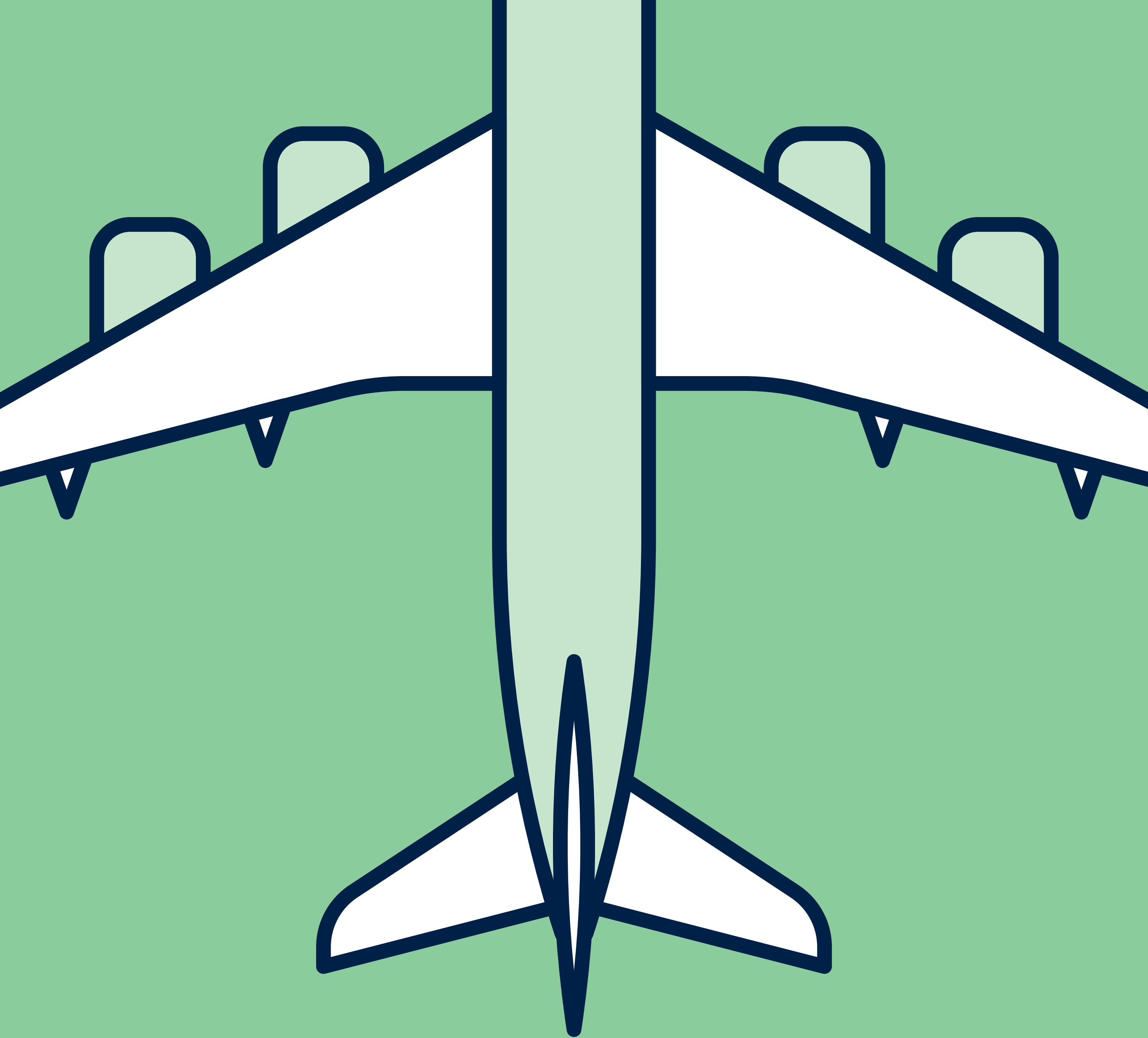

Annual Report FY 2023

Portable Long Service Leave

Annual Report – 2022/2023
Construction Industry
Long Service Leave Board

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BOARD MEMBERS
Marie Boland (Presiding Officer)
(Resigned 30th June, 2023)
Peter Bauer
Erin Hennessy
(Resigned 16th June, 2023)
Stephen Knight
Steven Minuzzo
Larry Moore
Peter Russell

CHIEF EXECUTIVE OFFICER
Anthony Mackay

ACTUARY
Mercer Australia
Level 7, 91 King William Street
Adelaide SA 5000

AUDITORS
Nexia Edwards Marshall
Level 3
153 Flinders Street
Adelaide SA 5000

PRIMARY INVESTMENT CONSULTANT
JANA Investment Advisers
Level 9, 255 George Street
Sydney NSW 2000

PRIMARY LAWYERS
Lynch Meyer
190 Flinders Street
Adelaide SA 5001

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Chief Executive Officer Report

I am pleased to provide this annual report for the 2022-2023 financial year.

At the start of this financial year the Presiding Officer and Board members were re-appointed by the Minister to continue their work supporting the provision of an effective and sustainable portable long service leave scheme for the South Australian construction industry.

In September 2022, the then Chief Executive Officer, Adam Warchol advised the Board that he was resigning from his position. This led the Board undertaking a broad based search for a new CEO for the business which led to my appointment in January 2023.

I would like to take this opportunity to thank Adam for his service over the past seven years and for the work he undertook to modernise the Long Service Leave business operations during his tenure.

In May 2023 the Minister for Industrial Relations, the Hon Kyam Maher MLC, informed the Board of the Government's intention to introduce a portable long service leave scheme for the community services industry. It is anticipated that the Board and CEO will identify areas where it can assist the Minister in this regard.

The Minister has also indicated that he proposes to update the Construction Industry schemes legislation. It is hoped that this will provide an opportunity to tidy up elements of the Construction Industry Long Service Leave Act in the areas of :

- Clarity of interpretation,
- Efficiency in operations, and
- Currency in relation to the modern industrial environment.

In May 2023 the Presiding Officer, Marie Boland advised that she was resigning from the position after six years in the role (effective from 30 June 2023) and long standing Board Member, Erin Hennessey also resigned from her role.

I would like to thank both Marie and Erin for their advice and guidance to the respective CEO's during their tenure on the Board. A replacement Presiding Officer is currently being sought and will be appointed by the Governor in due course.

The South Australian construction sector continues to remain strong in terms of a future pipeline of work. This is reflected in the number of new worker registrations increasing by 8.5% during the year and the number of new employer registration increasing by 2.9%.

Long service leave claims continue to remain strong with a 13.2% increase in the number of claims being made and with over $17.95M being paid out across the last 12 months.

I note that the actuarial assessment of the Board's Worker Payment liability this year saw an increase in the level of Liabilities that the Board is responsible for. This movement was driven by a higher than expected increase in workers average weekly pay (due to broader economic factors) and the allocation of average weekly pay in the model for apprentices. This increase in the level of Worker Payment Liability of $12.55M has meant that the Board will report a Deficit for the year of $7.04M.

Finally, I would like to take this opportunity to thank Board Members, Deputy Board Members, and the staff of the Portable Long Service Leave business (past and present) who have continued to provide a high level of customer service to the workers and employers of the South Australian Construction industry.

Anthony Mackay
Chief Executive Officer

07

Scheme Statistics

Workers

37,639 ↑ 8.5%
Total Registered Workers

27,836 ↑ 6.8%
Workers who accrued service this year

5,442 ↑ 0.6%
Apprentices Registered

8,976 ↑ 6.5%
New Workers Registered

9,464 ↑ 3.6%
Workers with Vested Benefits

2,413 ↑ 13.2%
Payments Made to Workers

$17.95M ↑ 13.5%
Value of Payments Made to Workers

Employers

2,994 ↑ 2.9%
Total Employers Registered

377 ↓ 13.9%
New Employers Registered

98.4% ↑ 2.7%
Employer Returns Received

$22.3M* ↓ 7.2%
Employer Contributions
*Includes prior year adjustments

Operations

2.0%
Levy Rate

174.7M ↑ 5.3%
Investment Assets

5.7%
Investment Return

2.1M ↑ 5.48%
Operational Expenses

166.5M ↑ 12.8%
LSL Liabilities

104.9%
Liability Cover

09

Finance

State of the Fund

As at 30th June 2023 the Fund has an accumulated Surplus of $8.2M and a solvency ratio of 104.9%.

Summary of Financial Year

In FY2023 the Board incurred an operating deficit of $7.04M.

Levy revenue increased 7% from FY2022 to $22.3M. The increase was representative of increased worker registrations along with wage inflation during the year.

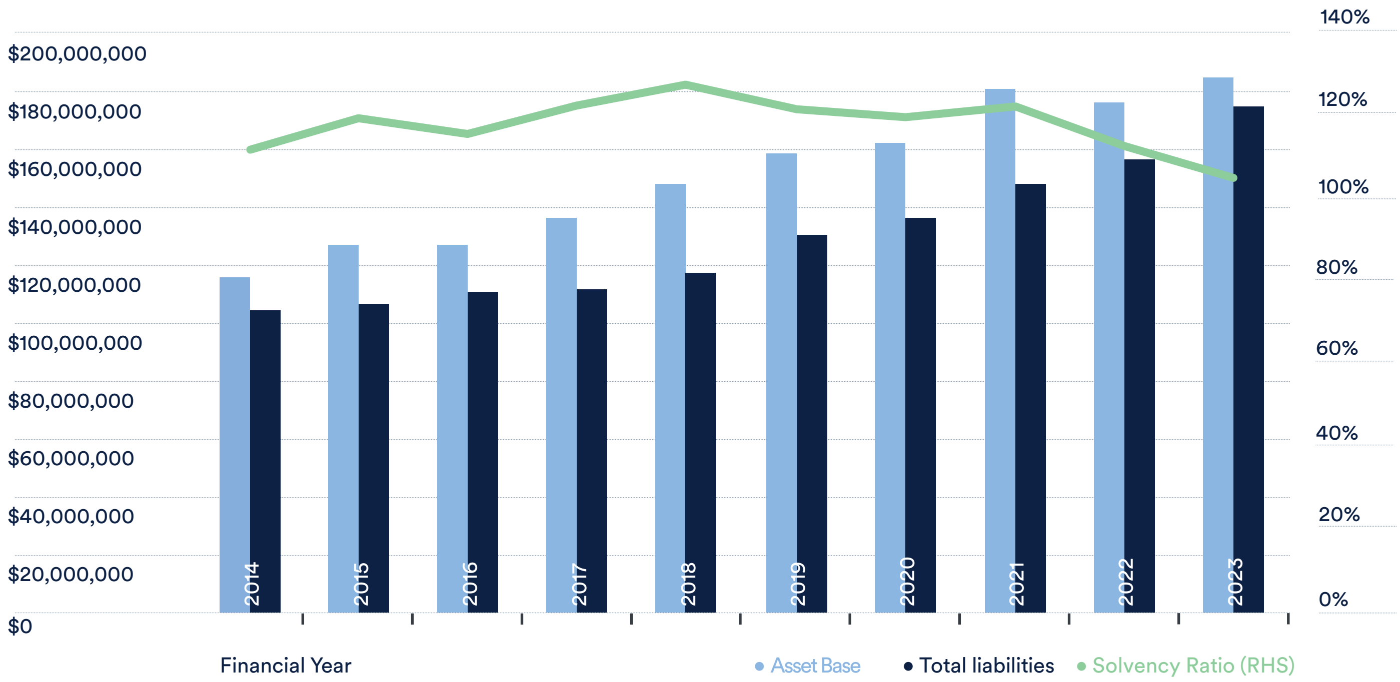
Unrealised investment gains totalled $4.21M representing a 5.7% return on investment as all asset classes apart from unlisted property and infrastructure struggled.

The volume of Worker Payment claims increased by 13.2% from FY2022 with the number of workers using their entitlement increasing by 10%.

Cash flows from operating activities (excluding investment income) were positive in FY2023 reflecting increased levy collections made during the year. Additional funds were added to the portfolio during the year. No redemptions were required from investments to supplement operating cash flows.

	Actual 2022/23 ($ Million)
Income	
Levies	22.3
Investments (Including Cash Holdings and Term Deposits)	9.68
Other	0.00
Total Income	31.99
Expenditure	
Long Service Leave Payments	17.95
Increase in Accrued LSL Liability	18.90
Salaries and Related Costs	1.05
Operating Costs	1.13
Total Expenditure	39.03
Surplus/(Deficit)	(7.04)

Asset and Liability 10 Year Trend



Investment

Investment returns form a vital element of the Scheme, supplementing levy revenues to ensure the Fund can meet future long service liabilities.

As part of its organisational strategy, the Board utilises an implemented consultancy investment model to achieve its investment objectives. Being a small organisation, this strategy is the most effective to access the wide research and investment skills required to manage over one hundred and seventy-eight million dollars of investment. JANA Investment Advisers have a long-standing relationship with the Board as its primary investment consultant.

During the year the Board's investment objectives remained unchanged:

— 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.

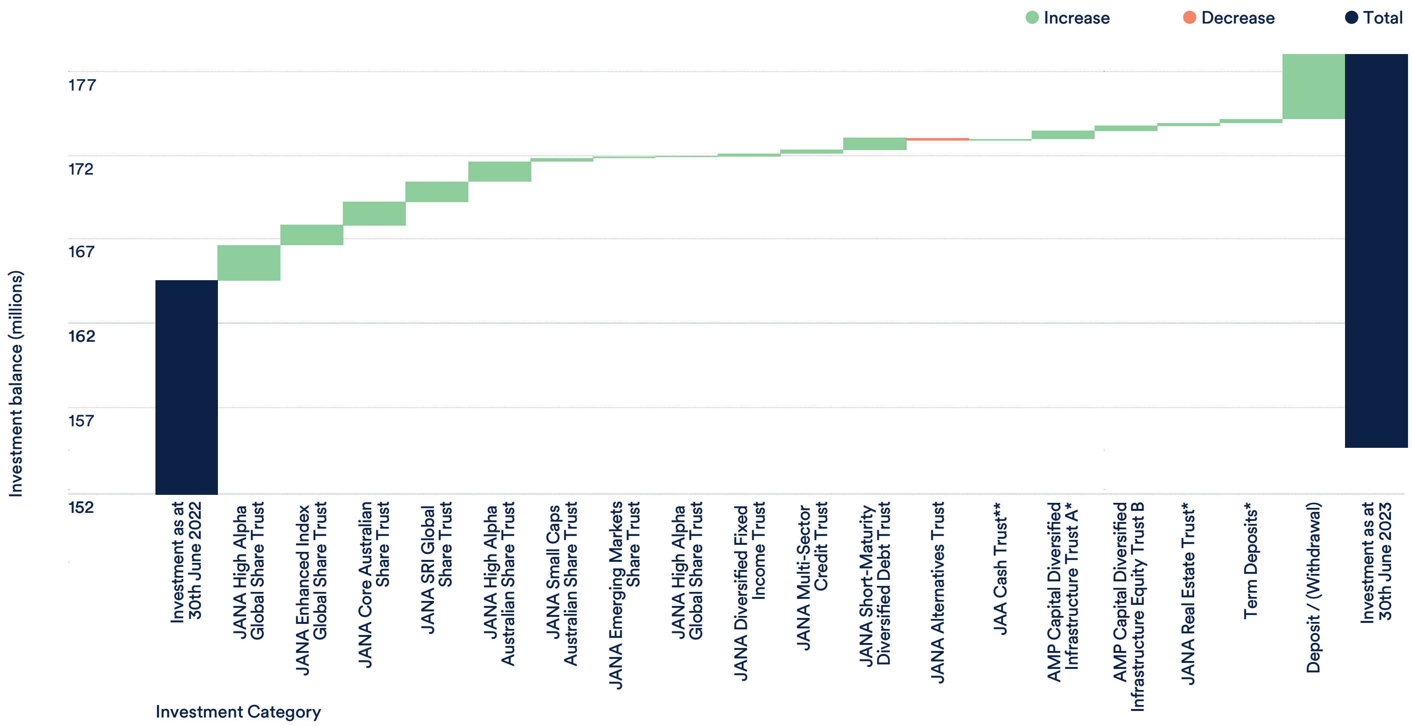
— A high probability that the Fund will maintain a solvency between 100% and 115%.

A review of the Board's investment strategy and investment objectives is currently being undertaken to ensure that they are driving the required outcomes for the scheme.

Performance

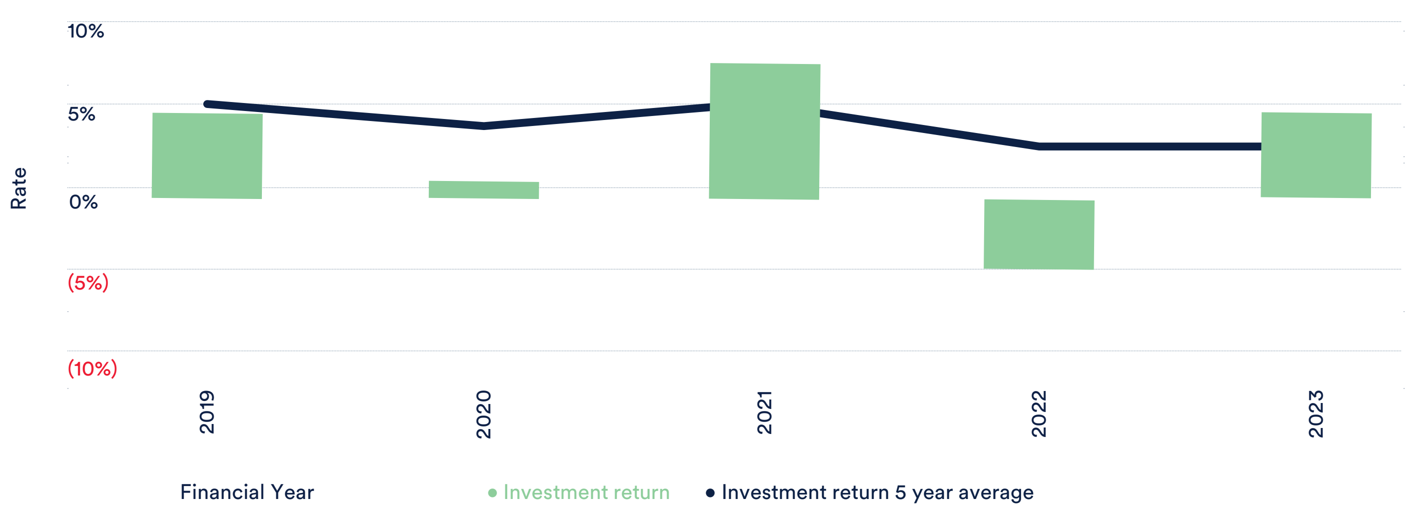
This graph illustrates the annual movement of the Scheme's total investments by asset class from the start of the financial year to 30th June 2023. The green bars illustrate an increase in value and the red bars illustrate a decrease in value.

FY 2023 Movement in Investments (Gain/Loss) by Category



Five Year Investment Return

The five-year average return on investments held by the Board is 3.3%.



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 for the Financial Year ahead and as such is exposed to interest rate risk.

The Contribution and Interest Rate for the 2022/2023 Financial Year was:

Financial Year	2023
Contribution Rate (bimonthly)	$265
Interest Rate	1.2%

The bimonthly contribution amount changes each year in line with changes in the average weekly wage for all workers in the Construction Industry Fund.

The interest rate is aligned with the expected investment earnings of the fund. 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 liquidity.

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

Actuarial Services

The Board uses an Actuary to undertake an annual valuation of its liabilities in accordance with section 24 of the Act. Every three years, a detailed review of the actuarial and financial assumptions is undertaken and these assumptions are utilised through the intervening years. This triennial review involves a detailed review of actuarial and financial assumptions which are applied through on the intervening years. The valuation undertaken in the 2022/2023 financial year was a comprehensive review.

Mercer were appointed as the Board's Actuary in 2018 following a competitive tender. During the 2022/2023 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 five 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.

Actuarial Valuation

The FY2023 valuation estimates the Board's liability (excluding registered contractors and working directors) to be $167M with Vested Benefits being $143M.

Financial Year 2023	**Value of Liability** (excluding Self-Employed Contractors and Working Directors fund)	**Leaving Industry Vested Benefits** (excluding Self-Employed Contractors and Working Directors fund)
Value of Liability	$166,548,000	$143,093,000

The FY2023 valuation estimates the Board's liability in relation to self-employed contractors and working directors to be $7.3M.

The FY2023 valuation estimates the Board's total liability to be $174M.

	Financial Year 2023	Financial Year 2022
Construction Workers	$166,548,000	$147,647,000
Self-Employed Contractors Working Directors	$7,259,000	$7,027,000
Total Provision Long Service Leave Entitlements	**$173,807,000**	**$154,674,000**

Actuarial 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 (in terms of accruing service credits during the year),
- 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:

- An average long term rate of wage inflation, and
- An average long term investment return rate (discount rate).

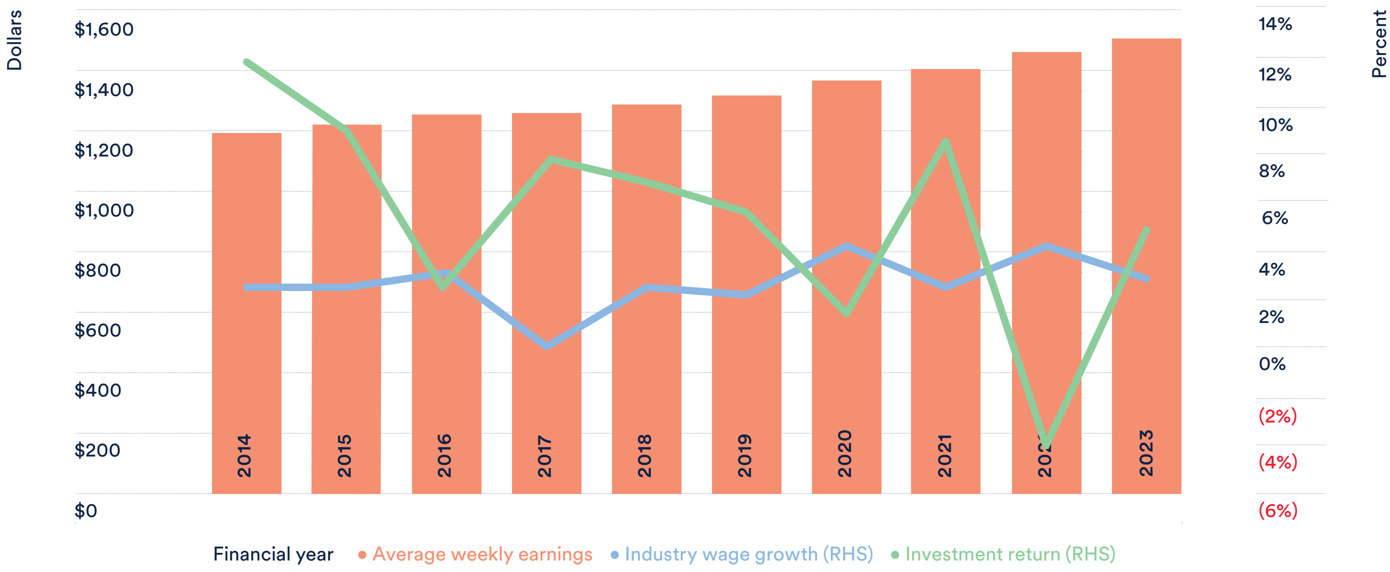
The Actuary uses a single medium term investment return rate assumption that is intrinsically adjusted to allow for any short term expectations.

The economic assumptions are as follows:

Assumption	Financial Year 2023	Financial Year 2022
Average Weekly Earnings (Wage Inflation)	5.75% for year 1, 3.7% for year 2, and 3.5% pa thereafter	3.2%
Investment Return	5.5%	5.4%
Gap	-0.25% for year 1, 1.8% for year 2 and 2.0% pa thereafter	2.2%

Average weekly earnings increased in FY2023 by 2.9% to $1,499 ($1,457 in FY2022). The actual investment return was 5.7% in FY2023 (-4.6% in FY2022).

Average Weekly Earnings

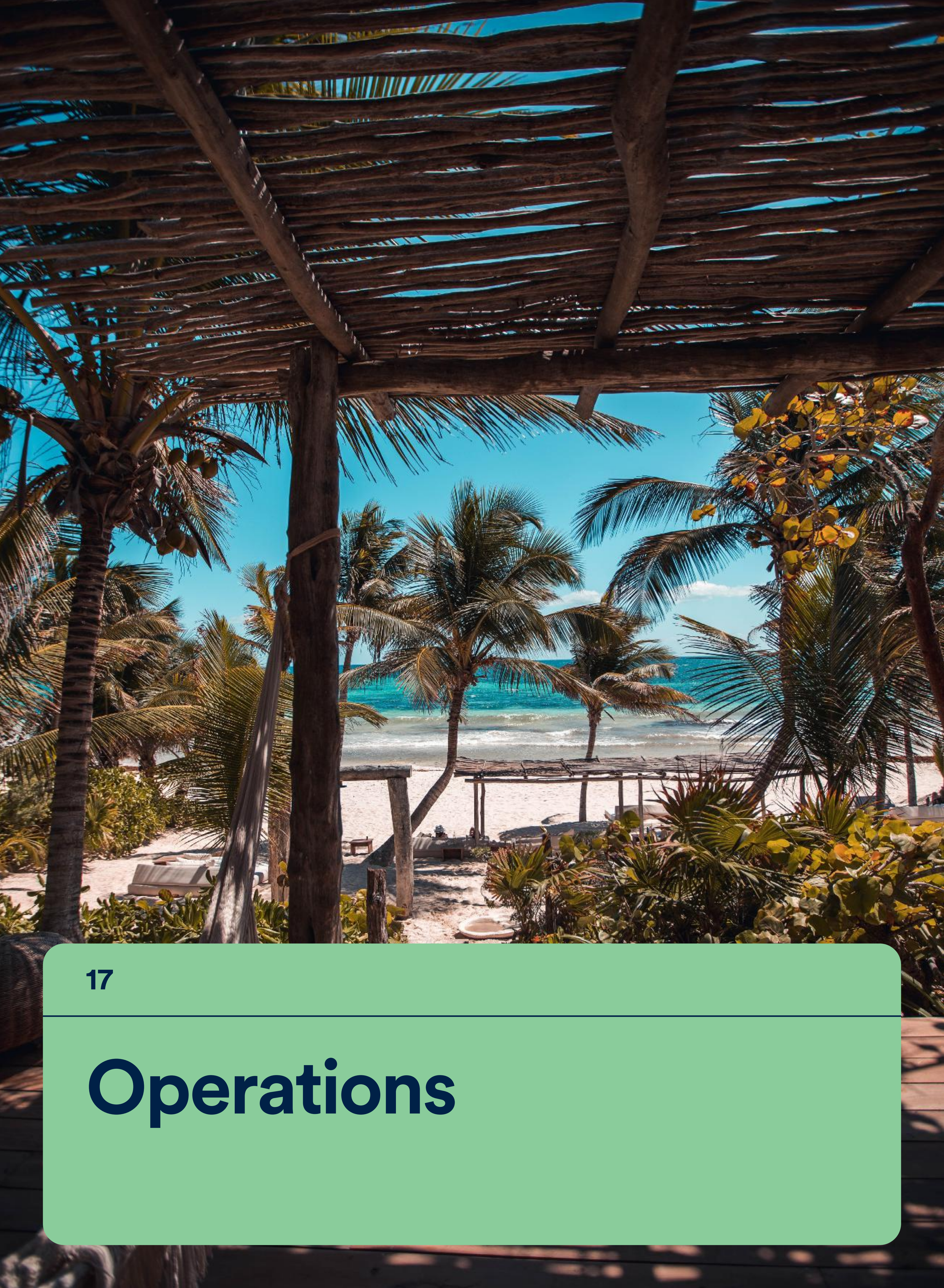


The Fund remains in a satisfactory financial position as at 30th June 2023 with a surplus (total assets exceeding total liabilities) of $8.2M and a solvency ratio of 104.9%.

Audit Services

Nexia Edwards Marshall were appointed the Board's auditors in 2019.

An unqualified audit opinion was achieved during the 2022/2023 Financial Year.



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Operations

Employer Return Management

Each registered employer must furnish the Board with an Employer Return containing details of eligible employees who have worked over the prescribed period.

Employer Return Management								
Financial Year	Returns Issued	Returns Received on time		Late Returns		Late Return Lodgement Fines		
	No.	No.	%	No.	%	No.	%	Amount
2023	17,607	13,877	79%	3,730	21%	1,293	7%	$96,975
2022	16,680	13,716	82%	2,964	18%	1,394	8%	$104,550
2021	14,595	12,005	82%	2,590	18%	420	3%	$31,500
2020	13,604	11,529	85%	2,075	15%	393	3%	$29,475
2019	13,017	11,182	86%	1,835	14%	538	4%	$40,350

During the year the Board wrote off $48K of bad debt from 22 employers.

Bad Debt Write Off	FY2023	FY2022	FY2021	FY2020	FY2019
No.	22	20	10	26	20
Value	$48,352	$99,169	$96,953	$79,117	$105,341

Prosecution and Debt Recovery

During the year the Board commenced prosecution and or Debt Recovery actions on a number of employers for non-lodgement of employer returns or non-payment of employer levies.

Legislation

Legislative Amendments

The South Australian Government has sought feedback throughout the year on any proposed amendments to the legislation that the Board would like considered. The Board provided its high level thoughts on this in January 2023 and is awaiting the governments feedback on these proposed amendments.

Information Technology

Information Systems

The Board has this financial year engaged a third party organisation to assess its cyber security capabilities with the adoption of the Australian Cyber Security Centre's Essential 8 Maturity Model. The outcomes of these assessments were positive with only minor suggestions being made regarding improvements.

Cyber Security

No cyber security incidents were recorded during the year.

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

Communications and Field Activities

Engagement with stakeholder groups including employer associations and unions is a well established activity to ensure their members are adequately informed about the Scheme. This involves advertising and editorial content in member-based publications, general check-ins, and attendance at member related functions by Portable Long Service Leave representatives. This included:

- HIA-CSR South Australian Housing and Kitchen and Bathroom Awards.
- NECA Excellence and Apprentice Awards.
- HIA Building Women Luncheon and Awards.
- Master Plumbers Association South Australia Presidents Lunch.
- Crucial Women in Construction High Tea.
- Master Plumbers Association South Australia Roadshows in Port Pirie, Murray Bridge, Gawler, Barmera, Tonsley, Victor Harbor, Wallaroo.
- Building Industry Group of Unions Picnic Day.
- Presentations to Apprentices in Plumbing, Tiling, Electrical, Glazing, Painting, Bricklaying, Carpentry, Solid Plastering, Wall and Ceiling Lining at TAFE.

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

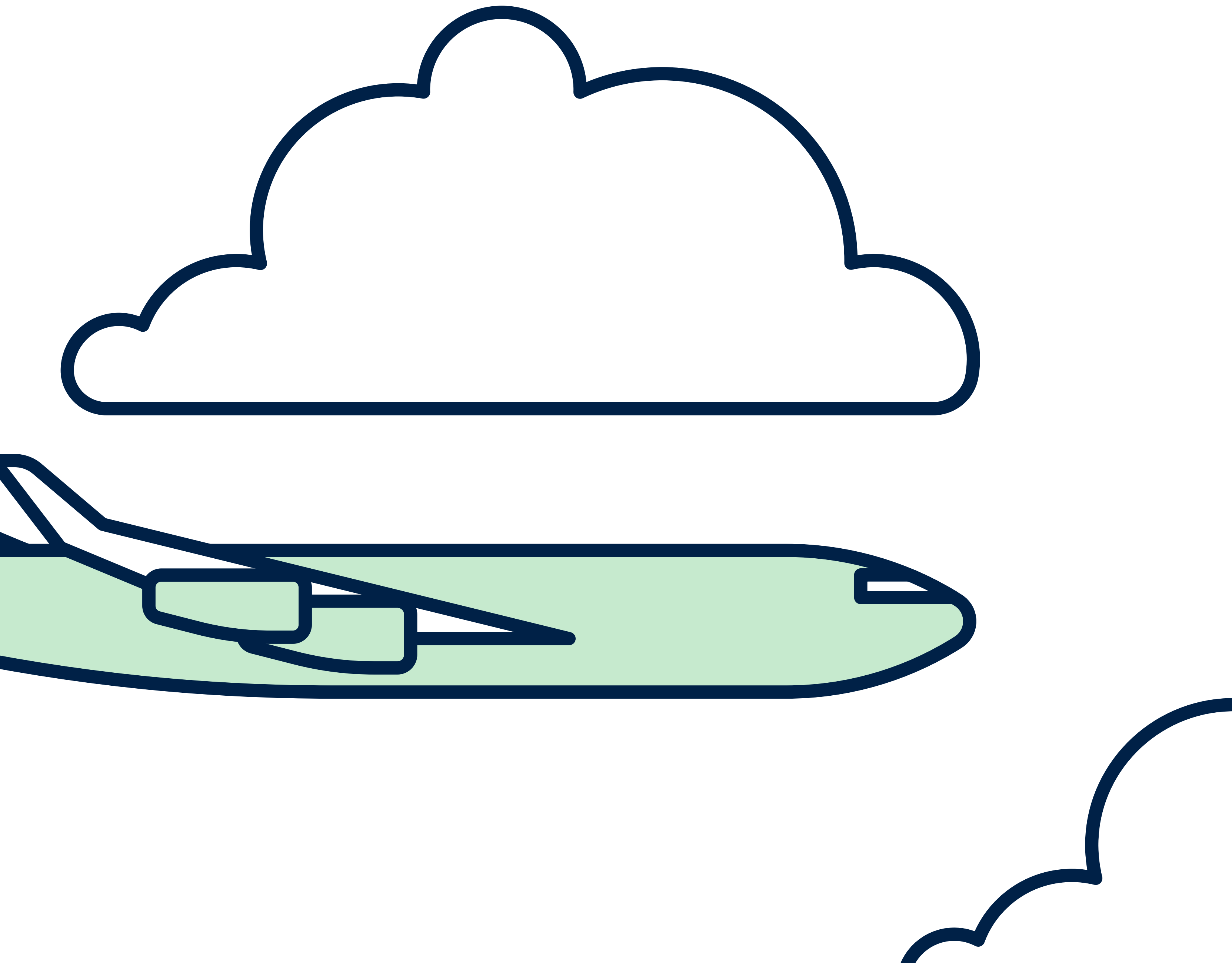
- To keep members informed of legislative and policy updates, scheme coverage issues, statutory obligations, and general scheme matters.
- To notify workers of approaching leave entitlements or when they may lose service credits due to industry absences.

This was achieved by:

- Issuing electronic notifications to actively registered workers.
- Issuing electronic notifications prior to the due date for employer return lodgment 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 48,000 users over the course of the year.

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



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

	Activity	FY2023
Communication	Site Visits	78
	Presentations	51
	Employer Meetings	18
	Industry Stakeholder Meetings	8
	Regional Visits	6
Compliance	Employer Audit	13
	Unregistered Service Investigation	224
Outcome	Employer Registration Requests	404
	Self-Employed Contractor / Working Director Registration Requests	91
	Total Activities	**893**
	Additional Levies Identified	$973,571
	Interest Imposed	$67,790

An additional $973,571 in non-compliant levies and $67,790 in penalty interest was collected in FY2023 through compliance activities.

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

- Iron Triangle
- Yorke Peninsula
- Fleurieu Peninsula
- Mid North
- Riverland/Murraylands
- South East

During the year, the Board was respondent to one request for review of its decision in the South Australian Employment Tribunal in accordance with Section 34 of the Act.

Registrations

FY2023 saw an increase of 8.5% in total registered workers, a 12.5% increase in workers who accrued service in the financial year and an increase in registered employers of 2.9%.

Financial Year	2023	2022	% Change
Total Registered workers	37,639	34,692	8.49%
Workers Who Accrued Service This Year	27,836	26,075	6.75%
Registered employers	2,994	2,909	2.92%
Self-Employed Contractors / Working Directors registered in Financial Year	503	546	-7.88%

Age demographics remain consistent with previous years with a significant proportion of registrations being under the age of 40 (65%) and an even higher proportion under the age of 50 (80%).

Usage of Long Service Leave

Leave utilisation measured as a percentage of claims to registrations has increased slightly from 6.1% last year to 6.4% this year and is consistent with the five year average of 6.5%.

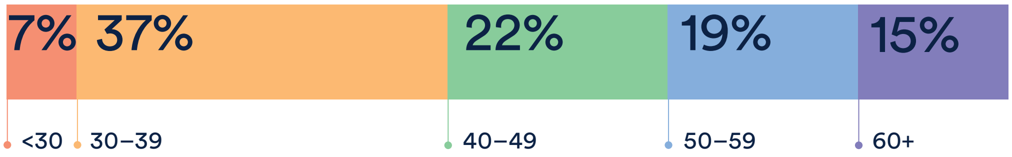
Usage of leave is spread broadly across age bands however 85% of leave utilised is for persons under the age of 60 indicating many employees are utilising long service leave during their working years rather than saving it until retirement.

Whilst there is a larger volume of workers using long service within the age bracket of 50 and below, the utilisation rate increases with age with a higher utilisation rate for the age brackets 50 and above.

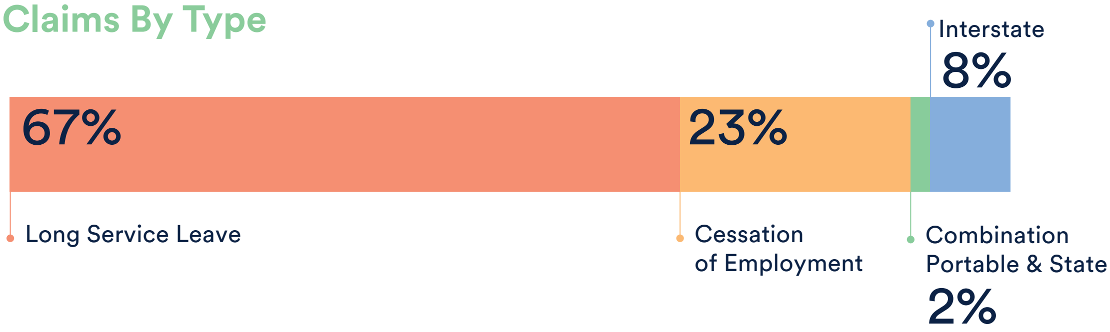
This year 67% of claims were for long service leave. 23% of claims were a pro rata / leaving industry payment as workers left the industry or transitioned into a role no longer covered by the scheme.

Claims involving interstate service represented 11.5% of all claims reflective of the transient nature of work across Australia.

FY2023 LSL Claims By Age



FY2023 LSL Claims By Type



Apprentices

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

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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 originally appointed by the Governor on 27th June 2017, effective 1st July 2017 for a period of five years. At the end of this period (30 June 2022) the Board remains in place until such time as the Minister advises of any changes.

On 29th September 2022 the full Board (including Deputies) was re-appointed.

During the year:

— Erin Hennessy (Board Member) – resigned effective 16th June 2023, and

— Marie Boland (Presiding Officer) – resigned effective 30th June 2023.

— No appointments were made during the year.

Board Meetings

During the 2022/2023 year the Board met on 12 occasions, excluding sub committees and working parties.

Board Members	Nominating Body	Meetings Available to Attend	Meetings Attended
Ms Marie Boland	Independent Presiding Officer	12	11
Mr Peter Bauer	SA Unions	12	10
Ms Erin Hennessy	SA Unions	12	10
Mr Peter Russell	SA Unions	12	12
Mr Stephen Knight	Housing Industry Association	12	11
Mr Steve Minuzzo	Master Builders Association	12	10
Mr Larry Moore	National Electrical and Communications Association	12	11
Deputies			
Mr Stuart Gordon	SA Unions	1	0
Mr John Adley	SA Unions	2	2
Mr Marcus Pare	SA Unions	1	0
Ms Melissa Adler	Housing Industry Association	1	0
Ms Estha van der Linden	Master Builders Association	3	3
Ms Demi Brown	Air conditioning and Mechanical Contractors Association SA	1	0

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 issues facing the organisation.

In 2022/2023 the Board established a subcommittee to manage the CEO’s recruitment process.

Overseas Travel

During the 2022/2023 financial year, no members of the Board engaged in overseas travel in the capacity as a member of the Board.

Board Training and Development

During the 2022/2023 year the Board undertook the following training and development activities:

- Investment briefings.
- Online access to institutional investors self-paced investment training.
- Individual Board member training within policy limits or self-funded including:
  - Australian Institute of Company Directors.

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 the Board and the PLSL business. The risk committee met twice during the year in October 2022, and April 2023 and reported to the Board in November 2022.

The Board's business continuity plan was activated during the year to confirm the documented working from home arrangements. There were no adverse outcomes to the organisation or customer service levels during this period of working from home.

Annual Report

The 2021/2022 Annual Report was tabled in Parliament in accordance with the Act on the 3rd November 2022.

Actuary Report

The 2021/2022 Actuary Report was tabled in Parliament in accordance with the Act on the 3rd November 2022.

Insurance

The Board has insurance coverage through the South Australian Government Financing Authority (SAFA).

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 is classified as a Category 1, Level 6 Board.

Financial Performance

The Board received an Unqualified Audit Report from Nexia Edwards Marshall for the 2022/2023 year.

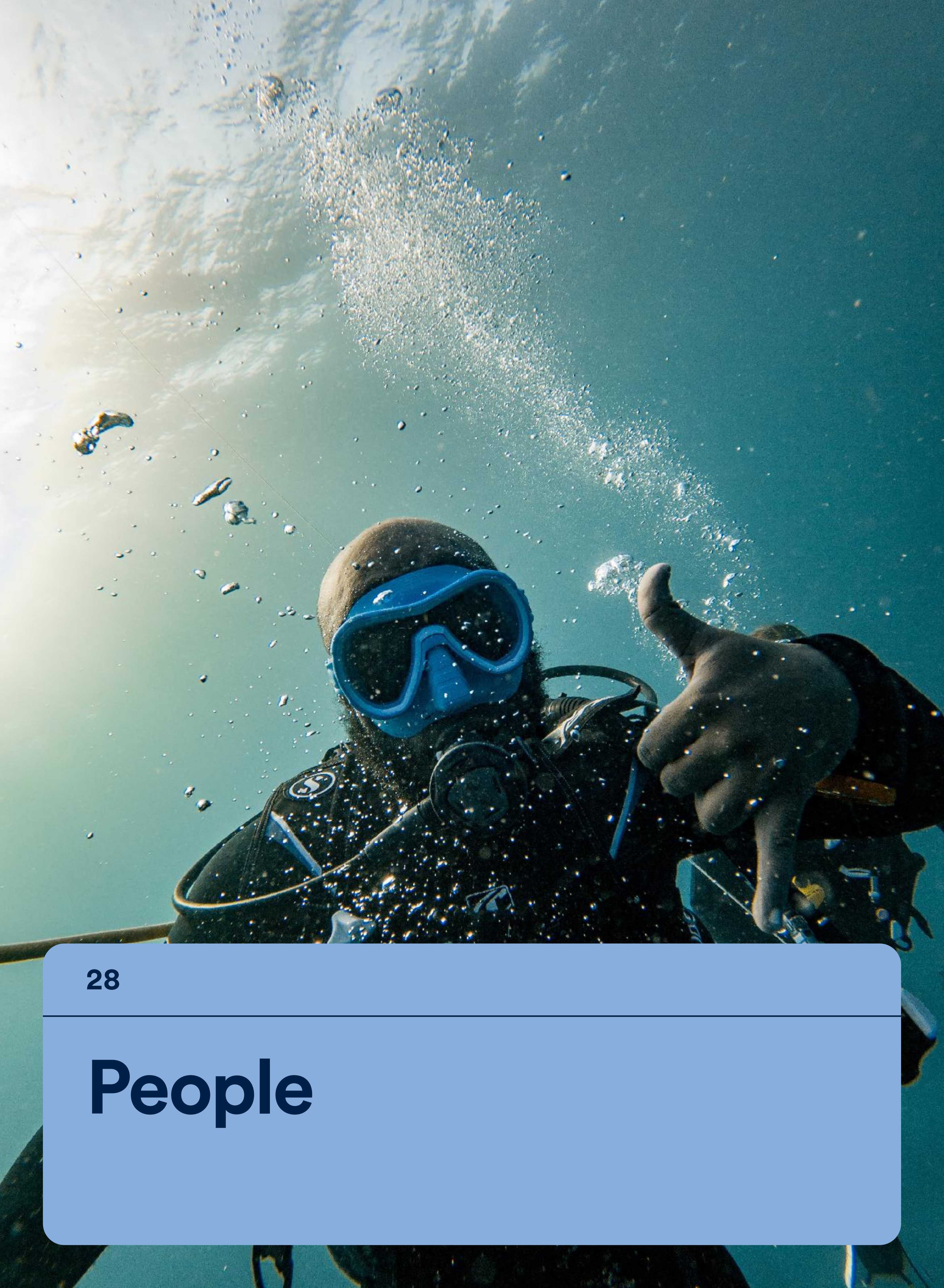
Fraud

One instance of external fraud/theft was detected during the 2022/2023 financial year but no loss was suffered.

Delegations

The Board maintains a schedule of delegations that is reviewed annually. It was reviewed and subsequently approved in the November 2022 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.



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People

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 available during the year.

Flu vaccinations were made available during the year.

Social activities were muted during the year due to residual COVID pandemic restrictions but included:

- Participation in an employee managed social club.
- Participation in a footy tipping competition.
- Shared Christmas breakfast.

A Customer Service Award is awarded quarterly to the team member who demonstrates exceptional customer service for the period using the Board's customer feedback tool.

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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 2023;

   (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 2023;

   (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 2023; 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.

3. The Construction Industry Long Service Leave Board does not have the power to amend the Financial Statements after issue.

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

Peter Russell
Board Member

13th September 2023

Steven Minuzzo
Board Member

13th September 2023

A Mackay
Chief Executive Officer

13th September 2023

Construction Industry Long Service Leave Board
Statement of Comprehensive Income
For the Year Ended
30 June 2023

	Note	2023	2022
		$000	$000
Income From Ordinary Activities			
Levies	3	22,299	20,809
Realised Investment Income	3	5,472	6,700
Unrealised Gain on Financial Assets at Fair Value through Profit or Loss	3	4,205	(14,662)
Other	3	17	20
Total Income		31,993	12,867
Expenses From Ordinary Activities			
Worker Payments	4	36,853	24,019
Contractor Interest		83	13
Employee Benefits Expense	5	1,053	932
Depreciation	10	18	22
Depreciation Charge for Right of Use Asset	11	89	89
Interest Expense on Lease Liability		13	14
Impairment Loss on Receivables	9	48	169
Administration	6	880	748
Total Expenses		**39,037**	**26,006**
Total Surplus (Deficit)		**(7,044)**	**(13,139)**
Total Other Comprehensive Income		-	-
Total Comprehensive Income		**(7,044)**	**(13,139)**

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 2023

	Note	2023 $000	2022 $000
Assets			
Cash and Cash Equivalents	8	3,963	5,812
Receivables	9	4,356	3,603
Financial Assets	9	177,828	164,569
Property, Plant and Equipment	10	91	61
Right of Use Asset	11	632	721
Total Assets		**186,870**	**174,766**
Liabilities			
Trade and Other Payables	12	245	129
Lease Liability	11	717	799
Employee Benefits	13	100	119
Worker Payments	13	166,548	147,647
Registered Contractor Contribution Fund	13	7,259	7,027
Total Liabilities		**174,869**	**155,721**
Net Assets		**12,001**	**19,045**
Equity			
Accumulated Surplus		**12,001**	**19,045**

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 2023

	Note	2023 $000 Inflows (Outflows)	2022 $000 Inflows (Outflows)
Cash Flows From Operating Activities			
Receipts From Levies and Operations		21,803	21,128
Payments to Workers		(17,922)	(15,818)
Payments to Suppliers and Employees		(1,809)	(1,636)
Interest Received		44	6
Net Cash Provided by (Used In) Operating Activities		**2,116**	**3,680**
Cash Flows From Investing Activities			
Net Investment in Managed Funds		(3,988)	(1,726)
Net payments from Registered Contractors Fund		150	(102)
Payments for Plant and Equipment		53	(8)
Proceeds from Sale of Plant and Equipment		21	35
Net Cash Provided by (Used In) Investing Activities		**(3,870)**	**(1,801)**
Cash Flows From Financing Activities			
Payments for Principal Right of Use Asset		(82)	(80)
Payments for Interest Lease Liability		(13)	(14)
Net Cash Provided by (Used In) Financing Activities		**(95)**	**(94)**
Net Increase (Decrease) in Cash Held		**(1,849)**	**1,785**
Cash at the Beginning of the Year		5,812	4,027
Cash At The End of the Year	8	**3,963**	**5,812**

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 2023

	Retained Earnings	Total Equity
	$000	$000
Balance at 30 June 2021	**32,184**	**32,184**
Deficit for 2022	(13,139)	(13,139)
Balance at 30 June 2022	**19,045**	**19,045**
Deficit for 2023	(7,044)	(7,044)
Balance at 30 June 2023	**12,001**	**12,001**

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 2023

1 GENERAL INFORMATION

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.

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 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 13 September 2023.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures issued by 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.

(b) COMPARATIVE INFORMATION

New and Amended Accounting Standards Adopted by the Entity.

The Construction Industry Long Service Leave Board has adopted all of the new or amended Accounting Standards and interpretations issued by the Australian Standards Board (AASB) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the entity.

The Construction Industry Long Service Leave Board has adopted AASB 1060 General Purpose Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities, from the 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosure that are based on the requirements of IFRS for SMEs. As permitted by AASB 1053 for early adoption of AASB 1060, comparative information has not been provided for these new disclosures.

(c) 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.

(d) 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.

(e) 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.

(f) ESTIMATION UNCERTAINTY

When preparing the financial statements the Board is required to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Board continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Board bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, the Board believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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

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

— Note 10 - Impairment test of intangible assets - key assumptions underlying recoverable amounts, including the recoverability of development costs;

— Note 11 - Leases - whether a contract is, or contains, a lease and the assessment of the lease term.

— Note 13 - Provision - Worker Payments - key actuarial assumptions;

— Notes 13 and 14 – recognition and measurement of provisions and contingencies - key assumptions about the likelihood and magnitude of an outflow of resources.

(g) 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.

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 2023. 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 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.

Investment Income

Realised investment income includes distributions from financial assets (managed funds) and interest income arising from financial assets measured at amortised cost (realised investment income). For unrealised gains on financial assets, the fair value movements are recognised through profit or loss.

Other Income

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

4 WORKER PAYMENTS

	2023 $000	2022 $000
Actuarial Assessment of 30 June Liability	166,548	147,647
Worker Payments During the Year	17,952	15,814
Actuarial Assessment in Previous Year	(147,647)	(139,442)
Total Worker Payments Expense	**36,853**	**24,019**

5 EMPLOYEE BENEFITS EXPENSE

	2023 $000	2022 $000
Salaries and Wages	913	786
Long Service Leave	(9)	(7)
Annual Leave	(11)	1
Employment on-costs - Superannuation	89	78
Employment on-costs - Other	16	19
Board Fees	55	55
Total Employee Benefits Expense	**1,053**	**932**

The number of employees at 30 June 2023 was 11 (2022: 11).

6 ADMINISTRATION

	2023 $000	2022 $000
Motor Vehicles	15	14
Accommodation	33	32
Staff Training and Development	91	73
Audit, Actuary, Legal and Consultancy	301	231
Information and Telecommunications Technology	298	259
Other Administration	142	139
Total Administration	**880**	**748**

7 AUDITOR'S REMUNERATION

	2023	2022
	$000	$000
Remuneration of the Auditor of the Board for:		
Auditing the Financial Statements	17	15
	17	**15**

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	2023	2022
		$000	$000
Cash at Bank and in Hand	18	3,963	5,812
Total Cash and Cash Equivalents		**3,963**	**5,812**

9 FINANCIAL INSTRUMENTS

Trade and Other Receivables

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The Board has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. 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.

Investments and Other Financial Assets

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.

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial Assets at Fair Value Through Profit or Loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income include equity investments which the Board intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of Financial Assets

The Board recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Board's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

	2023 $000	2022 $000
Financial Assets at Fair Value Through Profit or Loss		
Managed Funds	162,863	164,569
Financial Assets at Amortised Cost		
Term Deposits	14,965	-
Total Financial Assets	**177,828**	**164,569**

	2023 $000	2022 $000
Current		
Employer Debtors	804	804
Credit Loss Allowance	(135)	(135)
	669	**669**
Accrued Contributions	$3,144	2,696
Sundry Debtors and Prepayments	543	238
Total Receivables	**4,356**	**3,603**

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

	2023 $000	2022 $000
Carrying Amount at the Beginning of the Year	135	65
Adjustment on initial application of AASB 9	-	-
Balance at 1 July	135	65
Amounts Written Off	(48)	(99)
Amounts Recovered During the Year	-	-
Net Remeasurement of Loss Allowance	48	169
Carrying Amount at the End of the Year	**135**	**135**

10 PROPERTY, PLANT AND 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.

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.

	2023 $000	2022 $000
Leasehold Improvements at Cost	46	46
less Accumulated Depreciation	(46)	(46)
	-	-
Office Equipment at Cost	89	99
less Accumulated Depreciation	(64)	(89)
	25	**10**
Office Furniture and Fittings at Cost	45	45
less Accumulated Depreciation	(20)	(19)
	25	**26**
Motor Vehicles at Cost	55	51
less Accumulated Depreciation	(14)	(26)
	41	**25**
Total Plant and Equipment at Cost	235	241
less Accumulated Depreciation	(144)	(180)
Total Plant and Equipment	**91**	**61**

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	Office Equipment	Office Furniture	Motor Vehicles	TOTAL
	$000	$000	$000	$000	$000
2022					
Balance at Beginning of Year	**2**	**9**	**29**	**51**	**91**
Additions	-	7	1	-	8
Disposals	-	-	-	(16)	(16)
Depreciation Expense	(2)	(6)	(4)	(10)	(22)
Balance at End of Year	**-**	**10**	**26**	**25**	**61**
2023					
Balance at Beginning of Year	**-**	**10**	**26**	**25**	**61**
Additions	-	22	4	27	53
Disposals	-	-	(1)	(4)	(5)
Depreciation Expense	-	(7)	(4)	(7)	(18)
Balance at End of Year	**-**	**25**	**25**	**41**	**91**

Impairment of Non Financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

There were no indications of impairment of property, plant or equipment at 30 June 2023.

11 LEASES

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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.

The Board renegotiated the lease for its office accommodation effective 23 April 2021 that commence on 1 August 2021 with a new term of 5 years, with extension options for a further 2 and 2 years. As the right of use of the asset is unchanged the lease liability and asset were remeasured to incorporate the extension of the lease using the conditions specified in the renegotiated lease in the prior period 30 June 2021.

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.

Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

	2023 $000	2022 $000
Right of Use Asset	1,262	1,262
Less Accumulated Depreciation	(630)	(541)
Total Right of Use Asset	**632**	**721**

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.

	2023 $000	2022 $000
Lease Liability	717	799
TOTAL LEASE LIABILITY	**717**	**799**

Future lease payments Future lease payments are due as follows:	2023 $000	2022 $000
Within One Year	99	96
One to Five Years	539	523
More Than Five Years	128	242
	765	**861**

12 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.

	2023 $000	2022 $000
Financial Liabilities at Amortised Cost		
Trade Creditors	87	34
Sundry and Other Creditors	158	95
Total Payables	**245**	**129**

13 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 2023. The actuarial report for the Construction Industry Long Service Leave Board was prepared by Mr Julian Hotz, FIAA of Mercer and was dated 29 August 2023.

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

Scheme liabilities in relation to worker payments are measured as the amount of a portfolio of investments that would be needed, as at the reporting date, to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due. In determining the appropriate discount rate, the actuary considers an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of worker liabilities. 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.

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 the reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after seven 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.

	2023	2022
	$000	$000
Worker Payments		
Expected to be Settled Within 12 months	22,000	19,000
Expected to be Settled After 12 months	144,458	128,647
Total Worker Provisions	**166,458**	**147,647**
Registered Contractor Contribution Fund		
Expected to be Settled Within 12 months	500	500
Expected to be Settled After 12 months	6,759	6,527
Total Registered Contractor Provisions	**7,259**	**7,027**
Employee Benefits		
Annual Leave Expected to be Settled Within 12 months	38	48
Long Service Leave Expected to be Settled Within 12 months	48	25
Long Service Leave Expected to be Settled After 12 months	14	46
Total Employee Provisions	**100**	**119**

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

	Employee Annual Leave $000	Employee Long Service Leave $000	Worker Payments $000
2022			
Carrying Amount at Beginning of Year	48	78	139,442
Provisions Used	(65)	(18)	(15,814)
Additional Provisions Recognised	65	11	24,019
Carrying Amount at End of Year	**48**	**71**	**147,647**
2023			
Carrying Amount at Beginning of Year	48	71	147,647
Provisions Used	(80)	(34)	(17,952)
Additional Provisions Recognised	70	25	36,853
Carrying Amount at End of Year	**38**	**62**	**166,548**

Included in the additional provision recognised for worker payments was an amount of $7.5M (2022: $6.8M) related to the change in the provision due to the passage of time. This would ordinarily be disclosed as a finance cost but for the Board's accounts that it is more appropriately disclosed as part of worker payments as it arises from assumptions used as part of the actuarial assessment.

14 CONTINGENT ASSETS AND LIABILITIES

The board has provided bank guarantee as at 30 June 2023 of $24,447 (2022: $24,447) to support the lease agreement.

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

15 CAPITAL COMMITMENTS

The Board is not aware of any capital commitments present as at 30 June 2023.

16 FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests.
For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

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.

	2023 $000	2022 $000
Recurring Fair Value Measurements		
Financial Assets		
Financial Assets at Fair Value Through Profit or Loss	162,863	164,569
Carrying Amount at End of Year	**162,863**	**164,569**

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 $1,375 (2022: $1,217), Worker Payment Employer Reimbursements for a value of $31,558 (2022: Nil).

	2023 $000	2022 $000
KMP Compensation		
Short-term Employee Benefits	436	351
Post-employment Benefits	36	33
	472	**384**

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

Ms Marie Boland (Resigned 30th June, 2023)	
Ms Erin Hennessy (Resigned 16th June, 2023)	Mr John Adley (Deputy)
Mr Steven Minuzzo	Ms Estha van der Linden (Deputy)
Mr Stephen Knight	Ms Melissa Adler (Deputy)
Mr Peter Russell	Mr Marcus Pare (Deputy)
Mr Peter Bauer	Mr Stuart Gordon (Deputy)
Mr Laurence Moore	Ms Demi Brown (Deputy)

The Board was originally appointed by the Governor on 27th June 2017, effective 1st July 2017 for a period of five years. On 29th September 2022 the full Board (including Deputies) was re-appointed for a period of five 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, i.e. 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 2023 is 1.2% (2022: 0.2%).

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.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments.

The Board's exposure to the risk of changes in market interest rates relates primarily to the investments managed by JANA Investment Advisors and AMP Capital, and include Australian and global equities, fixed interest, property, fixed interest securities.

The Board does not consider it meaningful to provide an analysis of the sensitivity of the financial assets to changes in interest rates. The Board's investments are subject to interest rate risks and the return on investments will fluctuate in accordance with movements in the market interest rate.

	Note	2023	2022
		$000	$000
Financial Assets			
Financial Assets at Fair Value Through Profit or Loss			
Managed Investments	9	162,863	164,569
Financial Assets at Amortised Cost			
Cash and Cash equivalents	8	3,963	5,812
Term Deposits	9	14,965	-
Trade and Other Receivables	9	4,356	3,603
		186,147	**173,984**
Financial Liabilities			
Financial Liabilities at Amortised Cost			
Trade and Other Payables	12	245	129
Lease Liability	11	765	861
Carrying Amount at End of Year		**1,010**	**990**

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Independent Auditor’s Report

Nexia Edwards Marshall

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INDEPENDENT AUDITOR'S REPORT TO THE PRESIDING OFFICER OF THE CONTRUCTION 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 2023, 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Simplified Disclosures.

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 are responsible for the other information. The other information comprises the information in the Entity's annual report for the year ended 30 June 2023, 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.

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

Board Members' responsibility for the financial report

The Board of the Entity are responsible for the preparation and fair presentation the financial report, and have determined that the basis of preparation described in Note 2 is appropriate to meet the requirements of *Construction Industry Long Service Leave Act 1987* and the *Public Finance and Audit Act 1986* (as applicable to the Entity), and is in accordance with Australian Accounting Standards – Simplified Disclosures, and for such internal control as the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

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

Auditor's responsibility for the audit of the financial report (cont)

- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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

BO Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

Dated
13 September 2023

Advisory. Tax. Audit.

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 Focused
We keep it simple.

Integrity
We do the right thing.

Quality
We do it well.

Enthusiastic
We like what we do.