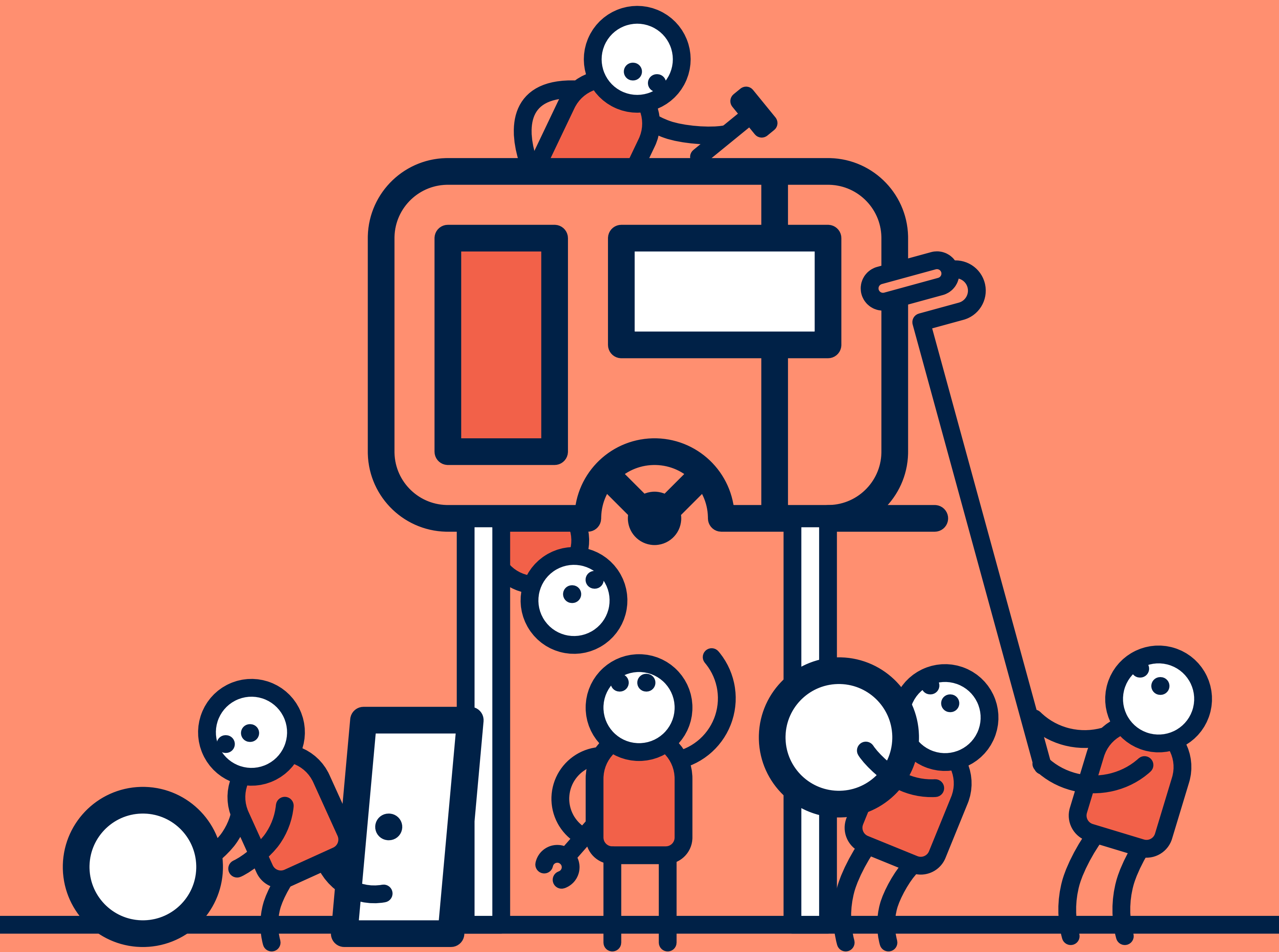

Pop the Hood on our 2019 Tune-Up.

Portable Long Service Leave

Annual Report – 2019
Construction Industry
Long Service Leave Board

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04 Presiding Officer's Report

This year I can report that the Construction Industry Long Service Leave Fund (the Fund) continues to perform well despite the geopolitical challenges impacting on global financial markets including the US/China trade war and the uncertainty arising from Brexit. The Board has kept itself abreast of global, national and local financial developments and has undertaken training to ensure that it is well placed to make decisions affecting the management of the Fund.

An outcome of the Board's strategic planning session held in March 2019 is to strengthen our governance arrangements by ensuring that we measure our effectiveness as Board members on a regular basis. This year also saw us improve on our meeting management with the introduction of Diligent Board Books which has enabled us to work more efficiently and effectively.

On the legislative front, the Construction Industry Long Service Leave Regulations 2018 which support the administration of the Construction Industry Long Service Leave Act 1987 were renewed as part of the regular regulations renewal processes with no changes made. Some outstanding legislative amendments which have been subject to consultation remain to be passed by Parliament.

"This year also saw us improve on our meeting management with the introduction of Diligent Board Books which has enabled us to work more efficiently and effectively."

This year the Board held discussions with representatives of the civil construction industry about the scope of the Act. We will continue to progress those discussions and deal with the issues raised during the next financial year.

We engaged a new auditor to ensure that the accountability and transparency of our financial statements is continuously being examined. We have retained a sound financial position for the fund with a solvency ratio of 121.6% and a fund surplus of $28 million.

"We engaged a new auditor to ensure that the accountability and transparency of our financial statements is continuously being examined."

I would like to thank the CEO and staff at Portable Long Service Leave for their great work over the last financial year and for supporting me in the role of Presiding Officer and the Board Members more generally.

I also thank Mr. Aaron Cartledge who resigned as a Board Member in September 2018. Aaron was an asset to the Board's discussions and decision making with his experience of the construction industry and his commitment to ensuring the optimum returns for the Fund. I welcome Colin Fenney as his replacement.

Finally, I look forward to working with everyone involved with the Fund to continue to maintain and improve its operation for the benefit of workers and employers in the construction industry.

Marie Boland
Presiding Officer

07 CEO's Report

FY2019 has been a positive year full of micro wins, fine tuning and achievement. We commenced the year with the completion of our Information System design and documentation project. Due to the bespoke nature of the system and the specialised knowledge required the project was delivered later than expected but remained on budget. The delay however was fortuitous as it provided the opportunity for a significant beneficial change in system strategy - highlighted later in the annual report.

> "FY2019 has been a positive year full of micro wins, fine tuning and achievement."

A substantial amount of time was spent throughout the year on the review and implementation of changes to our investment strategy. The Board considered its strong financial position, investment market outlook, equity valuations, and forecasted liabilities and took steps to reduce its exposure to growth assets. This resulted in a change to our investment objectives, strategic asset allocation, and the inclusion of Unlisted Property into the Portfolio. Notwithstanding the changes investment performance across all asset classes remained solid with average performance of 5.5%.

Board members also undertook routine non accredited investment training with our implemented consultant - JANA Investment Advisors. We were able to deliver a levy rate reduction on the 1st January 2019 reducing the levy rate from 2.15% to 2.0%. This was the 2nd levy rate reduction to occur in recent years with the last one occurring in 2016.

The Boards solvency ratio dropped slightly throughout the year to 121.6% based on the 2019 Actuary valuation. Growth in worker numbers coupled with a forecast decline in investment returns has resulted in a higher valuation of liabilities.

Registrations of workers and employers continued to grow resulting in over 30,000 active workers and 2,500 employers registered – an all-time high. This was also reflected in $17.8M of levy revenue – an all-time high despite a reduced levy rate. This is positive news for the South Australian construction sector indicating buoyant employment levels throughout the year.

The Board prosecuted a non-compliant employer under section 27 of the Act and received maximum penalty of $5,000.00. A number of employers have appealed decisions made by the Board and these are currently being heard within the SA Employment Tribunal.

A number of other initiatives were undertaken throughout the year including an external review of human resource related policies, the introduction of a cultural feedback tool to promote and foster team work within the organisation, and the introduction of a customer feedback tool.

The Board works collaboratively with its counterpart bodies in other states and territories in a national forum known as AUSLeave. Recent benchmarking activities highlighted a significant level of interdependent transactions and a data sharing feasibility project has commenced to streamline existing manual processes.

> "The transition was seamless and benefits translated into immediate timesavings for standard tasks."

During the year we also replaced our legacy desktop accounting software with a cloud based alternative. The transition was seamless and benefits translated into immediate timesavings for standard tasks.

With an increasing focus on cyber security the Board engaged a security specialist to conduct penetration testing on the organisations network and website resulting in several identified weaknesses with remedial works undertaken immediately. Additionally we have incorporated security awareness training through live 'phishing' simulations to continually test the organisations awareness and treatment of cyber threat through emails.

FY2020 will finally deliver the long awaited information system replacement which will both reduce risk to the organisation and also provide significant time savings to employers, workers and the organisation.

As always I wish to thank my dedicated team at Portable Long Service Leave for all of your hard work and effort during the year.

Adam Warchol
Chief Executive Officer

10 Scheme Statistics

	Financial Year 2015	Financial Year 2016	Financial Year 2017	Financial Year 2018**	Financial Year 2019
Clients					
Active registered workers (Workers with accrued entitlement)	24,548	23,664	23,882	27,815	30,743
Currently employed registered workers	17,343	16,338	17,980	21,777	22,816
Registered employers	2,251	2,260	2,385	2,486	2,567
Contractors/Working Directors registered	519	649	681	654	643
Operations and Administration					
Salaries & related on costs	$1,027,000	$964,000	$960,000	$944,962	$895,000
Administration*	$815,000	$807,000	$831,000	$765,000	$756,000
Total administration costs	**$1,842,000**	**$1,771,000**	**$1,791,000**	**$1,710,000**	**$1,651,000**
Claims					
No of long service leave claims	1,967	2,200	1,991	1,963	2,187
Value of long service leave claims	$12,630,000	$14,514,000	$13,280,000	$13,173,111	$13,608,273
Financial					
Total assets	$126,560,000	$126,495,000	$135,589,000	$147,496,000	$157,897,000
Total liabilities	$106,190,000	$110,300,000	$111,000,000	$116,707,000	$129,862,000
Funds under management	$122,750,000	$121,880,000	$130,701,000	$140,575,000	$149,411,000
Investment income	$10,790,000	$2,590,000	$9,834,000	$9,684,000	$7,800,000
Investment return	9.0%	2.1%	7.8%	6.8%	5.5%
Levy rate	2.25%	2.25%	2.15%	2.15%	2.00%
Levy income	$14,670,000	$13,500,000	$14,140,000	$16,204,000	$17,755,000
Contractors/Working Directors contribution rate	$220	$225	$230	$235	$240
Contractors/Working Directors interest rate	2.70%	2.10%	2.00%	2.00%	2.30%
Operating cashflow excluding investment income	$516,000	($2,627,000)	($1,262,000)	$914,000	$2,217,000
Fund surplus/(deficit)	$20,370,000	$16,194,000	$24,589,000	$30,789,000	$28,035,000
Human Resources					
FTE headcount	11.0	10.8	9.5	9.6	9.6
Economic					
CPI	1.2%	0.7%	1.6%	2.1%	1.4%
Industry wage growth	2.4%	2.9%	0.1%	2.5%	2.3%
Average weekly earnings	$1,216	$1,251	$1,252	$1,284	$1,314
Performance Indicators					
Administration cost per client	$67.43	$66.65	$66.46	$55.24	$48.63
Management expense ratio	1.5%	1.4%	1.3%	1.2%	1.0%
Benefits expense ratio	89.1%	91.3%	88.5%	88.5%	89.2%
Leave utilisation rate	8.0%	9.3%	8.3%	7.1%	7.1%
Solvency ratio	119.2%	114.7%	122.2%	126.4%	121.6%

*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

12 Finance and Investment

State of the Fund

As at 30th June 2019 the Fund retains a Surplus of $28.0M and a solvency ratio of 121.6%.

Summary of Financial Year

In FY2019 the Board incurred an operating deficit of $2.8M.

Levy revenue increased 9.6% from FY2018 to $17.7M despite a levy rate reduction implemented in January 2019. The increase was representative of increased worker registrations along with a modest increase in wage inflation at 2.3%.

Investment income totalled $7.8M with positive returns across all investment classes.

The volume of Worker Payment claims increased by 11% from FY2018 but only 3% in value indicating a higher volume of lower valued claims for long service leave taken.

The Worker Payment Provision increased by $13M from FY2018. This was substantially more than anticipated and was due to the increase in worker registrations, a reduction in the discount rate used to value the liability and retrospective service credits.

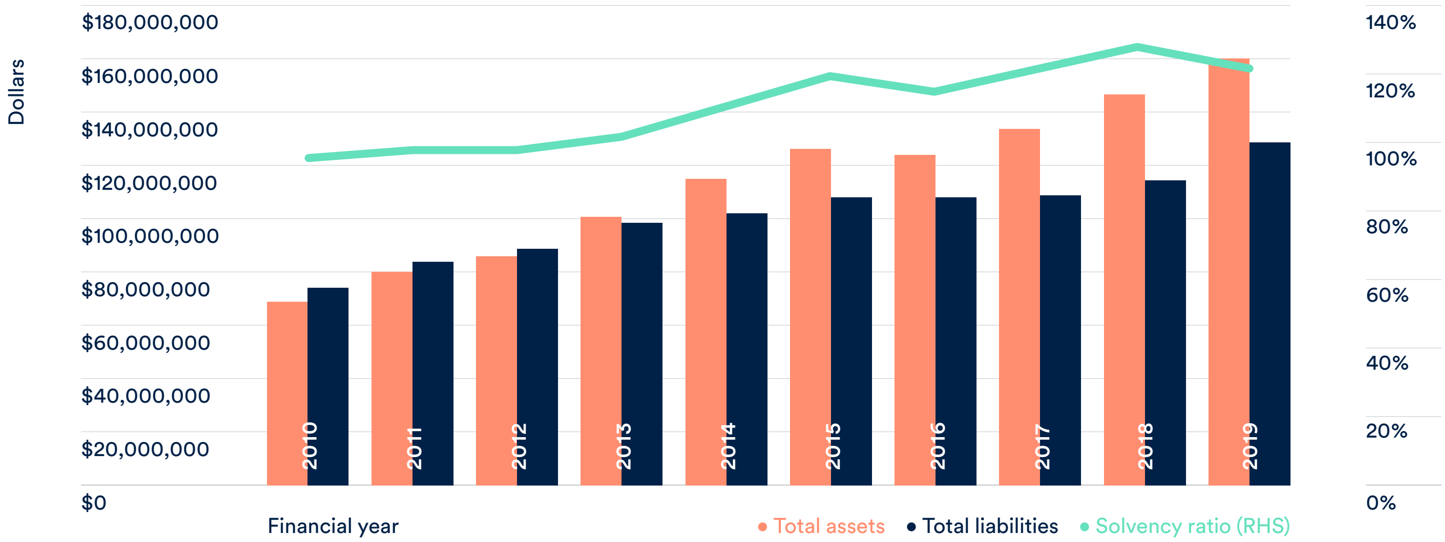
Total operating expenses remained slightly below the prior year for the 3rd consecutive year reflecting effective expenditure management.

Total assets increased to $157.9M as a result of investment gains.

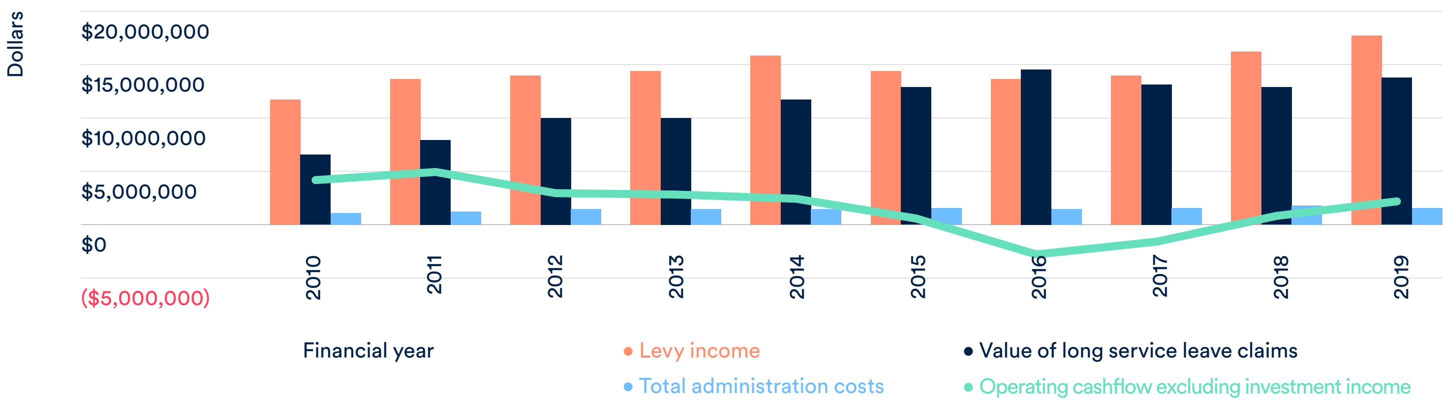
Cash flows from Operating activities (excluding investment income) were positive in FY2019 reflecting increased levy collections of $17.7M along with steady worker payments and administration expenses. No redemptions were required from investments to supplement operating cash flows, however a cash distribution was received of $0.3M.

	Actual 2018/19 ($ Million)	Budget 2018/19 ($ Million)
Income		
Levies	17.75	16.67
Investments (including cash holdings)	7.80	8.33
Other	0.03	0.00
Total Income	25.58	25.00
Expenditure		
Long Service Leave Payments	13.61	14.50
Increase in accrued LSL liability	13.00	6.59
Salaries & Related Costs	0.89	0.93
Operating Costs	0.89	1.09
Total Expenditure	28.39	23.11
Surplus/(Deficit)	(2.81)	(1.69)

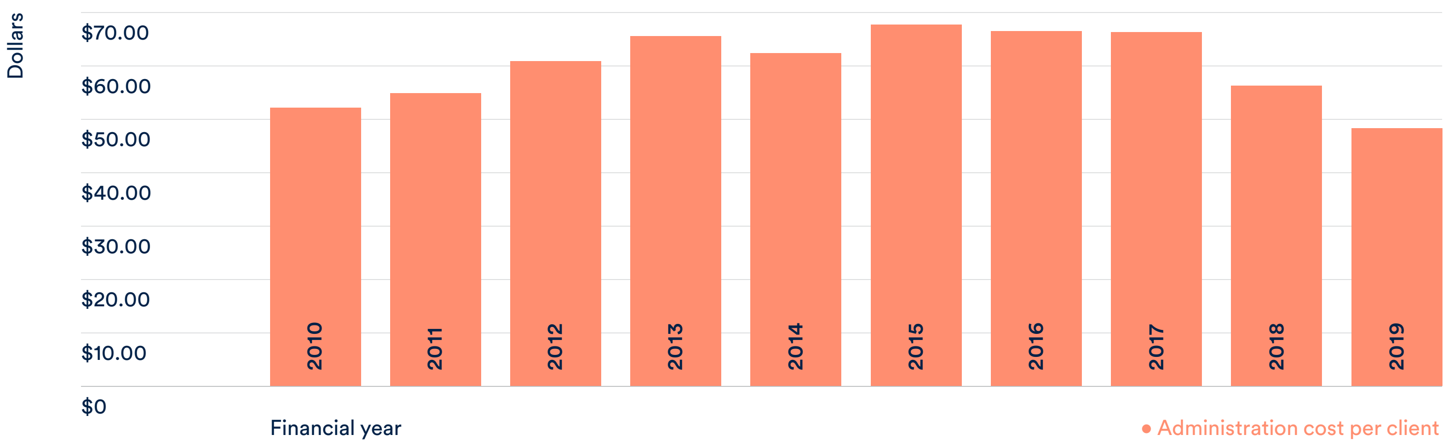
Asset & Liability — 10 Year Trend



Operating Cashflow excluding Investment Income



Administration Cost Per Client — 10 Year Trend



Investment

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.

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.

In November 2018 the Board completed its annual review of investment strategy and with consideration to its strong financial position, investment market outlook, and forecast liabilities took steps to reduce investment risk. This involved a change to the Board's investment return objective, a reduction in exposure to growth assets, and the incorporation of unlisted property asset class into the portfolio.

The Board's investment objectives at the conclusion of the 2018/2019 financial year were:

— 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

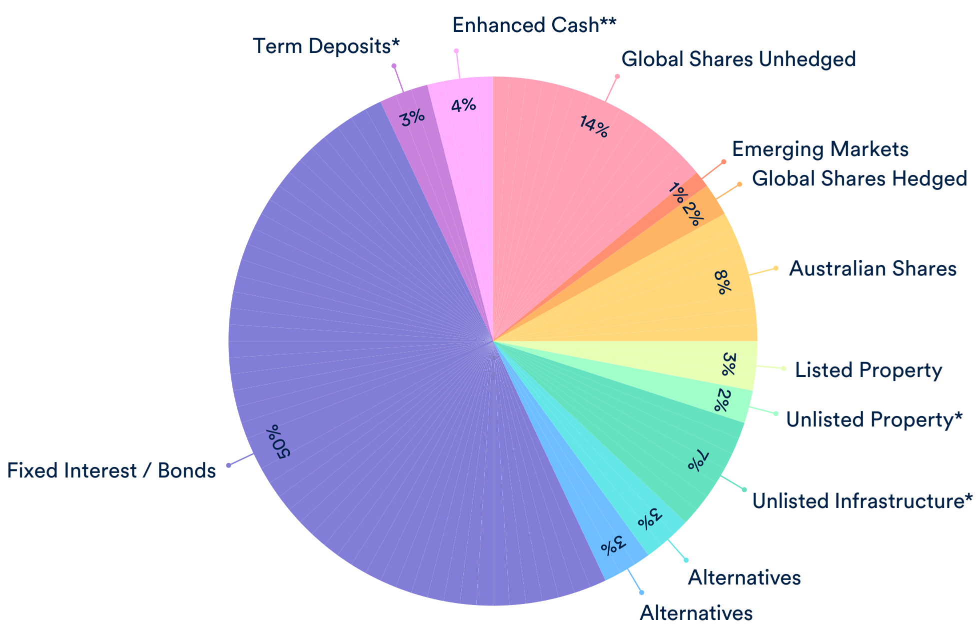
— A high probability that the Fund will maintain a solvency between 100% and 115%

In June 2019 JANA Investment Advisors restructured one of its fixed interest trusts to provide more granularity and flexibility into the type of debt instruments held by the Board.

Performance

Investment returns across all individual asset classes were positive for the 3rd consecutive year and collectively represented the 9th consecutive year of positive returns. Despite the change to the Boards investment objectives a solid investment return of 5.5% was achieved amongst periods of market volatility.

Financial Year 2019 — Asset Allocation



* Off Platform
** Self Employed Contractor / Working Director Fund

Key asset class performance:

Unlisted infrastructure	11.31%
Australian Shares	9.43%
International Shares (Unhedged)	8.45%

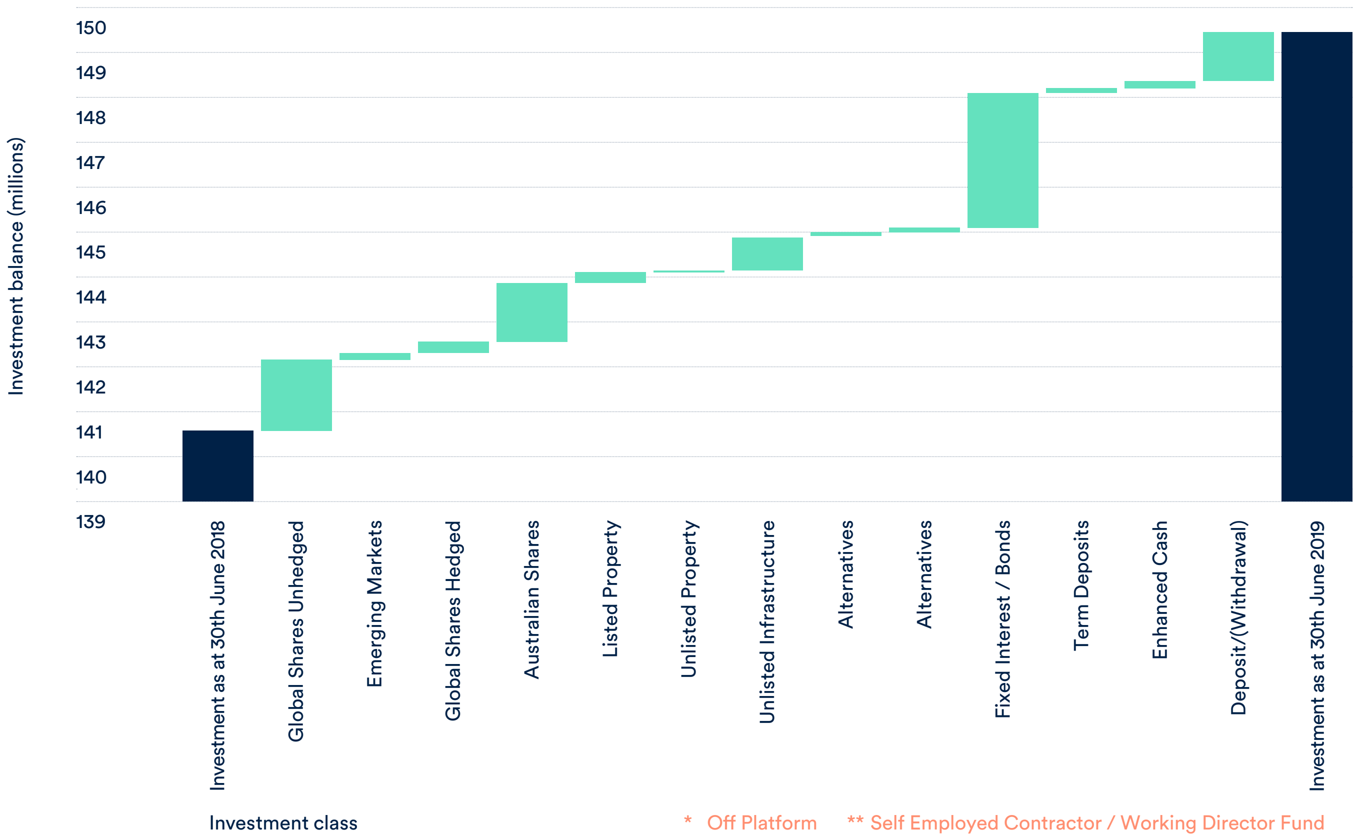
Note: Performance is calculated on a weighted rate of return and may vary slightly from those published by individual Investment Advisors or Trusts.

No redemptions (withdrawals) were required during the year to supplement operating cashflows. Redemptions and applications (deposits) were undertaken in March 2019, May 2019, and June 2019 to facilitate the investment in unlisted property, rebalance the strategic asset allocation, and the restructure of fixed interest trusts. An additional investment of $1.2M was added to the Portfolio based on surplus operating cash flow requirements. A cash distribution of $0.3M was received from the AMP Capital Diversified Infrastructure Trust.

The Board received realised gains of $5.2M and unrealised gains of $2.6M leading to a total investment gain of $7.8M. Investment markets will continue to be challenged into the future due to geopolitical factors such as the US/China Trade War and Brexit, technological disruption, high asset valuations, low and negative bond yields, and a low interest rate environment. The Board believes its portfolio is structured adequately and with enough diversification to achieve its investment objectives whilst providing protection against adverse conditions and events.

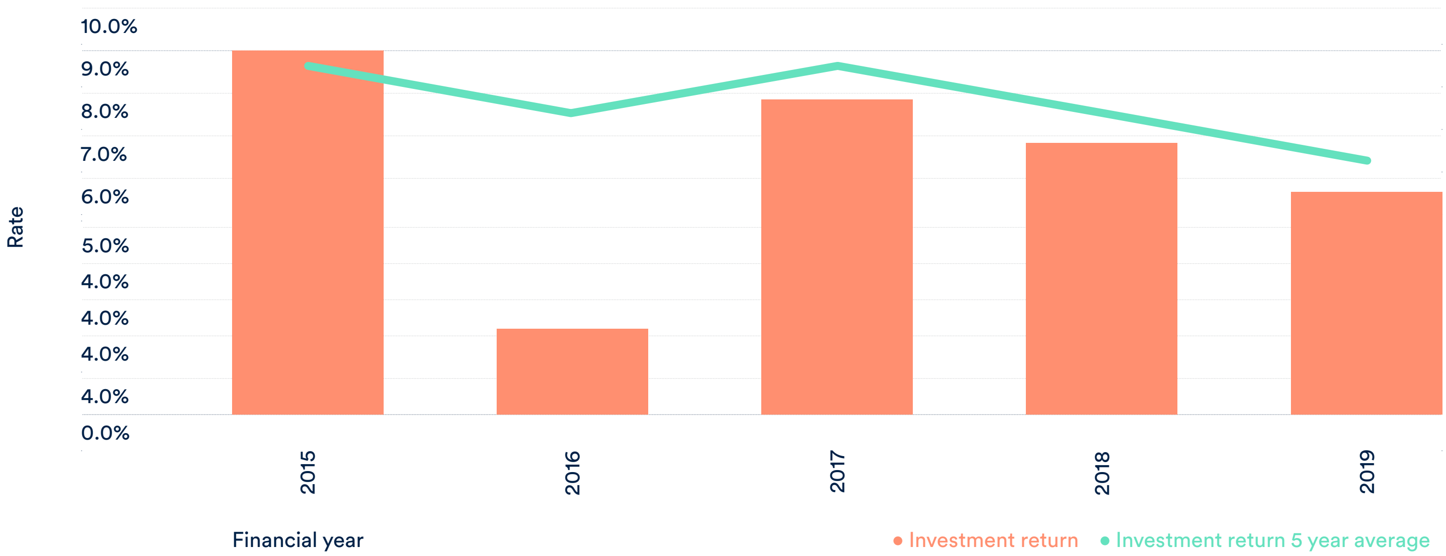
Financial Year 2019 Investment Movement by Investment Class

This graph illustrates the movement in value of each investment class from the start of the financial year to 30th June 2019. The green bars illustrate an increase in value.



The five year average return on investments held by the Board is 6.23%.

5 Year Investment Return



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 2018/2019 Financial Year were:

	Financial Year 2019	Financial Year 2018
Contribution Rate (Bi Monthly)	$240.00	$235.00
Interest rate	2.3%	2.0%

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.

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.

The Self-Employed Contractor / Working Director Fund has returned an average of 4.0% since its inception in 2006. As at 30th June 2019 the balance held in investment was $6,046,237 against a liability of $6,044,334.

Actuarial Services

Mercer were appointed as the Board's Actuary in 2018. During the 2018/2019 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.

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 FY2019 valuation estimates the Board's liability (excluding registered contractors and working directors) to be $122.9M with Vested Benefits being $106.6M.

Financial Year 2019	Value of Liability *(excluding self-employed contractors and working directors)*	Leaving Industry Vested Benefits *(excluding self-employed contractors and working directors)*
Value of liability	$122,943,000	$106,573,000

The FY2019 valuation estimates the Board's liability in relation to self-employed contractors and working directors to be $6.0M. The FY2019 valuation estimates the Board's total liability to be $128.9M

	Financial Year 2019	Financial Year 2018
Construction workers	$122,943,000	$109,940,000
Self-employed contractors & working directors	$6,044,334	$5,760,881
Total Provision Long Service Leave Entitlements	$128,987,334	$115,700,881

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 revised the average investment return rate assumption reflective of the Board's revised investment strategy and asset allocation, and investment market outlook. This change resulted in an increase to the liability of approximately $3.3M as the discount rate used to value the liabilities reduced.

The economic assumptions are as follows:

Adoption of a short-medium term set of assumptions for the next 5 years for both wage inflation and investment returns before reverting to a long term set of assumptions.

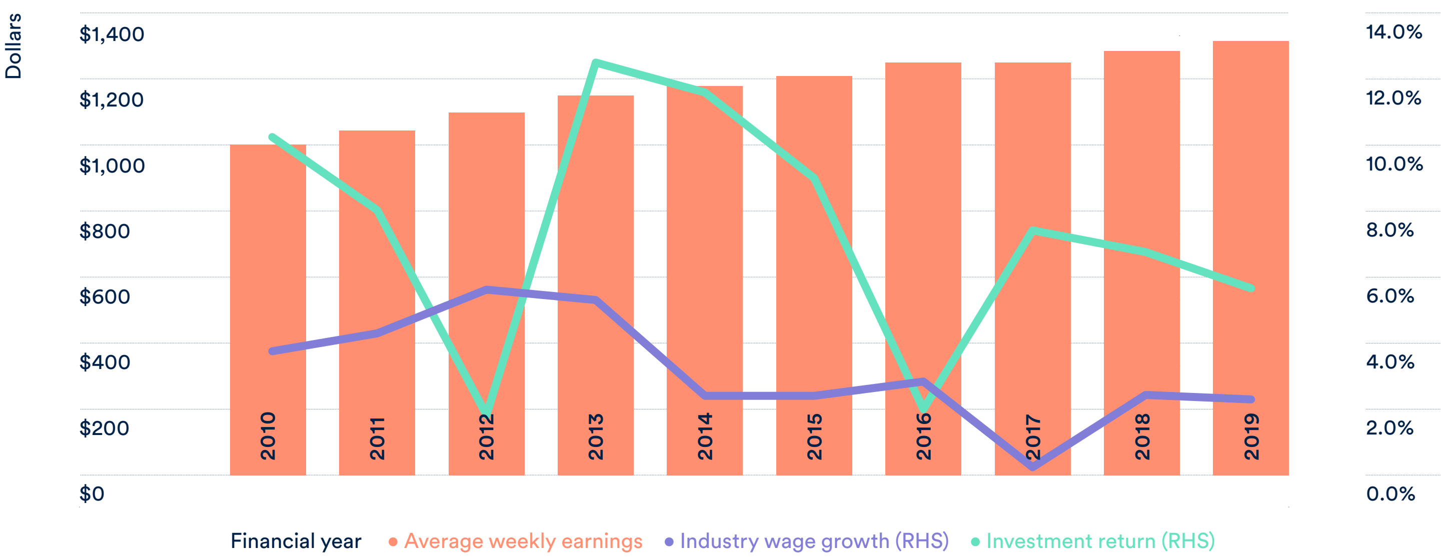
Assumption	First 5 Years	Thereafter
Average Weekly Earnings (Wage Inflation)	3.0% pa for 5 years 4.0% pa thereafter	3.0% pa for 5 years 4.0% pa thereafter
Investment Return	3.5% pa for 5 years 7.2% pa thereafter	4.5% pa for 5 years 7.0% pa thereafter
Gap	0.5% pa for 5 years, 3.2% thereafter	1.5% pa for 5 years, 3.0% pa thereafter

Average Weekly Earnings increased in FY2019 by 2.3% to $1,314 ($1,284 in FY2018). The Average Investment Return was 5.5% in FY2019 (6.8% in FY2018).

Audit Services

Nexia Edwards Marshall were appointed the Board's auditors in 2019 following a competitive tender process.

The Actuary has advised that the Fund is in a strong financial position as at 30th June 2019 with a surplus (total assets exceeding total liabilities) of $28M and a solvency ratio of 121.6%.



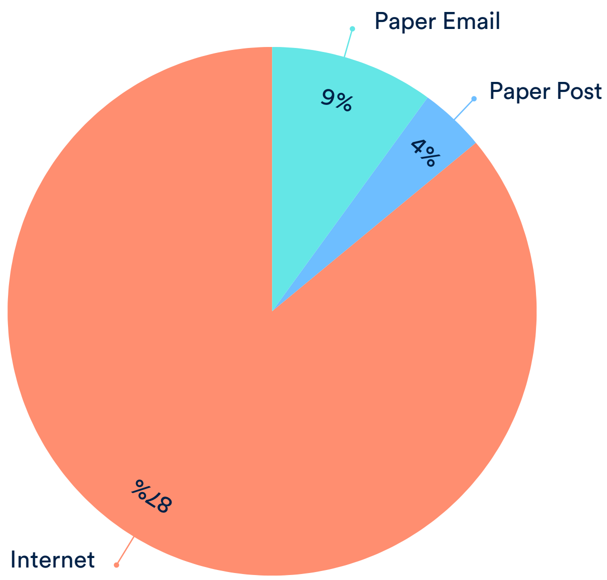
Employer Return Management

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 FY2019 consisted of:

Financial Year 2019								
	Issued	Received on time		Late		Fines		
Financial Year	Number	Number	%	Number	%	Number	%	Amount
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
2015	11,605	10,043	87%	1562	13%	1153	10%	$86,475

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 4% of employers. During the year the Board wrote off $105K of bad debt from 20 employers.

Bad debt write off	Financial Year 2019	Financial Year 2018	Financial Year 2017	Financial Year 2016	Financial Year 2015
No	20	30	45	28	46
Value	$105,341	$81,817	$66,876	$255,000	$134,900

22 Operations

Prosecution

During the 2018/2019 financial year the Board successfully prosecuted a company for non-compliance with the Act. The Adelaide Magistrates court fined the Employer $5,000 for failing to complete its bi monthly returns affecting 5 workers. The court held that the employer's wilful avoidance of its obligations was clearly in breach of the legislation and a significant deterrent was warranted resulting in the maximum penalty applicable.

Legislation

Legislative Amendments

Following the change in Government in March 2018 the newly appointed Government undertook a second round of consultation with the industry in relation to the suite of proposed legislative amendments that have been under consideration since 2016.

During that time several industry groups lobbied to seek amendments to the Act (separate to the proposed amendments). At the time of writing it is unclear as to the status of the amendments.

Regulations

In August 2018 the Construction Industry Long Service Leave Regulations 2003 were updated under the Subordinate Legislation Act 1978 (The Subordinate Act).

Under Part 3A of the Subordinate Act certain regulations expire on 1 September of the year following the year in which the 10th anniversary of the day on which the regulations were made falls. The Subordinate Act allows the expiry to be postponed for a period or periods not exceeding 2 years at a time and not exceeding 4 years in aggregate. The purpose of the expiry program is to ensure that regulations are regularly reviewed and remade as appropriate before expiry. The main changes to the regulations were an update to externally referenced bodies or legislation where a name change had occurred.

Information Technology

Information Systems

The Board's focus on transforming its ageing information technology environment continued in 2019.

During the year the Board was presented with the opportunity to adjust its' strategy when a new dedicated portable long service leave information system came to market. The system was commercially attractive, entailed a lower implementation risk profile, and provided a better strategic fit than the Board's existing approach.

The change in strategy will delay the implementation of a new information system, now anticipated for the 1st quarter of 2020.

The Board also replaced our legacy desktop accounting software with a cloud based alternative. The transition was seamless and benefits translated into immediate timesavings for standard tasks and further reduces the Board's information technology risk profile.

Cyber Security

In conjunction with the implementation of a new information system the Board engaged a security specialist to undertake penetration testing of the Board's network and its existing public facing information system. A number of weaknesses were identified and immediate works to rectify were implemented.

The Board also implemented an Email Phishing Attack Simulation and Education program with staff to add to its existing suite of cyber protection measures.

Communications and Field

Implementation of our communication and field strategy continued in 2018/2019.

Routine engagement occurred throughout 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:

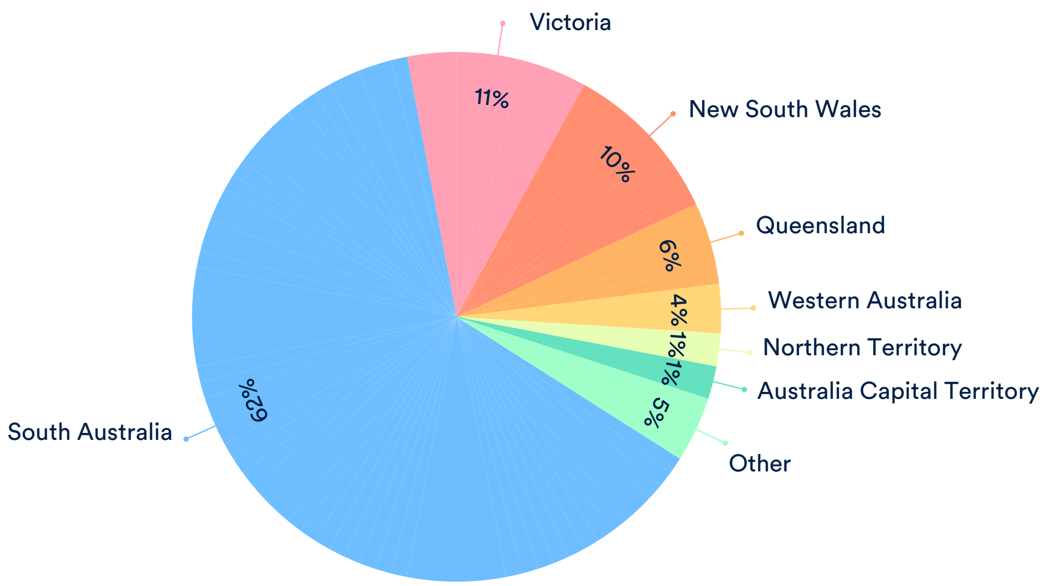
— issuing electronic and paper service statements, and notifications to actively registered workers

— 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 30,000 unique users over the course of the year across all States and Territories representing a 25% increase.

Users by Region



Field activities consist of proactive activities of communication/education together with compliance activities.

	Field Activities	Financial Year 2019	Financial Year 2018	Financial Year 2017	Financial Year 2016
Communication	Site Visits	151	152	166	36
	Apprentice Presentations	28	19	28	24
	Employer Meetings	112	285	130	0
	Worker Meetings	7	20	13	0
	Industry Stakeholder Meetings	17	27	3	0
	Letters to Prospective Employers	111	813	0	357
	Regional Trips	5	11	2	0
Compliance	Employer Audit	59	7	0	0
	Unregistered Service Investigation	217	254	340	247
Outcomes	Employer Registration Requests	360	367	322	251
	Contractor Registration Requests	115	115	77	79
Total Activities		1182	2059	1081	994
Additional Levies Identified		$1,161,303	$952,180	$940,000	$698,000
Interest Imposed		$126,859	$102,098	$46,236	$19,456

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

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

An internal audit program was initiated in FY2018 to check compliance of employers with the Act. Audits are selected based on random and targeted methodologies and check accuracy of information declared on employer returns against payroll data. 2019 saw this program increase in scope and volume.

Assumption	FY2019
Audits Completed	59
Compliant	34
Non-Compliant	25

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

An additional $1.3M in non-compliant levies and interest were collected in FY2019.

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

- One matter was closed by the Tribunal
- Two remain ongoing.

Registrations

FY2019 saw another solid increase in registered workers (10%) and a modest increase in registered employers (3.3%) eclipsing last year's count leading to the highest number of registered workers since the inception of the Scheme at 30,743.

The increase is reflective of good economic conditions in parts of the South Australian construction industry along with improved communication and field operations where significant effort has been applied.

	Financial Year 2019	Financial Year 2018	Change Percent
Active registered workers (Employed or less than allowable absence)	30,743	27,815	10.5%
Currently employed registered workers	22,816	21,777	4.8%
Registered employers	2,567	2,486	3.3%
Contractors / Working Directors registered	643	654	(1.7)%

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 (80%).

Usage of Long Service Leave

Leave utilisation remained consistent with previous years at 7.1%. Interestingly given the increase in worker registrations this represented a net increase in worker claims at 2,187 claims.

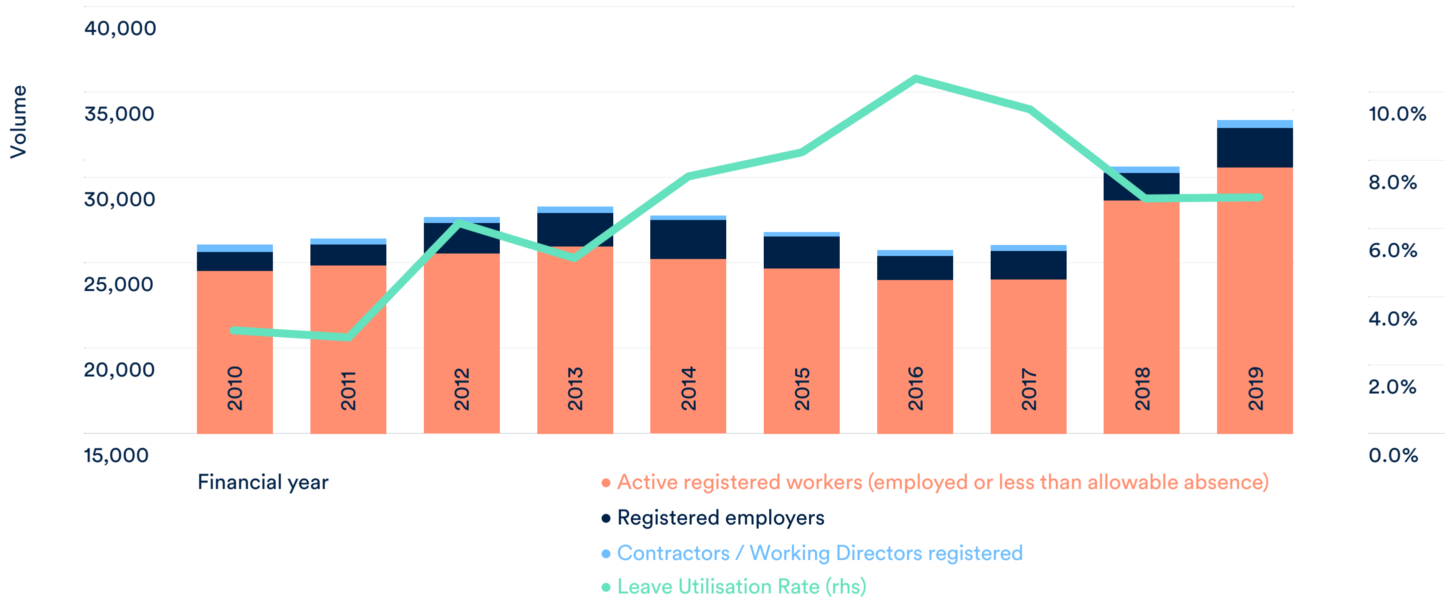
Usage of leave is spread broadly across age bandings however 65% of leave utilised is for persons under the age of 50 indicating employees are utilising long service leave during their working years rather than waiting until retirement.

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 60% of registered workers took long service leave whilst working in the industry. Approximately 25% of registered workers took a pro rata payment as they left the industry or transitioned into a role no longer covered by the scheme.

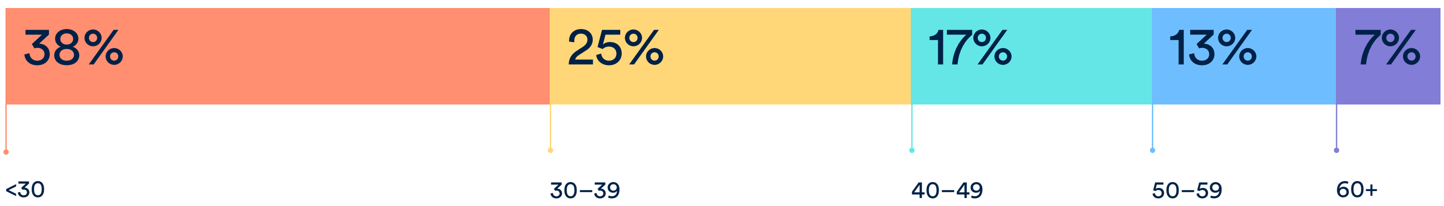
Claims involving interstate service represented 13% of all claims reflective of the transient nature of work across Australia.

Registrations

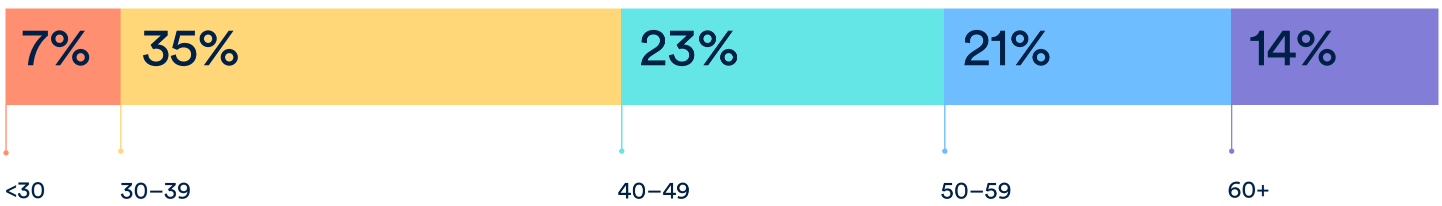


**Utilisation rate is total long service leave claims divided by total registered workers.*

Financial Year 2019 Active Worker Registrations by Age

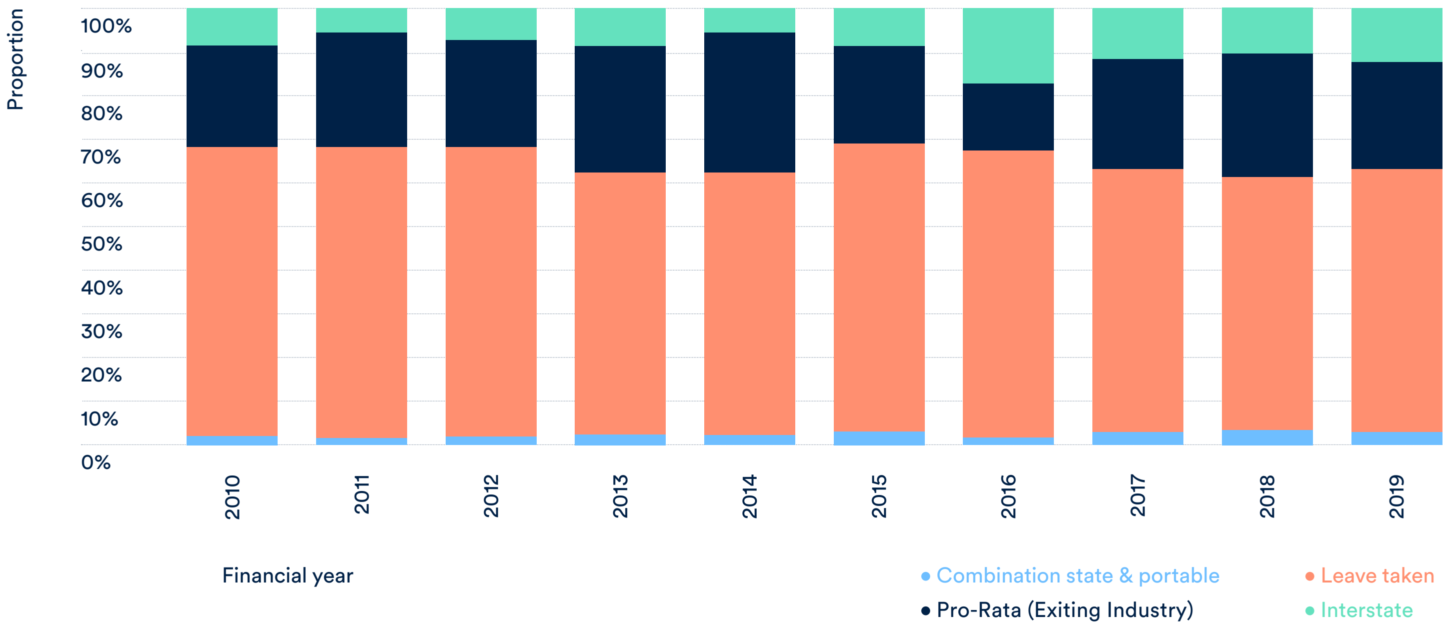


Financial Year 2019 Long Service Leave Claims by Age

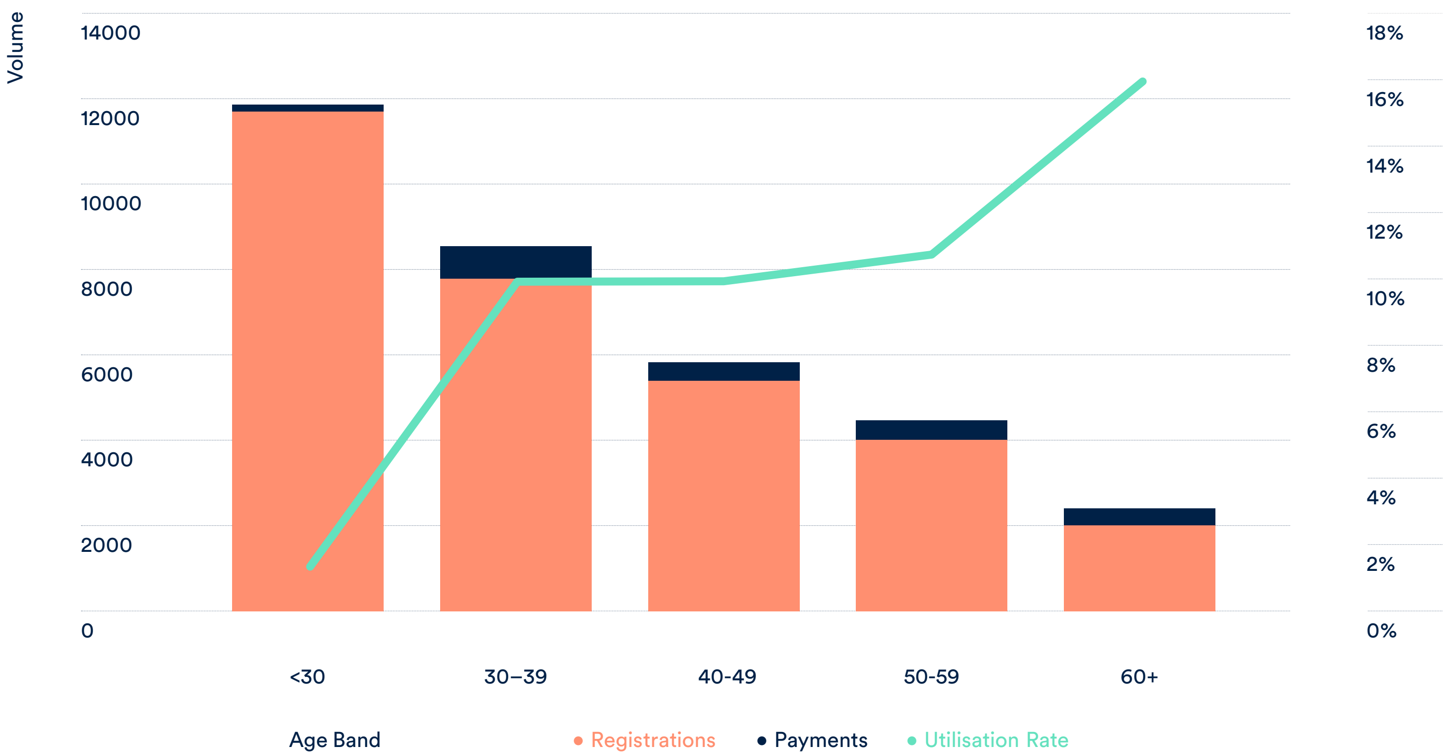


Financial Year 2019 Apprentice Profile

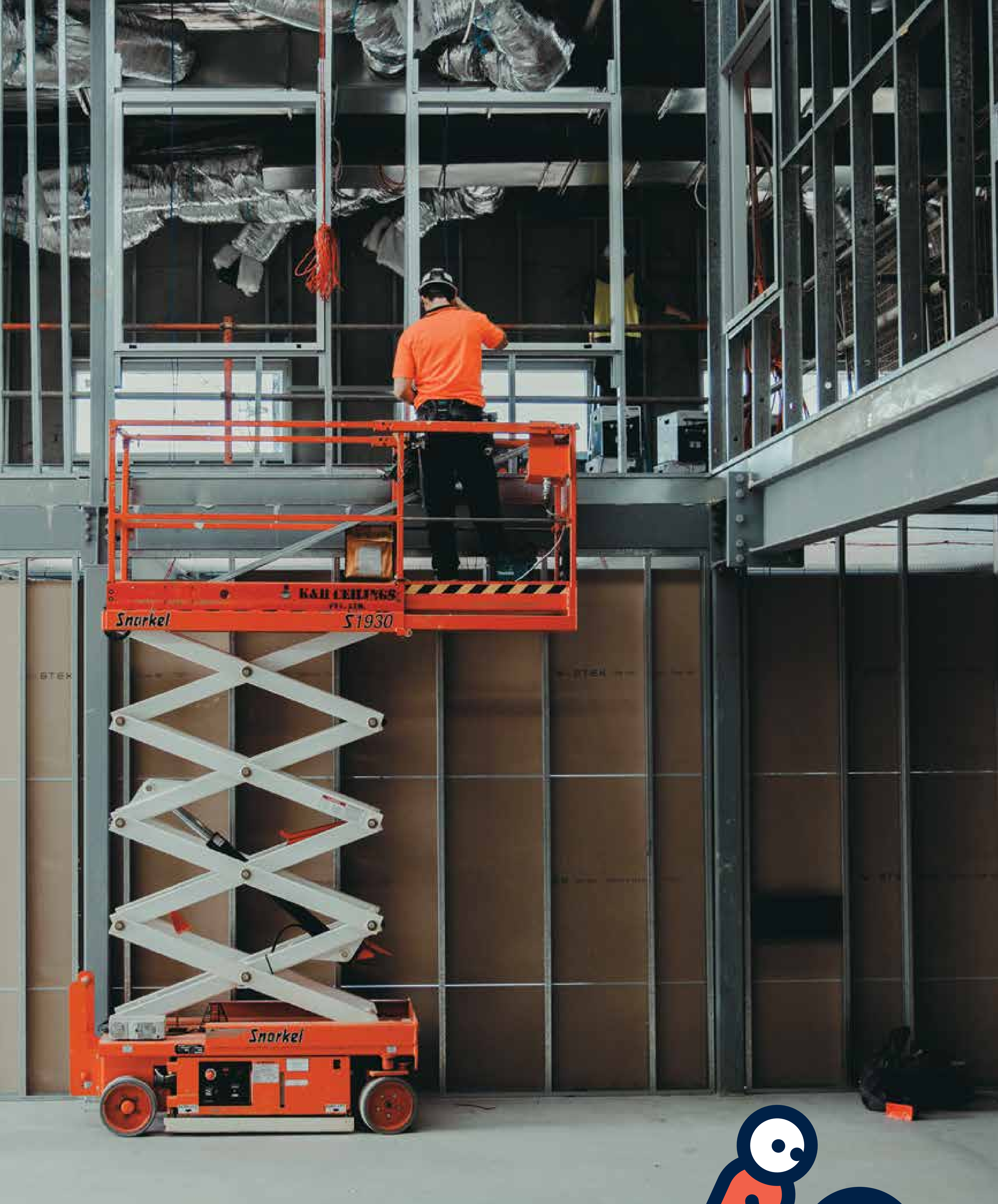
Long Service Leave Claims by Type



Financial Year 2019 Utilisation by Age



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



29 Governance

Portable Long Service Leave is the Business Name of 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).

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 26th September 2018 Mr Aaron Cartledge resigned from the Board.

In March 2019 following advice from the Crown Solicitors Office the Treasurer informed Mr Derek Stapleton (Deputy to Mr Cartledge) that his appointment as a Deputy Board Member was linked to the Office of Mr Cartledge and as such had also ceased on Mr Cartledge's resignation effective 26th September 2018. In the absence of being notified that his appointment had ceased Mr Stapleton had continued to attend Board meetings for the period (October 2018-March 2019).

On the 23rd May 2019 Mr Colin Fenney was appointed as a Board Member and Mr Derek Stapleton was appointed as his Deputy.

Board Meetings

During the 2018/2019 year the Board met on 12 occasions, excluding subcommittees and working parties.

Board members		Meetings available to attend	Meetings attended
Ms Marie Boland	Presiding Officer	12	10
Mr Aaron Cartledge*	SA Unions	3	0
Mr Colin Fenney**	SA Unions	1	0
Mr John Camillo	SA Unions	12	1
Ms Erin Hennessy	SA Unions	12	10
Mr Larry Moore	National Electrical and Communications Association	12	12
Ms Estha van der Linden	Business SA	12	9
Mr Steve Minuzzo	Master Builders Association	12	11

Deputies			
Mr Derek Stapleton***	SA Unions	10	9
Mr Peter Bauer	SA Unions	11	6
Mr John Adley	SA Unions	2	1
Ms Thina Mariappan	Master Plumbers Association	1	1
Ms Karen van Gorp	Business SA	3	1
Mr Peter Salveson	Master Builders Association	2	1

* Resigned 26th September 2018. ** Appointed 23rd May 2019.
*** Advised in March 2019 that appointment had ceased with effective date 26th September 2018. (Re)-Appointed 23rd May 2019.
Note: Board Members and Deputies were eligible to attend March 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 establish sub committees on an as required basis in order to provide closer attention to important areas facing the organisation.

In 2018/2019 the Board established the following subcommittees:

— Information System Contract Review

Overseas Travel

During the 2018/2019 year, no members of the Board engaged in overseas travel in the capacity as a member of the Board.

Board Training & Development

During the 2018/2019 year the Board undertook the following training and development activities:

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

Strategic Planning

A strategic planning session was undertaken in March 2019 whereby the Board evaluated its performance in relation to the implementation of its existing Strategic Plan for the period 2017-2019. Additionally, the Board approved the Strategic Plan for the period 2020-2022.

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 three times during the year in August 2018, October 2018, and April 2019 and reported to the Board in November 2018.

Annual Report

The 2017/2018 Annual Report was tabled in Parliament in accordance with the Act on the 25th October 2018.

Actuary Report

The 2017/2018 Actuary Report was tabled in Parliament in accordance with the Act on the 25th October 2018.

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 2018/2019 year.

Fraud

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

Delegations

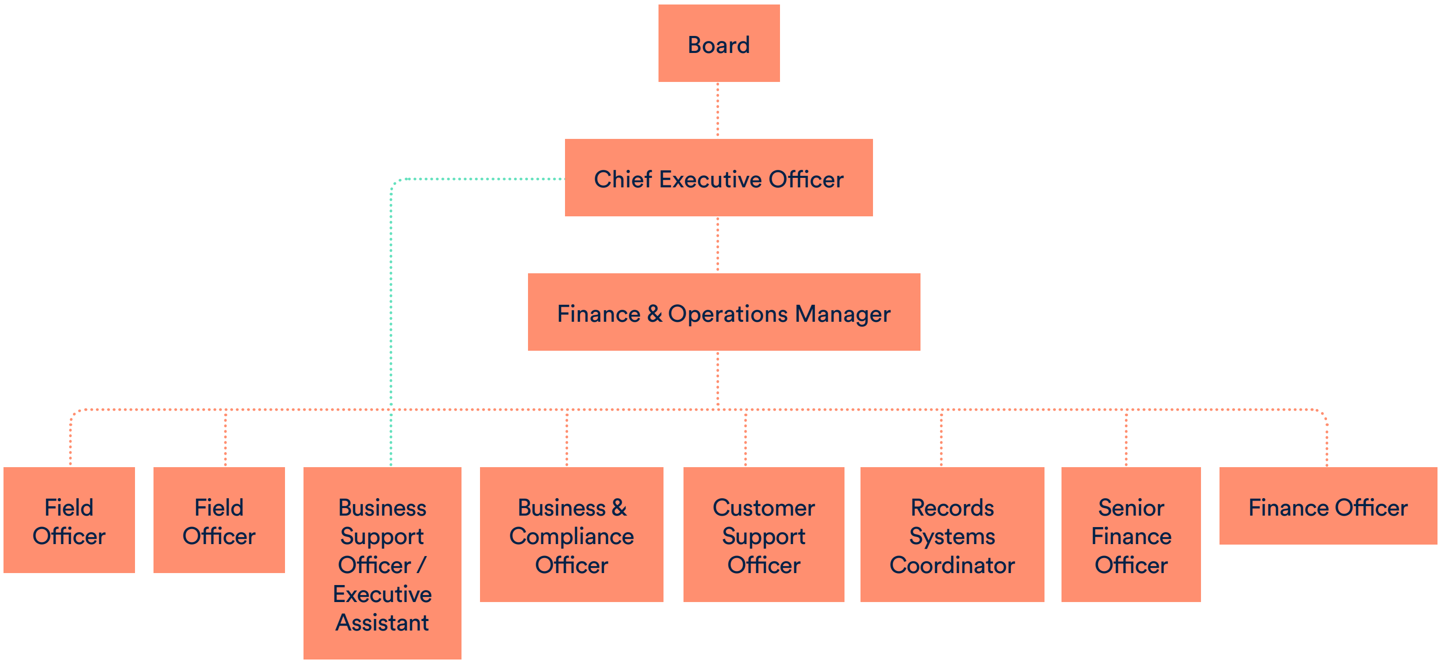
The Board maintains a schedule of financial delegations that is reviewed annually. It was reviewed in the June 2019 Board Meeting and subsequently approved in the July 2019 Board Meeting.

Day to day management of the Fund'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 SAICORP.

- Employees as at 30th June 2019 totalled 9.64 FTE.
- There were no employment movements throughout 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.
- 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
  - 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 Customer Service and Team Building Workshop in January 2019. A cultural feedback tool was implemented in the organisation in June 2019 together with a customer feedback tool.



People	2015	2016	2017	2018	2019
Full time	8	9	8	8	8
Part time	4	3	2	2	2
Total	12	12	10	10	10
FTE	11	10.8	9.533	9.64	9.64

36 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 2019;

(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 2019;

(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 2019; 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.

M Boland
Presiding Officer

Adam Warchol
Chief Executive Officer

17th September 2019

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $000's	2018 $000's
Income From Ordinary Activities			
Levies	3	17,755	16,204
Realised Investment Income	3	5,242	7,847
Unrealised gain on financial assets at fair value through profit or loss	3	2,558	1,837
Other	3	20	18
Total Income		25,575	25,906
Expenses From Ordinary Activities			
Worker Payments	4	26,611	17,856
Contractor Interest		130	107
Employee Benefits Expense	5	895	945
Depreciation	10	50	46
Depreciation charge for Right of Use Asset	12	92	92
Interest expense on Lease Liability		14	16
Impairment Loss on Receivables	9	98	106
Administration	6,7	500	507
Total Expenses		28,390	19,675
Total Surplus / (Deficit)		**(2,815)**	**6,231**
Total Other Comprehensive Income		-	-
Total Comprehensive Income		**(2,815)**	**6,231**

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 2019

	Note	2019 $000's	2018 $000's
Assets			
Cash and Cash Equivalents	8	4,242	3,089
Receivables	9	3,480	3,006
Financial Assets	9	149,411	140,575
Property, Plant & Equipment	10	134	147
Intangible Assets	11	70	27
Right of Use Asset	12	560	652
Total Assets		157,897	147,496
Liabilities			
Trade and other Payables	13	101	152
Lease Liability	12	630	713
Employee Benefits	14	144	141
Worker Payments	14	122,943	109,940
Registered Contractor Contribution Fund	14	6,044	5,761
Total Liabilities		129,862	116,707
Net Assets		**28,035**	**30,789**
Equity			
Accumulated Surplus / (Deficit)		**28,035**	**30,789**

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 2019

	Note	2019 $000's Inflows (Outflows)	2018 $000's Inflows (Outflows)
Cash Flows From Operating Activities			
Receipts From Levies & Operations		17,277	15,538
Payments to Workers		(13,608)	(13,173)
Payments to Suppliers & Employees		(1,501)	(1,470)
Interest Received		49	19
Net Cash Provided by / (Used In) Operating Activities		2,217	914
Cash Flows From Investing Activities			
Redemption of Investments		273	397
Purchase of Investments		(1,200)	(500)
Payments from Registered Contractors Fund		(9)	97
Payments for Plant & Equipment		(54)	(60)
Proceeds from Sale of Plant & Equipment		24	30
Net Cash Provided by / (Used In) Investing Activities		(966)	(36)
Cash Flows From Financing Activities			
Payments for Principal Right of Use Asset		(84)	(61)
Payments for Interest Lease Liability		(14)	(16)
Net Cash Provided By (Used In) Financing Activities		(98)	(77)
Net Increase / (Decrease) in Cash Held		1,153	801
Cash at the Beginning of the Year		3,089	2,288
Cash at the End of the Year	**8**	**4,242**	**3,089**

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 2019

	Retained Earnings $000's	Total Equity $000's
Balance at 30 June 2017	24,589	24,589
Retrospective Adjustment on Change of Accounting Policy AASB 16	(31)	(31)
Balance at 30 June 2017 (restated)	24,558	24,558
Surplus for 2018	6,231	6,231
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**

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 2019

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 17 September 2019.

(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.

This is the first set of the Board's annual financial statements in which AASB 9 Financial Instruments and AASB1053 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.

Changes to significant accounting policies and the impact of applying the new standards are described in Note 2(g).

(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 2019 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

This is the first year the Board has applied AASB 1053 Application of Tiers of Australian Accounting Standards.

During the current year 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.

Initial application of AASB 9 Financial Instruments

The entity has adopted AASB 9 with a date of initial application of 1 July 2018. As a result the entity has changed its financial instruments accounting policies as detailed in Note 9.

AASB 9 requires retrospective application with some exemptions and exceptions (eg when applying the effective interest method and impairment measurement requirements). AASB 9 does not apply to items already derecognised at the date of initial application. The Board has elected not to restate comparatives.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 (Financial Instruments) categories of held-to-maturity, loans and receivables and available for sale.

Financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9, as they are held to collect contractual cash flows that consist solely of payments of principal and interest on the principal amount outstanding.

The business model adopted by the Board reflects how financial assets are managed together to generate cash flows to achieve an objective rather than at an individual asset level. Investments that are held within a business model held to collect contractual cash flows that are solely payments of principal and interest include Cash, Receivables and Term Deposits held by the Board.

Financial assets measured at fair value through profit or loss (AASB 139) are still measured as such under AASB 9.

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities and has not had a significant effect on the Board's accounting policies relating to financial liabilities.

There were no financial assets/liabilities which the entity had previously designated as at fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

As a result of the adoption of AASB 9 Financial Instruments, the Board has adopted consequential amendments to AASB 101 Presentation of Financial Statements.

Impairment

As per AASB 9 an expected credit loss model is applied and not an incurred credit loss model as per the previous Standard applicable (AASB 139).

To reflect changes in credit risk this expected credit loss model requires the entity to account for expected credit losses since initial recognition. If the credit risk on a financial instrument has not shown significant change since initial recognition, an expected credit loss amount equal to the 12-month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

The Board reviewed and assessed the existing financial assets on the date of initial application of 1 July 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that was available to determine the credit risk of the respective items at the date they were initially recognised. An adjustment has been made to opening retained earnings for changes in the provision for impairment for Trade and other receivables. Based on the financial impact of the adjustment to retained earnings as at 30 June 2018, no adjustment was made as at 1 July 2017 as determining whether there has been a significant increase in credit risk would require undue cost and effort.

The reconciliation of the ending impairment allowance under AASB 139 and the opening loss allowance determined in accordance with AASB 9 is included in Note 9.

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

Initial application of AASB 16 Leases

The Board has elected to early adopt the accounting standard AASB 16 Leases with a date of initial application of 1 July 2018.

The change in accounting policy is made in accordance with the transitional provisions of AASB 16 and has been applied using the retrospective method, with comparative amounts restated where appropriate.

The Board previously recognised in the Notes to the Financial Statements a lease commitment for office accommodation under AASB 117 Leases. The lease was classed as an operating lease, where substantially all the risks and benefits remain with the lessor. Lease payments were charged as expenses in the period in which they were incurred.

AASB 16 requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right of use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

The Board's office accommodation is recognised as a right of use (ROU) asset with a corresponding lease liability in the Statement of Financial Position. 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.

Lease payments will be classified as depreciation in accordance with the accounting standard Property, Plant and Equipment (AASB 116) and interest expense in the Statement of Comprehensive Income.

The accounting policies in relation to Leases are described in Note 12.

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

	30 June 2019		30 June 2018	
	Under Previous Accounting Policies	As Presented	Under Previous Accounting Policies	As Presented
	$000	$000	$000	$000
Income From Ordinary Activities				
Levies	17,755	17,755	16,204	16,204
Realised Investment Income	5,242	5,242	7,847	7,847
Unrealised gain on financial assets at fair value through profit or loss	2,558	2,558	1,837	1,837
Other	20	20	18	18
Total Income	25,575	25,575	25,906	25,906
Expenses From Ordinary Activities				
Worker Payments	26,611	26,611	17,856	17,856
Contractor Interest	130	130	107	107
Employee Benefits Expense	895	895	945	945
Depreciation	50	50	46	46
Depreciation charge for Right of Use Asset	-	92	-	92
Interest expense on Lease Liability	-	14	-	16
Impairment Loss on Receivables	98	98	106	106
Administration	597	500	585	507
Total Expenses	28,381	28,390	19,645	19,675
Total Surplus / (Deficit)	**(2,806)**	**(2,815)**	**6,261**	**6,231**
Total Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**(2,806)**	**(2,815)**	**6,261**	**6,231**

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

	30 June 2019		30 June 2018	
	Under Previous Accounting Policies	As Presented	Under Previous Accounting Policies	As Presented
	$000	$000	$000	$000
Assets				
Cash and Cash Equivalents	4,242	4,242	3,089	3,089
Receivables	3,480	3,480	3,006	3,006
Investments	149,411	149,411	140,575	140,575
Property, Plant & Equipment	134	134	147	147
Intangible Assets	70	70	27	27
Right of Use Asset	-	560	-	652
Total Assets	157,337	157,897	146,844	147,496
Liabilities				
Trade and other Payables	101	101	152	152
Employee Benefits	144	144	141	141
Worker Payments	122,943	122,943	109,940	109,940
Registered Contractor Contribution Fund	6,044	6,044	5,761	5,761
Lease Liability	-	630	-	713
Total Liabilities	129,232	129,862	115,994	116,707
Net Assets	28,105	28,035	30,850	30,789
Equity				
Accumulated Surplus (Deficit)	**28,105**	**28,035**	**30,850**	**30,789**

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

	30 June 2019		30 June 2018	
	Under Previous Accounting Policies	As Presented	Under Previous Accounting Policies	As Presented
	$000	$000	$000	$000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash Flows From Operating Activities				
Receipts From Levies & Operations	17,277	17,277	15,538	15,538
Payments to Workers	(13,608)	(13,608)	(13,173)	(13,173)
Payments to Suppliers & Employees	(1,599)	(1,501)	(1,547)	(1,470)
Interest Received	49	49	19	19
Net Cash Provided By (Used In) Operating Activities	2,119	2,217	837	914
Cash Flows From Investing Activities				
Redemption of Investments	273	273	397	397
Purchase of Investments	(1,200)	(1,200)	(500)	(500)
Payments from Registered Contractors Fund	(9)	(9)	97	97
Payments for Plants & Equipment	(54)	(54)	(60)	(60)
Proceeds from Sale of Plant & Equipment	24	24	30	30
Net Cash Provided By (Used In) Investing Activities	(966)	(966)	(36)	(36)
Cash Flows From Financing Activities				
Payments for Principal Right of Use Asset	-	(84)	-	(61)
Payments for Interest Lease Liability	-	(14)	-	(16)
Net Cash Provided By (Used In) Financing Activities	-	(98)	-	(77)
Net Increase (Decrease) in Cash Held	1,153	1,153	801	801
Cash at the Beginning of The Year	3,089	3,089	2,288	2,288
Cash at the End of The Year	**4,242**	**4,242**	**3,089**	**3,089**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

	30 June 2019		30 June 2018	
	Under Previous Accounting Policies	As Presented	Under Previous Accounting Policies	As Presented
	$000	$000	$000	$000
Balance at 30 June 2017	24,589	24,589	24,589	24,589
Retrospective Adjustment on Change of Accounting Policy AASB 16	-	(31)	-	(31)
Balance at 30 June 2017 (restated)	24,589	24,558	24,589	24,558
Surplus for 2018	6,261	6,231	6,261	6,231
Balance at 30 June 2018	30,850	30,789	30,850	30,789
Retrospective Adjustment on Change of Accounting Policy AASB 9	61	61		
Deficit for 2019	(2,806)	(2,815)		
Balance at 30 June 2019	**28,105**	**28,035**		

Initial application of AASB 15 Revenue and AASB 1058 Income of Not-for-profit entities

The Board has elected to early adopt the accounting standards AASB 15 Revenue and AASB 1058 Income of Not-for-profit entities.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised and replaces AASB 118 Revenue. AASB 118 required the Board to recognise revenue from levies and penalties at the fair value of the consideration received or receivable (ie on receipt of returns lodged by employers).

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. A contract is within the scope of AASB 15 if the entity has an enforceable contract with a customer, and the contract includes sufficiently specific promises for the not-for-profit entity to transfer goods or services to the customer or third party beneficiaries. Under AASB 15 income will only be recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current accounting under AASB 118.

The Board has determined that levies and penalties do not meet the requirements to be accounted for under AASB 15 as they do not relate to contracts with customers nor is there a sufficiently specific promise to transfer goods or services to the customer or third party beneficiary.

Where a transaction does not meet the requirements to be accounted for under AASB 15, a not-for-profit needs to assess whether the transaction should be accounted for under AASB 1058. Under AASB 1058 the timing of income recognition will depend on whether the transaction gives rise to a performance obligation, liability or contribution by owners. Where a not-for-profit receives an asset for significantly less than its fair value principally to enable the not-for-profit to further its objectives, it recognises the asset in accordance with the relevant accounting standard that applies to the other side of the entry (called 'related amounts'). The difference between the consideration transferred for the asset and the fair value of the asset after recording any 'related amounts' is recognised as income.

In addition, AASB 1058 includes incremental disclosures for not-for-profit entities such as the disaggregation of income. The initial application of these standards is not considered to have an effect on the reported income of the Board. Accordingly, the information presented for 2018 has not been restated. The accounting policies are described in Note 3 Income.

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 2.15% of total remuneration paid to employees to 31 December 2018 and 2.00% from 1 January 2019. 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

	2019 $000's	2018 $000's
Actuarial Assessment of 30 June Liability	122,943	109,940
Worker Payments during the Year	13,608	13,173
Actuarial Assessment in Previous Year	(109,940)	(105,257)
Total Worker Payments Expense	**26,611**	**17,856**

5 — Employee Benefits Expense

	2019 $000's	2018 $000's
Salaries and Wages	740	782
Long Service Leave	18	12
Annual Leave	(14)	14
Employment on-costs - Superannuation	70	68
Employment on-costs - Other	30	35
Board Fees	51	34
Total Employee Benefits Expense	**895**	**945**

The number of employees at 30 June 2019 was 10 (2018: 10).

6 — Administration

	2019 $000's	2018 $000's
Motor vehicles	15	22
Accommodation	33	35
Staff Training and Development	10	30
Audit, Actuary, Legal and Consultancy	196	148
Information and Telecommunications Technology	111	116
Other Administration	135	156
Total Administration	**500**	**507**

7 — Auditor's Remuneration

	2019 $000's	2018 $000's
Remuneration of the Auditor of the Board for	16	20
Auditing the Financial Statements	**16**	**20**

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:

	2019 $000's	2018 $000's
Cash at Bank and in Hand	4,242	3,089
Total Cash And Cash Equivalents	**4,242**	**3,089**

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.

	2019 $000's	2018 $000's
Financial Assets at fair value through profit or loss		
Managed Funds	145,104	136,379
Financial Assets at amortised cost		
Term Deposits	4,307	4,196
Total Financial Assets	**149,411**	**140,575**

	2019 $000's	2018 $000's
Current		
Employer Debtors	604	628
Credit loss allowance	(68)	(136)
	536	492
Accrued Contributions	2,630	2,077
Sundry Debtors & Prepayments	314	437
Total Receivables	**3,480**	**3,006**

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

	2019 $000's	2018 $000's
Carrying amount at the beginning of the year	136	112
Adjustment on initial application of AASB 9	(61)	-
Balance at 1 July	75	-
Amounts written off	(105)	(82)
Net remeasurement of loss allowance	98	106
Carrying amount at the end of the year	**68**	**136**

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 Basis	Depreciation Rate
Plant & Equipment	Diminishing Value	40%
Motor Vehicles	Diminishing Value	22.5%
Furniture & Fittings	Diminishing Value	13.5%
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.

	2019 $000's	2018 $000's
Leasehold Improvements at Cost	46	46
Less Accumulated Depreciation	(26)	(16)
	20	30
Office Equipment at Cost	99	169
Less Accumulated Depreciation	(86)	(152)
	17	22
Office Furniture & Fittings at Cost	27	27
Less Accumulated Depreciation	(12)	(10)
	15	17
Motor Vehicles at Cost	122	120
Less Accumulated Depreciation	(36)	(37)
	86	83
Total Plant & Equipment at Cost	294	362
Less Accumulated Depreciation	(160)	(215)
Total Plant & Equipment	**134**	**147**

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
2018					
Balance at Beginning of Year	39	22	20	72	153
Additions	-	8	-	52	60
Disposals	-	(2)	-	(18)	(20)
Depreciation Expense	(9)	(11)	(3)	(23)	(46)
Balance at End of Year	**30**	**17**	**17**	**83**	**147**
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**

Impairment

There were no indications of impairment of property, plant or equipment at 30 June 2019.

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 for which a carrying amount of $33,000 was recognised at the reporting date. The design was subsequently assessed as not fit for purpose, and the intangible asset derecognised. The design costs are included in Administration costs (Consultancy) in Note 6. The Board has contracted implementation of another information system and currently recognise this as work in progress. The Board is contractually committed to the contract for $350,000 of which the project commencement payment of $70,000 has been made. 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 2019.

	2019 $000's	2018 $000's
Work in Progress - Software Development	70	27
Total Intangible Assets	**70**	**27**

	Software Design $000's	Software Development $000's	Total $000's
2018			
Balance at Beginning of Year	-	-	-
Additions	27	-	27
Disposals	-	-	-
Depreciation Expense	-	-	-
Balance at End of Year	**27**	**-**	**27**
2019			
Balance at Beginning of Year	27	-	27
Additions	33	70	103
Disposals	(60)	-	(60)
Depreciation Expense	-	-	-
Balance at End of Year	**-**	**70**	**70**

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.

	2019 $000's	2018 $000's
Right of Use Asset	828	828
less Accumulated Depreciation	(268)	(176)
Total Right of Use Asset	**560**	**652**

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.

	2019 $000's	2018 $000's
Lease Liability	630	713
Total Lease Liability	**630**	**713**

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.

	2019 $000's	2018 $000's
Financial liabilities at amortised cost		
Trade Creditors	14	44
Sundry and Other Creditors	87	108
Total Payables	**101**	**152**

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 2019. The actuarial report for the Construction Industry Long Service Leave Board was prepared by Mr Julian Hotz, FIAA of Mercer and was dated 5 September 2019.

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 6%.

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.

	2019 $000's	2018 $000's
Worker Payments		
Expected to be settled within 12 months	16,000	14,500
Expected to be settled after 12 months	106,943	95,440
Total Worker Provisions	**122,943**	**109,940**
Registered Contractor Contribution Fund		
Expected to be settled within 12 months	500	500
Expected to be settled after 12 months	5,544	5,261
Total Registered Contractor Provisions	**6,044**	**5,761**
Employee Benefits		
Annual Leave expected to be settled within 12 months	35	49
Long Service Leave expected to be settled within 12 months	88	71
Long Service Leave expected to be settled after 12 months	21	21
Total Employee Provisions	**144**	**141**

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
2018			
Carrying Amount at Beginning of Year	41	119	105,257
Provision Used	(50)	(39)	(13,173)
Additional Provisions Recognised	58	12	17,856
Carrying Amount at End of Year	**49**	**92**	**109,940**
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**

15 — Continent 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.

	2019 $000's	2018 $000's
Recurring fair value measurements		
Financial assets		
Financial assets at fair value through profit or loss	145,104	136,379
	145,104	**136,379**

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 $1,520 (2018: $2,080).

KMP Compensation	2019 $000's	2018 $000's
Short-term employee benefits	293	256
Post-employment benefits	25	22
	318	**278**

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 Thina Mariappan (Deputy)
Mr Aaron Cartledge (to 26 September 2018)	Mr Derek Stapleton (Deputy to 26 September 2018)
Mr Colin Fenney (from 23 May 2019)	Mr Derek Stapleton (Deputy from 23 May 2019)
Ms Erin Hennessy	Mr John Adley (Deputy)
Mr John Camillo	Mr Peter Bauer (Deputy)

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 2019 is 2.3% (2018: 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	2019 $000's	2018 $000's
Financial assets			
Financial assets at fair value through profit or loss			
Managed Investments	9	145,104	136,379
Financial assets at amortised cost			
Cash and Cash equivalents	8	4,242	3,089
Term Deposits	9	4,307	4,196
Trade and Other Receivables	9	3,480	3,006
		157,133	**146,670**
Financial liabilities			
Financial liabilities at amortised cost			
Trade and Other Payables	13	101	152
Lease Liability	12	630	713
		101	**152**

69 Independent Auditor's Report

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

Report on the Audit of the Financial Report

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 2019, 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 2019, 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 2019, 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 CONSTRUCTION INDUSTRY LONG SERVICE LEAVE BOARD (CONT)

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.

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.

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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 (Cont)

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

Brett Morkunas
Partner

Adelaide
South Australia

17 September 2019

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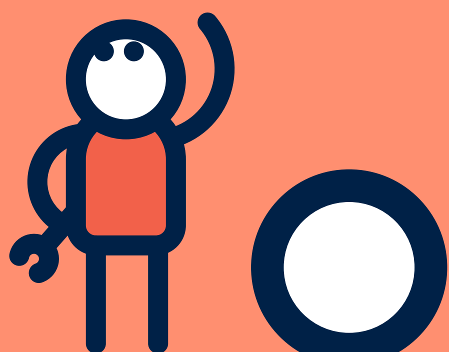
Our Vision

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.

www.portableleave.org.au