and global equities and other listed investments subjects the Board to equity price risk. The Board has an investment strategy for the management of its financial assets.

Certain investments are designated as at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

The inclusion of global equities in the investment portfolio subjects the Board to foreign exchange risk. The Board has determined that a percentage of this investment be allocated to a currency hedged trust.

	Note	2020 $000's	2019 $000's
Financial assets			
Financial assets at fair value through profit or loss			
Managed Investments	9	151,079	145,104
Financial assets at amortised cost			
Cash and Cash equivalents	8	3,278	4,242
Term Deposits	9	3,325	4,307
Trade and Other Receivables	9	3,106	3,480
		160,788	**157,133**
Financial liabilities			
Financial liabilities at amortised cost			
Trade and Other Payables	13	121	101
Lease Liability	12	539	630
		660	**731**

Independent Auditor's Report

Nexia Edwards Marshall

INDEPENDENT AUDITOR'S REPORT
TO THE PRESIDING OFFICER OF THE CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD

Opinion

We have audited the financial report of the Construction Industry Long Service Leave Board (the Entity), which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by the Board.

In our opinion, the accompanying financial report presents fairly in all material respects, the financial position of the Entity as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board Members are responsible for the other information. The other information comprises the information in Entity's annual report and for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Board Members' responsibility for the financial report

The Board Members of the Entity are responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 2 is appropriate to meet the requirements of the *Construction Industry Long Service Leave Act 1987* and the *Public Finance and Audit Act 1987* (as applicable to the Entity), and is in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board Members are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR’S REPORT
TO THE PRESIDING OFFICER OF THE CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD (CONT)

Auditor’s responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

BDMorkunas

Brett Morkunas
Partner

Adelaide
South Australia

15 September 2020

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Lennox Head
Ballina
Evans Head
Yamba
RANGE
Grafton
DIVIDING
Arrawarra
Woolgoolga
Sandy Beach
Emerald Beach
Coffs Harbour
Sawtell
Urunga
Nambucca Heads
Armidale
OXLEY
WILD RIVERS
NP

Our Vision

To refresh and reinvigorate the construction industry through portable long service leave.

Our Mission

To deliver portable long service leave to the South Australian construction industry.

Accountable
We do what we say.

Customer Focussed
We keep it simple.

Integrity
We do the right thing.

Quality
We do it well.

Enthusiastic
We like what we do.