Portable Long Service Leave

Annual Report 2020/2021

Construction Industry

Long Service Leave Board

Annual Report FY 2021

ADDRESS

155 Fullarton Road
Rose Park SA 5067

TELEPHONE

(08) 8332 6111

TOLL FREE TELEPHONE

1800 182 124

FACSIMILE

(08) 8333 4314

EMAIL

hello@portableleave.org.au

INTERNET

www.portableleave.org.au

BOARD MEMBERS

Marie Boland (Presiding Officer)
Peter Bauer
Erin Hennessy
Stephen Knight
Steven Minuzzo
Larry Moore
Peter Russell

CHIEF EXECUTIVE OFFICER

Adam Warchol

ACTUARY

Mercer
6/70 Franklin Street
Adelaide SA 5000

AUDITORS

Nexia Edwards Marshall
Level 3
153 Flinders Street
Adelaide SA 5000

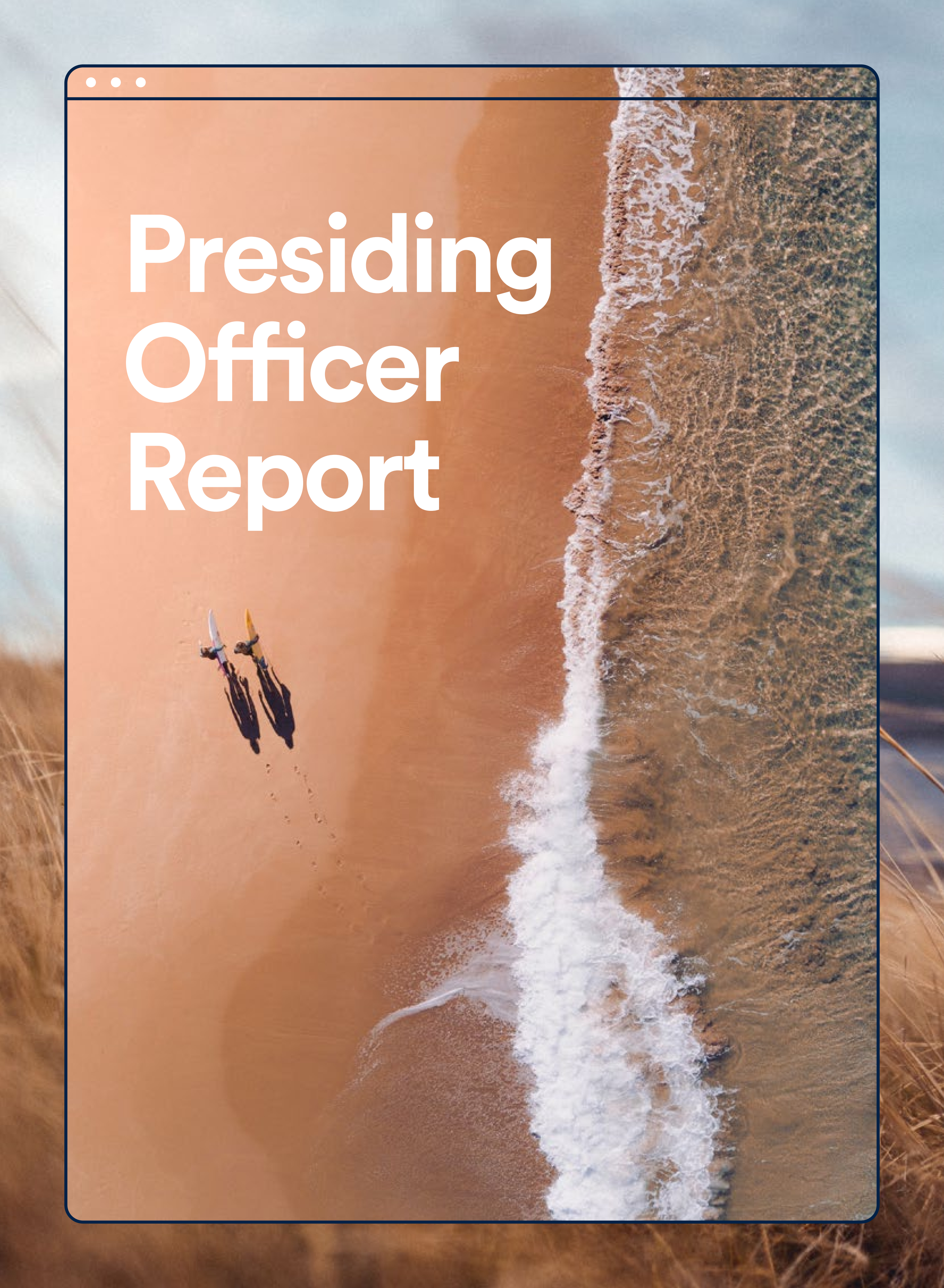
PRIMARY LAWYERS

Lynch Meyer
190 Flinders Street
Adelaide SA 5001

PRIMARY INVESTMENT CONSULTANT

JANA Investment Advisers
Level 6, 255 George Street
Sydney NSW 2000

Presiding Officer Report



I am pleased to report that the Construction Industry Long Service Leave Board (Board) has continued to meet monthly over the past year in person and electronically to ensure the objectives of the Construction Industry Long Service Leave Act 1987 are being met.

This year we welcomed two new Board members, Peter Russell from the Construction, Forestry, Mining and Energy Union (Construction Division) (CFMEU) and Stephen Knight from the Housing Industry Association. These new appointments followed the departure of Estha van der Linden from Business SA and Derek Stapleton from the CFMEU. We thank Estha and Derek for their valuable contributions to the work of the Board over many years and we look forward to working with Peter and Stephen into the future.

A key achievement this year was the finalisation and implementation of the Board's new information system. This project was initiated by the Board at the beginning of its current term. The new system will make processing and accessing long service leave claims more efficient and more accessible for employers and workers.

At our Strategic Planning Session this year we undertook a Board evaluation under the guidance of an external facilitator and the outcome was that we continue to function well. To keep skills and knowledge updated within a restricted COVID-19 environment access to an Investment Training online portal has been provided to Board Members.

Discussions continued with the Civil Contractors' Federation and the Department of Treasury and Finance about the application of the Act to the civil construction sector. In the meantime operational staff continue to apply the legislation based on legal advice regarding the interpretation of the legislation's current provisions.

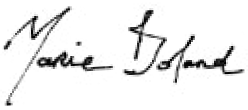
COVID-19 continues to create challenges for the construction industry and for the Board. While investment performance remained strong in the financial year, the Board is alert to market risks and continues to consider carefully the advice of its investment managers.

Thank you to Board Members for your continued commitment to ensuring that we operate with integrity, commitment and attention to detail.

Marie Boland

Thank you to the CEO and staff of Portable Long Service Leave who have continued to provide excellent customer service to workers, employers and the Board often under very difficult circumstances.

As we head into the final year of the current Board's term of office, I look forward to working with you all to ensure that we continue to manage the scheme in the best interests of the construction industry.



Marie Boland
Presiding Officer

CEO Report

FY2021 was another year of adaptation and resilience as we attempted to normalise living and working with the constraints, and inconveniences imposed by COVID-19.

South Australia adapted well to the challenges helped by our smaller and more distributed population when compared to that of the eastern states.

As an organisation we maintained an element of remote working throughout the year and adapted to video conferences as a viable (and often preferred) alternative to face to face meetings to maximise efficiency during the day and minimise productive time lost to travel.

COVID-19 has also impacted employee morale resulting from holidays being cancelled due to border restrictions, unanticipated quarantine periods, and life events such as weddings, funerals and significant birthdays being postponed or limited in their delivery.

An upside to the COVID pandemic is that it has made us better planners to consider alternative outcomes, enact contingency plans and evoke a more flexible work life balance, and increased resilience and spontaneity.

Amid this challenging environment a significant organisational achievement during the year was delivering our new long service leave information system into production capacity in February 2021 which is the theme of this year's report.

Replacing the Board's existing 25+ year old legacy system was one of the most successful and rewarding projects I have been involved in despite its small budget. A project that struggled to get off the ground over successive years materialised into an on time and on budget project that met its principal objectives. With the vendor located in Victoria its delivery was managed 100% remotely during Victoria's substantial period of lockdown and is a credit to the team here who tirelessly worked to deliver a system that provides significant improvements and benefits to our customers.

At a governance level this key accomplishment means the organisation can decommission its legacy systems and infrastructure and de-risk some technological, critical person dependency, and cyber risk.

From a financial perspective the Scheme's investments have performed well with an investment return of 8.8%

Adam Warchol

as investment markets experienced one of the most aggressive market recoveries in history from its decline in March 2020.

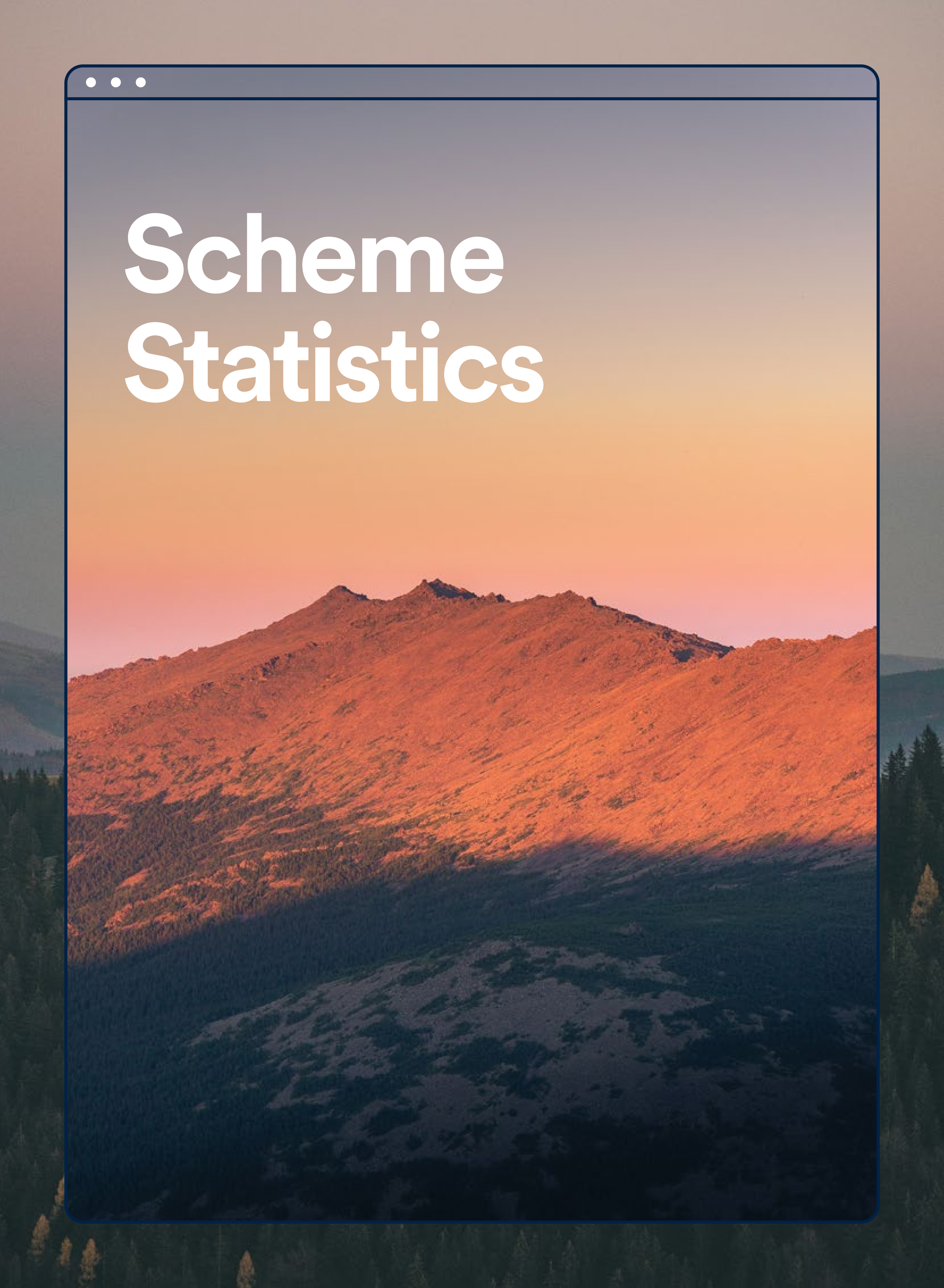
The volume of long service leave claims has reduced to the lowest number in 8 years as workers took less leave either due to travel restrictions or strong demand for construction work. Administration costs increased slightly during the year reflective of increased costs associated with IT projects.

During the year we undertook a review of the appropriateness of the discount rate used when valuing our liabilities given the steep decline in interest rates to zero and/or negative territory.

As always I'm thankful for the portable long service leave team and board members for their hard work, maturity and good humour.

Adam Warchol
CEO

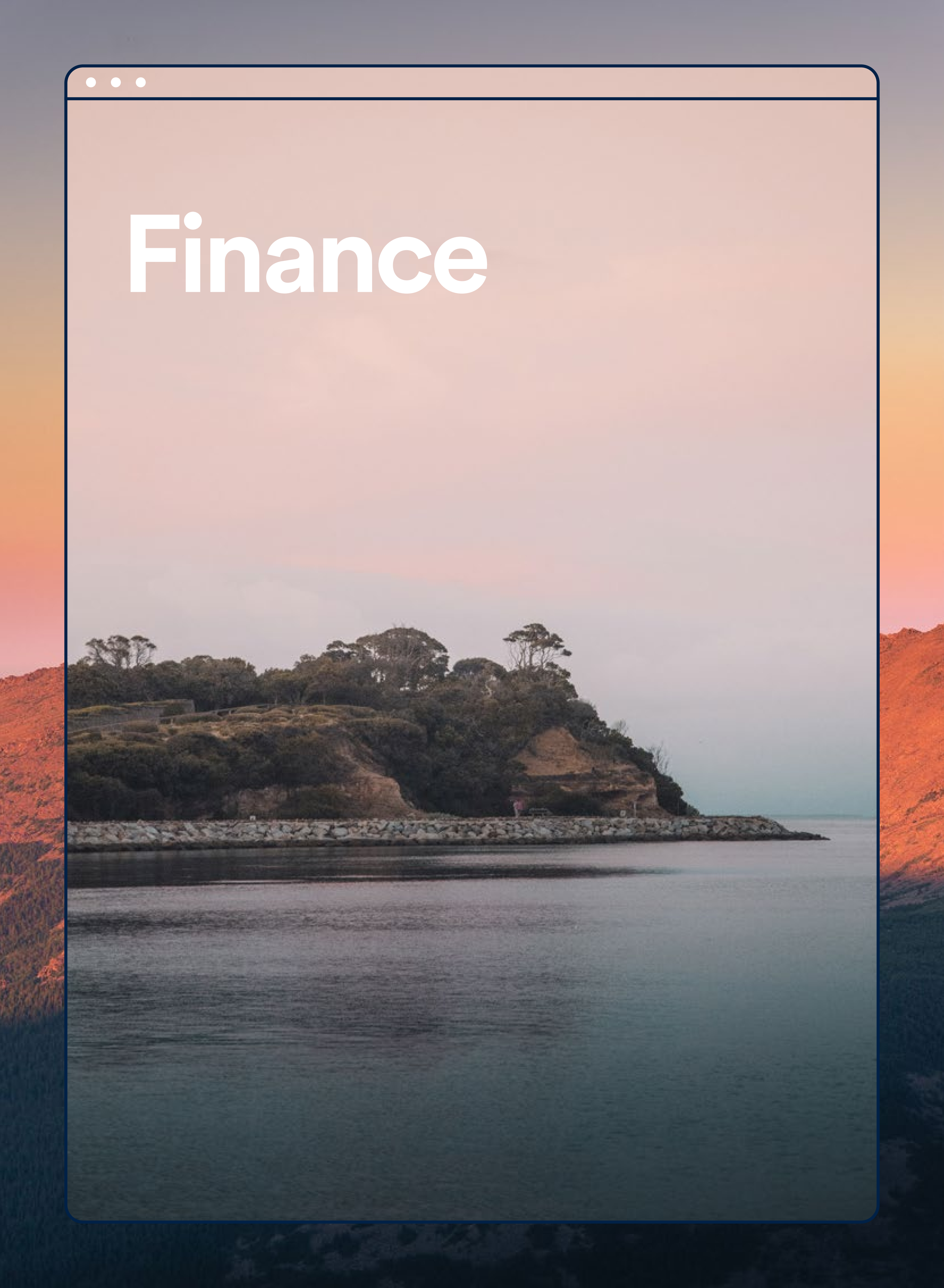
Scheme Statistics



FINANCIAL YEAR	2017	2018**	2019	2020	2021
Clients					
Active registered workers (workers with an accrued entitlement)	23,882	27,815	30,743	31,604	32,601
Currently employed registered workers	17,980	21,777	22,816	23,820	23,089
Registered employers	2,385	2,486	2,567	2,620	2,755
Contractors/Working Directors registered	681	654	643	611	595
Operations & Administration					
Salaries & related on costs	$960,000	$944,962	$895,000	$891,000	$948,000
Administration	$831,000	$765,000	$756,000	$665,000	$887,000
Total administration costs	**$1,791,000**	**$1,710,000**	**$1,651,000**	**$1,556,000**	**$1,835,000**
Claims					
No of long service leave claim	1,991	1,963	2,187	2,304	1,880
Value of long service leave claims	$13,280,000	$13,173,111	$13,608,273	$15,042,775	$13,489,031
Financial					
Total assets	$135,589,000	$147,496,000	$157,897,000	$161,528,000	$179,489,000
Total liabilities	$111,000,000	$116,707,000	$129,862,000	$135,419,000	$147,305,000
Funds under management	$130,701,000	$140,575,000	$149,411,000	$154,404,000	$170,411,000
Investment income	$9,834,000	$9,684,000	$7,800,000	$1,627,000	$13,673,000
Investment return	7.8%	6.8%	5.5%	1.1%	8.8%
Levy rate	2.15%	2.15%	2.00%	2.00%	2.00%
Levy income	$14,140,000	$16,204,000	$17,755,000	$18,469,000	$18,857,000
Contractors/Working Directors contribution rate	$230	$235	$240	$245	$255
Contractors/Working Directors interest rate	2.00%	2.00%	2.30%	2.00%	1.00%
Operating cashflow excluding investment income	($1,262,000)	$914,000	$2,217,000	$2,120,000	$2,861,000
Fund Surplus/(Deficit)	$24,589,000	$30,789,000	$28,035,000	$26,109,000	$32,184,000
People					
FTE headcount	9.5	9.6	9.6	10.0	10.0
Economic					
CPI	1.6%	2.1%	1.4%	0.8%	3.2%
Industry wage growth	0.1%	2.5%	2.3%	3.0%	2.5%
Average weekly earnings	$1,252	$1,284	$1,314	$1,351	$1,399
Performance Indicators					
Administration cost per client	$66.46	$55.24	$48.63	$44.67	$51.04
Management expense ratio	1.3%	1.2%	1.0%	1.0%	1.0%
Benefits expense ratio	88.5%	88.5%	89.2%	90.6%	88.0%
Leave utilisation rate	8.3%	7.1%	7.1%	7.3%	5.8%
Solvency ratio	122.2%	126.4%	121.6%	119.3%	121.8%

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

Finance



State of the Fund

As at 30th June 2021 the Fund has a Surplus of $32.2M and a solvency ratio of 121.8%.

Summary of Financial Year

In FY2021 the Board incurred an operating surplus of $6.1M increasing its solvency ratio by 2%.

Levy revenue increased 2.1% from FY2020 to $18.8M. The increase was representative of increased worker registrations along with an increase in wage inflation at 2.5%.

Investment income totalled $13.6M representing an 8.8% return on investment which exceeded expectations as investment markets outperformed all forecasts impacted by the COVID-19 pandemic and government stimulus response.

The volume of Worker Payment claims decreased slightly from FY2020 as less workers took a period of leave due to travel restrictions and an increased pipeline of work.

The Worker Payment Provision increased by $11.1M from FY2020. This was due to the increase in worker registrations, a revision of demographic assumptions, less service credits used (taken) throughout the year and retrospective service credits.

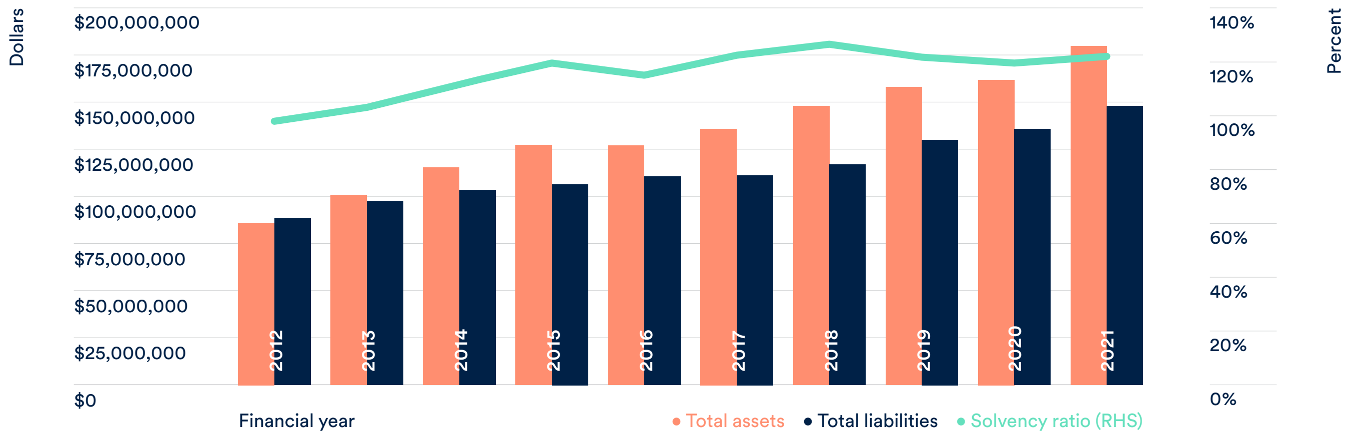
Total operating expenses increased for the first time in 9 years as increased expenditure associated with the implementation of the Board's new information system were realised.

Total assets increased to $180M reflecting the increase in investment performance.

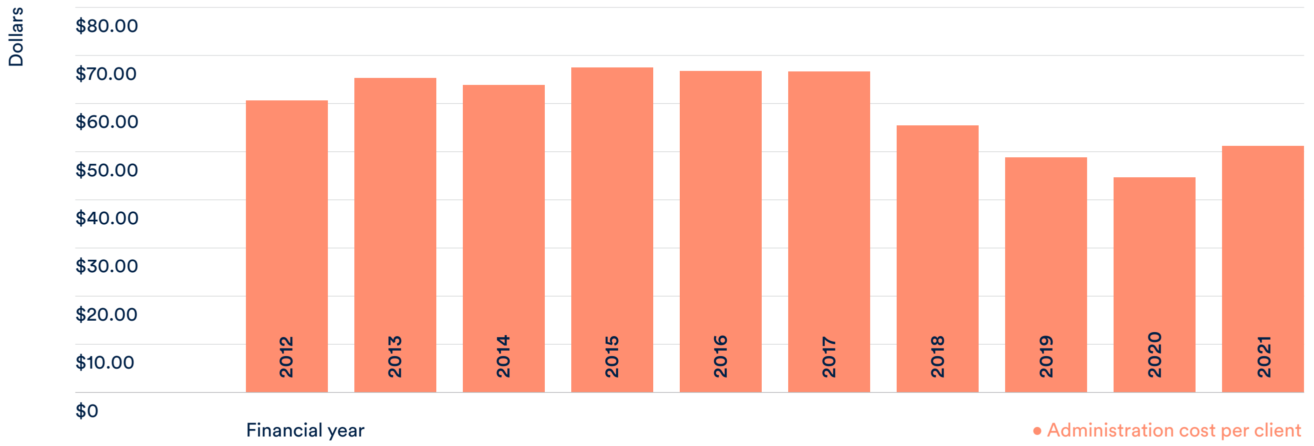
Cash flows from operating activities (excluding investment income) were positive in FY2021 reflecting lower worker payments made during the year. No redemptions were required from investments to supplement operating cash flows, however the portfolio was rebalanced during the year.

	Actual 2020/21 ($ Million)	Budget 2020/21 ($ Million)
Income		
Levies	18.85	18.74
Investments (including cash holdings and term deposits)	13.67	8.86
Other	0.07	-
Total Income	**32.59**	**27.60**
Expenditure		
Long Service Leave Payments	13.49	15.00
Increase in accrued LSL liability	11.12	6.92
Salaries & Related Costs	0.91	0.93
Operating Costs	0.97	1.07
Total Expenditure	**26.51**	**23.92**
Surplus/(Deficit)	**6.09**	**3.68**

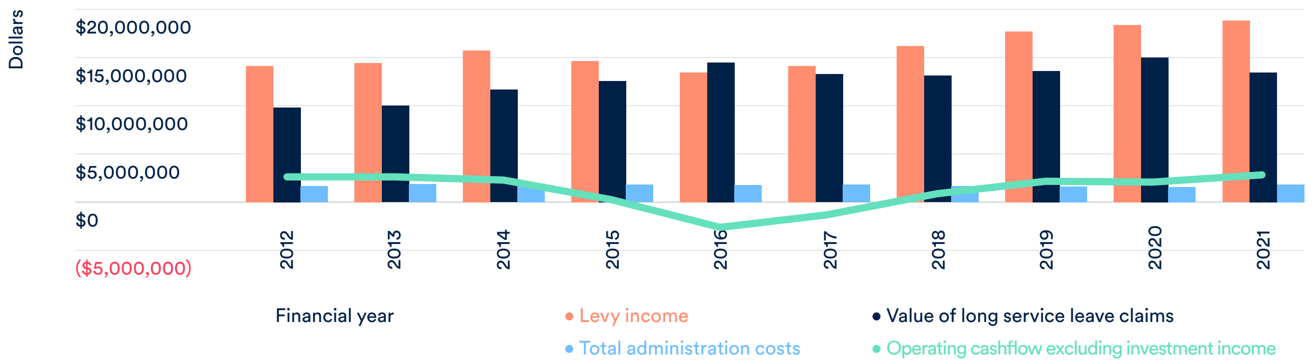
Asset & Liability — 10 Year Trend



Administration Cost Per Client — 10 Year Trend



Operating Cashflow excluding Investment Income



Investment

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

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

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

- A high probability the net return exceeds the inflation rate (CPI) by at least 2% per annum over rolling five-year periods.
- Limiting the probability of a negative annual return to one year in every four years, on average.
- A high probability that the Fund will maintain a solvency between 100% and 115%.

Performance

Investment markets exceeded all expectations both globally and locally with H1 FY2021 seeing one of the most aggressive market recoveries in history which continued with the ASX, NASDAQ, and S&P 500 indices reaching all-time highs by the end of the year. Unprecedented levels of quantitative easing and fiscal stimulus in all developed countries was a significant contributor to market performance together with a large technological leap as the world adapted to remote working during COVID-19 lockdowns.

Geopolitical factors were mostly viewed as favourable by markets including the outcome of the US Elections in November 2020 (with no single party in control of all houses of government) and post Brexit negotiations of trade terms.

Vaccination approvals and rollouts led to the opening up of economies and inflation has emerged as a concern as supply constraints, pent up demand during lockdown, and government stimulus coalesced to lead to higher than anticipated inflation represented through the consumer price index. The key question is whether inflation will be sustained or transitory.

Closer to home there were minor changes to the Board's investment portfolio as its unlisted property investment in Dexus was rolled into the newly formed JANA Real Estate Trust, and Environment Social Governance was more broadly incorporated into JANA's investment model. The Board also adjusted its allocation to cash and enacted a short-term tilt toward multi-sector credit to capitalise on favourable valuations along with other rebalancing activities throughout the year.

Despite being defensively positioned and expecting a muted outlook the Board's portfolio exceeded all expectations outperforming its benchmark by 3.5% with a full year return of 8.8%.

No redemptions (withdrawals) from investments were required to supplement operating cashflows.

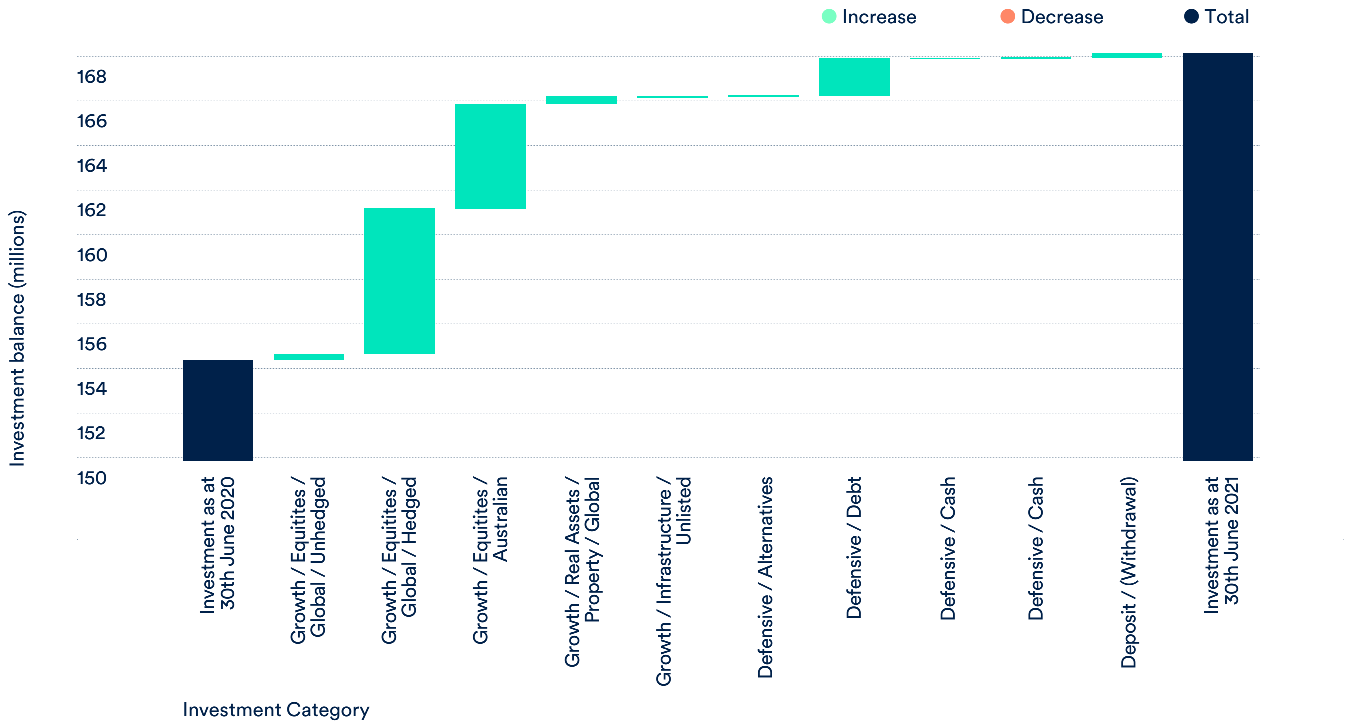
As has been the theme in recent years, volatility and risk remain elevated with record high valuations of equities, risks of inflation, a highly levered society and government, and low interest rates increasing the risk profile across all asset classes.

FY2021 Asset Allocation and Performance

Category						Asset Allocation at 30/06/2021	Investment Gain/Loss	Withdrawals / Deposits	Performance
All investments	Construction Industry Fund	Growth	Equities	Global	Unhedged	$27,583,988	$6,497,908	-$2,780,545	29.17%
					Hedged	$-	$250,684	$3,901,255	8.91%
				Australian		$20,866,279	$4,737,287	$3,032,341	29.83%
			Real Assets	Property	Unlisted	$7,108,925	$411,727	-$180,052	4.13%
				Infrastructure	Unlisted	$9,366,817	$21,884	$-	0.23%
			Sub Total			$64,926,009	$11,919,490	-$3,829,512	22.90%
		Defensive	Alternatives			$7,279,723	$24,134	$-	0.61%
			Debt			$89,326,771	$1,670,355	$6,999,460	2.01%
			Cash			$-	$31,534-	-$3,328,763	1.07%
			Sub Total			$96,606,494	$1,726,023	$3,670,697	1.93%
		Total				$161,532,504	$13,645,513	-$158,815	9.18%
	Self-Employed Contractor and Working Director Fund	Defensive	Cash			$6,610,281	$19,252	$260,000	0.31%
	Total					$168,142,785	$13,664,764	$101,185	8.81%

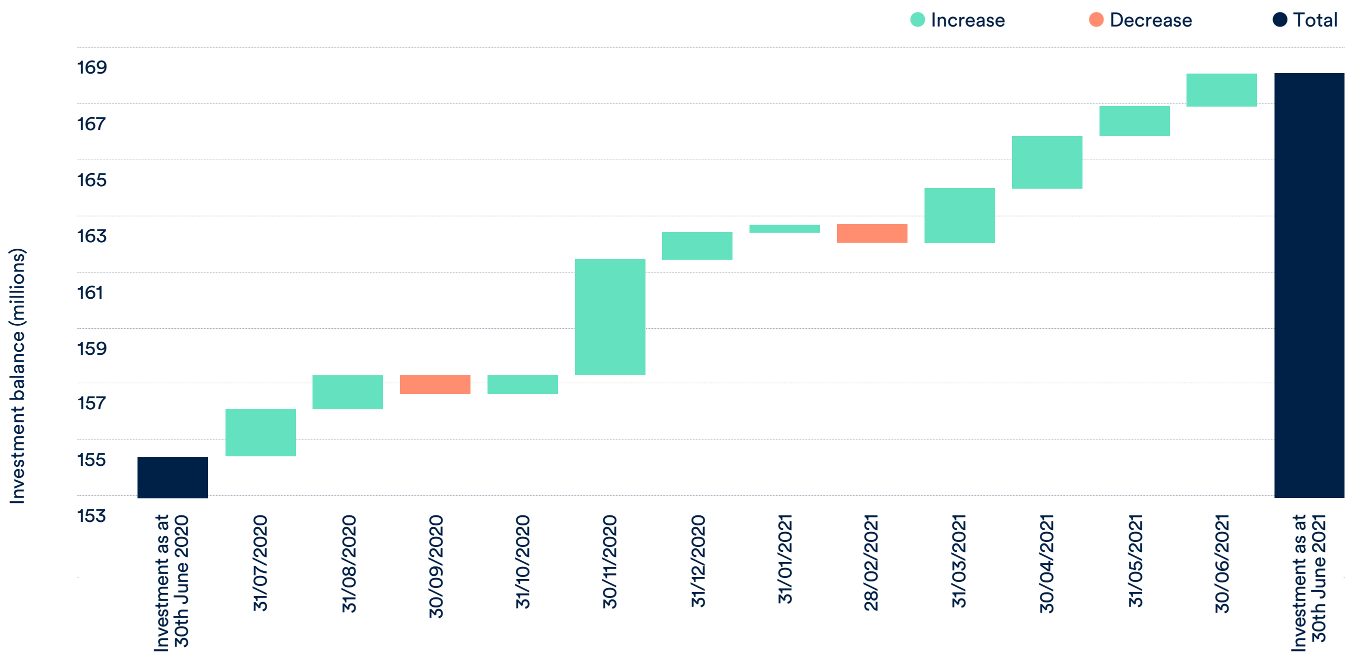
Note: Performance is calculated on a weighted rate of return and may vary slightly from those published by individual Investment Advisors or Trusts.

FY2021 Movement in Investments (Gain/Loss) By Category



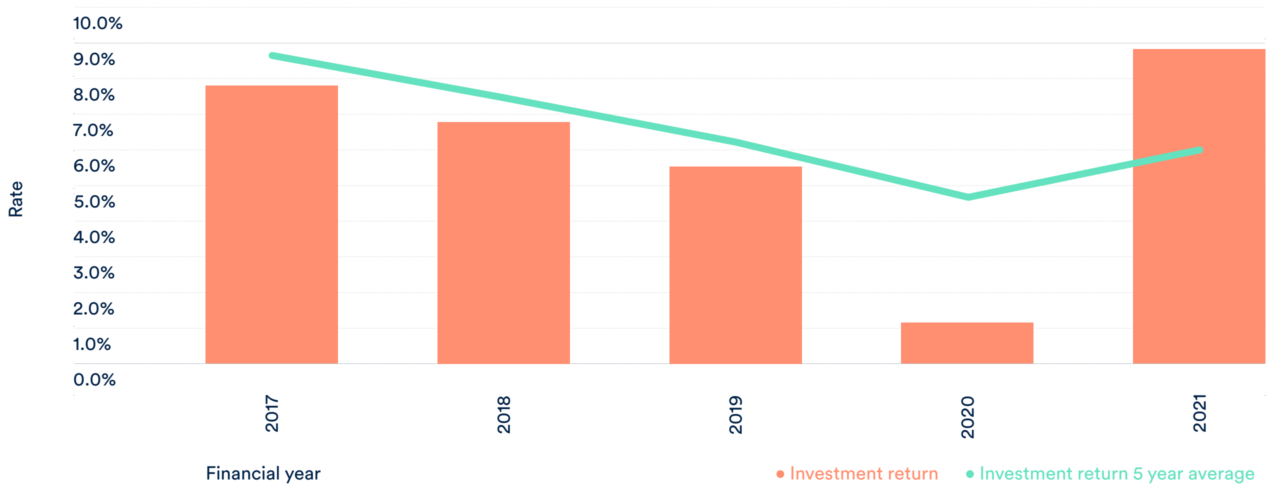
FY2021 Investment Movement by Month

This graph illustrates the monthly movement of the Scheme's total investments from the start of the financial year to 30th June 2021. The blue bars illustrate an increase in value and the red bars illustrate a decrease in value.



5 Year Investment Return

The five-year average return on investments held by the Board is 5.99%.



Self-Employed Contractor / Working Director Fund

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

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

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

The Contribution and Interest Rate for the 2020/2021 Financial Year were:

Financial Year	2021	2020
Contribution Rate (Bi Monthly)	$255.00	$245.00
Interest Rate	1.0%	2.0%

The annual 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. In recent periods the interest rate has been set at a level higher than the expected return of the underlying investment in order to return some of the excess returns received over time to its members.

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

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

The Self-Employed Contractor / Working Director Fund has returned an average of 3.6% since its inception in 2006.

As at 30th June 2021 the balance held in investment was $6,610,281 against a liability of $6,715,920.

Actuarial Services

The Board uses an Actuary to undertake an annual valuation of its liabilities in accordance with section 24 of the Act. The valuation process is cyclic with a comprehensive review scheduled every 3 years. This triennial review involves a detailed review of actuarial and financial assumptions which are carried through on the intervening years. The valuation undertaken in the 2020/2021 financial year was a triennial review.

Mercer were appointed as the Board's Actuary in 2018 following a competitive tender. During the 2020/2021 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.

Valuation

The FY2021 valuation estimates the Board's liability (excluding registered contractors and working directors) to be $139.4M with Vested Benefits being $124.0M.

Financial Year 2021	**Value of Liability** (excluding Self-Employed Contractors and Working Directors)	**Leaving Industry Vested Benefits** (excluding Self-Employed Contractors and Working Directors)
Value of Liability	$139,422,000	$124,036,000

The FY2021 valuation estimates the Board's liability in relation to self-employed contractors and working directors to be $6.7M.

The FY2021 valuation estimates the Board's total liability to be $146.2M

	Financial Year 2021	Financial Year 2020
Construction Workers	$139,422,000	$128,311,000
Self-Employed Contractors \ Working Directors	$6,716,000	$6,346,000
Total Provision Long Service Leave Entitlements	**$146,158,000**	**$134,657,000**

Assumptions

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

Experiential assumptions include:

— whether workers are active or inactive in the industry (in terms of accruing service credits during the year);

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

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

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

Economic Assumptions include:

— An average long term rate of wage inflation; and

— An average long term investment return rate (discount rate).

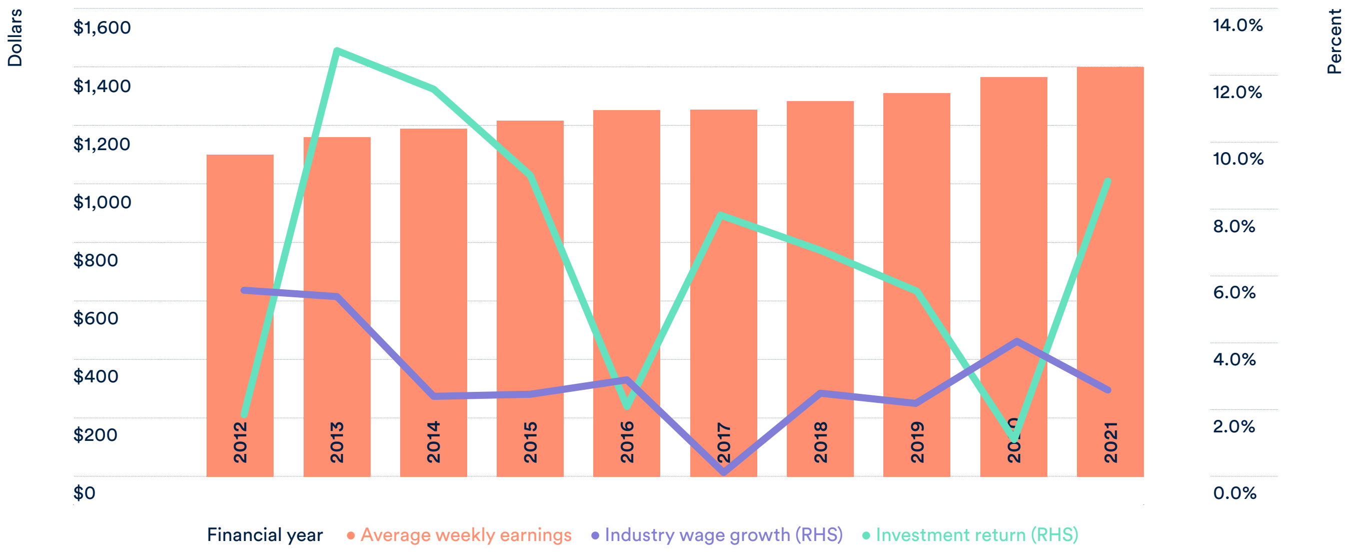
The Actuary uses a single long term investment return rate assumption that is intrinsically adjusted to allow for any short/ medium-term expectations.

The economic assumptions are as follows:

Assumption	Financial Year 2021	Financial Year 2020
Average Weekly Earnings (Wage 3.2% Inflation)	3.2%	3.0% pa
Investment Return	5.2%	5.2% pa
Gap	2.0%	2.2% pa

Average Weekly Earnings increased in FY2021 by 2.5% to $1,399 ($1,365 in FY2020). The actual Investment Return was 8.8% in FY2021 (1.1% in FY2020).

Average Weekly Earnings



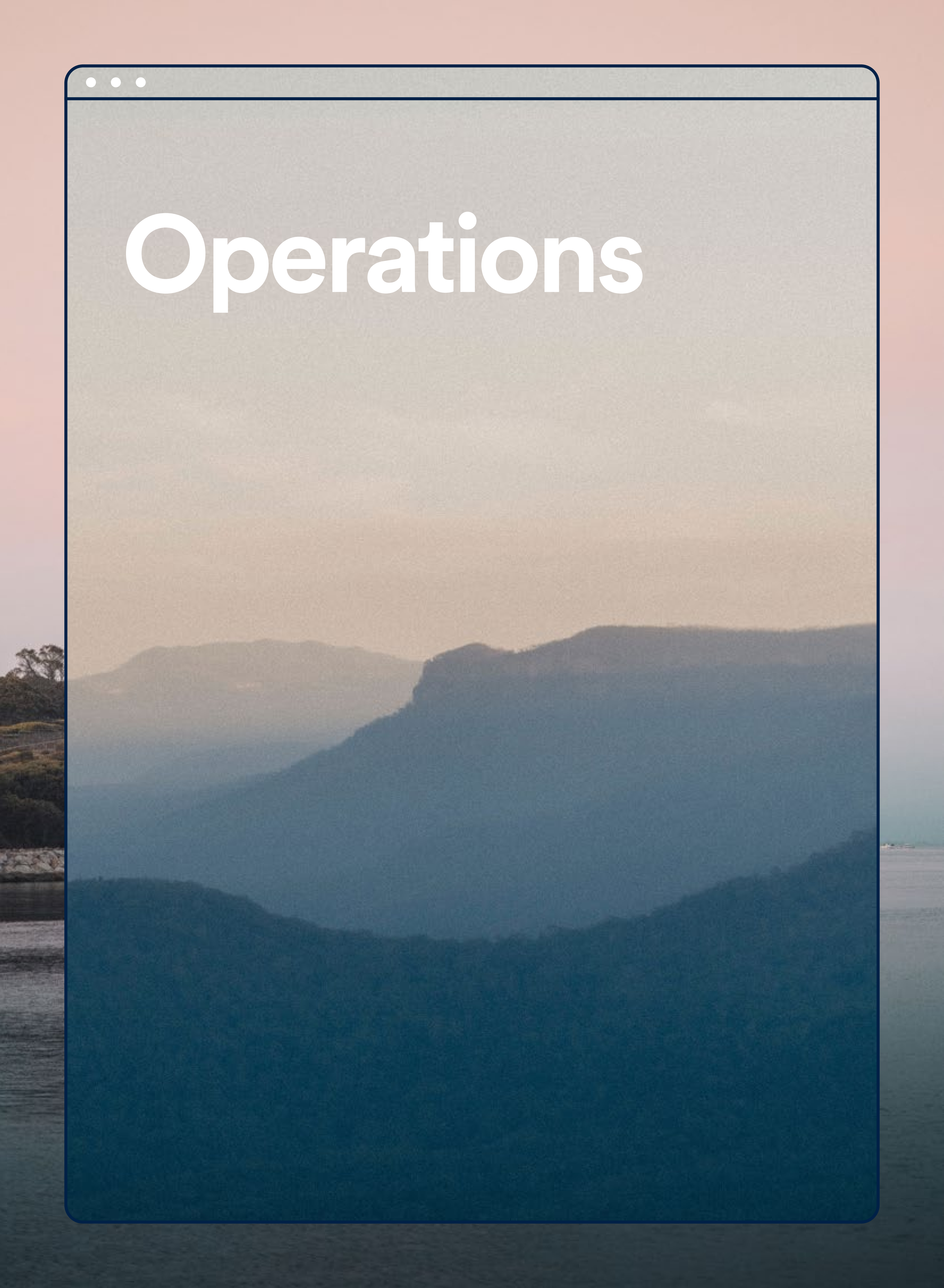
The Actuary has advised that the Fund was in a strong financial position as at 30th June 2021 with a surplus (total assets exceeding total liabilities) of $32.2M and a solvency ratio of 121.8%.

Audit Services

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

An unqualified audit opinion was achieved during the 2020/2021 Financial Year.

Operations



Employer Return Management

An Employer Return is the legislative mechanism used for an eligible employer to declare eligible employees who have 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 long service leave entitlements.

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
- Debt collection
- Prosecution.

Employer Return management activities undertaken in FY2021 consisted of:

Employer Return Management								
Financial Year	Issued	Received on time		Late		Fines		
	No	No	%	No	%	No	%	Amount
2021	14,595	12,005	82%	2,590	18%	420	3%	$31,500
2020	13,604	11,529	85%	2,075	15%	393	3%	$29,475
2019	13,017	11,182	86%	1,835	14%	538	4%	$40,350
2018	12,423	10,400	84%	2,023	16%	478	4%	$35,850
2017	11,968	10,111	84%	1,857	16%	842	7%	$63,150

During the 2020/2021 financial year the Board temporarily suspended late payment fines due to COVID-19 restrictions impacting employer's capacity to submit their Employer Returns in accordance with the requirements of the Act. The Board maintained this position until the completion of the rollout of the Board's new information system to allow for a period of adjustment to occur. The Board recommenced applying late lodgement and late payment fines in May 2021.

With the implementation of its new information system the Board successfully converted all remaining employers who were completing an Employer Return by paper to the online equivalent. 100% of all employers are now completing their bimonthly Employer Return electronically which represents a significant achievement.

During the year the Board wrote off $97K of bad debt from 10 employers.

Bad Debt Write Off	FY2021	FY2020	FY2019	FY2018	FY2017
No	10	26	20	30	45
Value	$96,953	$79,117	$105,341	$81,817	$66,876

Prosecution

No prosecutions were undertaken during the 2020/2021 financial year.

Legislation

Legislative Amendments

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

There have been no further developments regarding the proposed amendments to the Act which were part of a consultation process undertaken by the South Australian Government in 2019.

Information Technology

Information Systems

The 2020/2021 financial year saw the culmination of many years of work within the Board's information technology environment with the launch of its new information system to manage the long service leave scheme. The Board's objective for implementing the system was to upgrade its outdated legacy system, to provide increased flexibility, speed, security and transparency to employers and workers, and to increase online transactional capacity.

In February 2021 the Board completed the migration of over 40 years of data from its legacy platform to the new information system and successfully transitioned over 2,500 employers and 4,000 workers through their first time use of its new features and functions.

Importantly the system was implemented within its budget despite repeated delays over the life of the project. Pleasingly other State and Territory Long Service Leave Authorities have or are adopting the same information system which should lead to economies of scale, product stability and further investment in the product.

Whilst this project was being undertaken the Board also migrated away from its legacy records management system to a more contemporary information collaboration and management tool through the adoption Sharepoint within the Microsoft Office 365 offering. Both projects represent a significant step forward towards the Board's broader objectives of reducing infrastructure, deprecated technology and cyber risk. A project to decommission the onsite servers remains pending.

Cyber Security

No Cyber Security incidents were recorded for the year.

Employees were periodically reminded to be vigilant of cyber security risks amongst other risk controls in place.

Communications and Field

Implementation of our communication and field strategy continued in 2020/2021 but was muted due to COVID-19 restrictions.

As restrictions eased and confidence improved in South Australia in the first quarter of the financial year, field activities resumed to more normal levels. The state-wide lockdown in November 2020 unwound some of this progress and kept activities muted until the new year.

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

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

— to keep members informed of new information system implementation and changes, legislative and policy updates, scheme coverage issues, statutory obligations, and general scheme matters

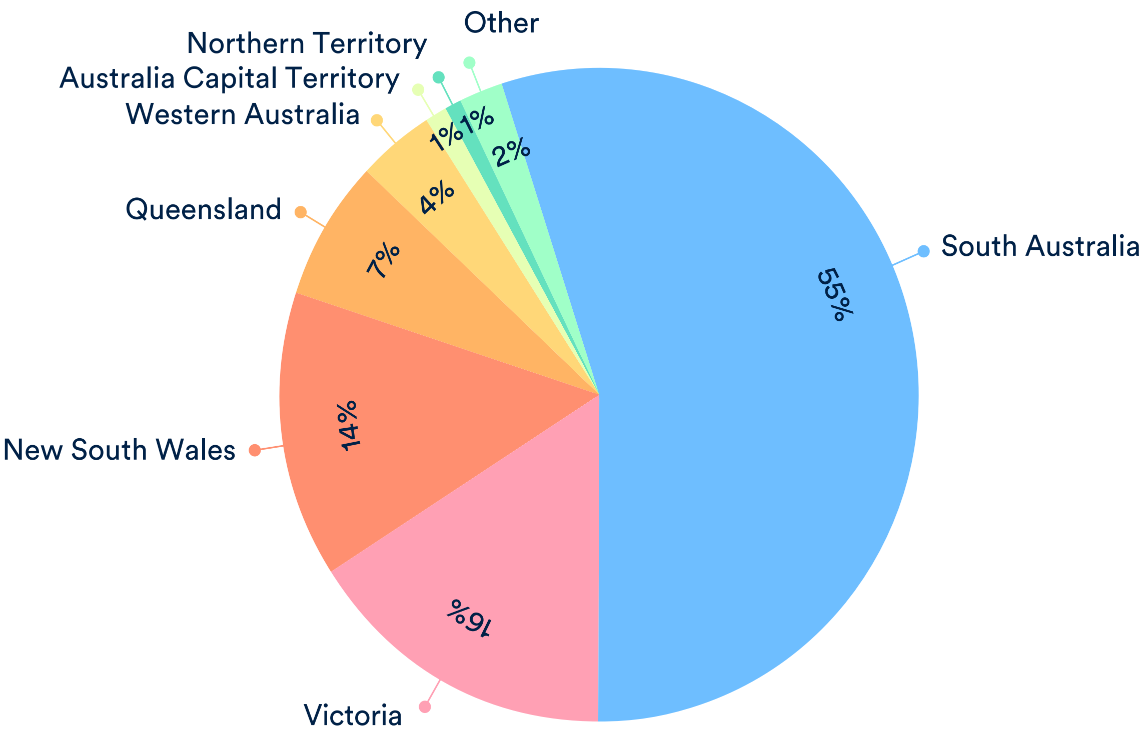
— To notify workers of approaching leave entitlements or when they may lose service credits due to industry absences

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 42,500 unique users over the course of the year across all States and Territories representing a 9% increase from the prior year. The website is predominantly used by users based in South Australia however approximately 40% of activity is generated by interstate users.

Website Users By Region



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

	Activity	FY2021	FY2020	FY2019	FY2018	FY2017
Communication	Site Visits	107	177	151	152	166
	Apprentice Presentations	27	26	28	19	28
	Employer Meetings	207	81	112	285	130
	Worker Meetings	45	5	7	20	13
	Industry Stakeholder Meetings	4	8	17	27	4
	Letters to prospective employers	86	114	111	813	0
	Regional Visits	3	7	5	11	2
Compliance	Employer Audit	73	141	59	7	0
	Unregistered Service Investigation	185	207	217	254	340
Outcome	Employer Registration Requests	407	341	360	367	322
	Contractor Registration Requests	108	110	115	115	77
	Total Activities	**1,252**	**1,217**	**1,182**	**2,059**	**1,081**
	Additional Levies Identified	$1,989,716	$1,527,584	$1,161,303	$952,180	$940,000
	Interest Imposed	$174,955	$130,871	$126,859	$102,098	$46,236

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

- Eyre Peninsula
- Murray Bridge
- Riverland

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

Project audits were established this financial year to focus on unregistered employers in addition to the accuracy of declared information on Employer Returns by existing registered employers.

Financial Year	2021	2020	2019
Audits Completed	64	141	59
Compliant	38	91	34
Non-Compliant	26	45	25

Incidents of non-compliance discovered during audits are typically low-level mistakes representative of complexities with the Act resulting in further education.

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

An additional $2.1M in non-compliant levies and penalty interest was collected in FY2021 through compliance activities.

During the year, the Board was respondent to three requests for review of its decisions in the South Australian Employment Tribunal in accordance with Section 34 of the Act.

— All the Tribunal matters remain ongoing.

Registrations

FY2021 saw a modest increase in active registered workers (3.2%) and registered employers (5.1%) but a small decline in currently employed registered workers.

Financial Year	2021	2020	% Change
Active registered workers (Employed or less than allowable absence)	32,601	31,604	3.2%
Currently employed registered workers	23,089	23,820	(3.1)%
Registered employers	2,755	2,620	5.2%
Contractors/Working Directors registered	595	611	(2.6)%

Age demographics remain consistent with previous years with a significant proportion of registrations being under the age of 40 (64%) and an even higher proportion under the age of 50 (80%).

Usage of Long Service Leave

Leave utilisation measured as a percentage of claims to registrations has declined by almost 2% likely reflective of workers hesitation to take leave during the COVID-19 pandemic due to travel restrictions coupled with strong demand for construction work over the period.

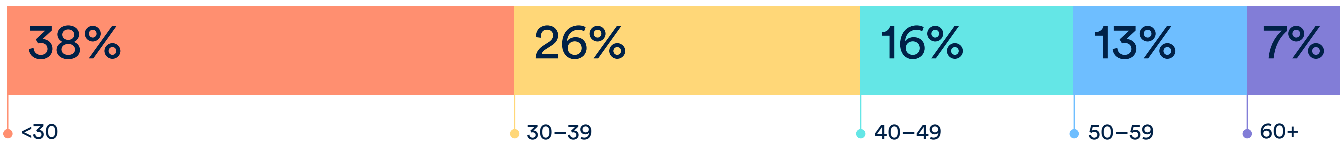
Usage of leave is spread broadly across age bandings however 63% of leave utilised is for persons under the age of 50 indicating many employees are utilising long service leave during their working years rather than saving it until retirement.

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

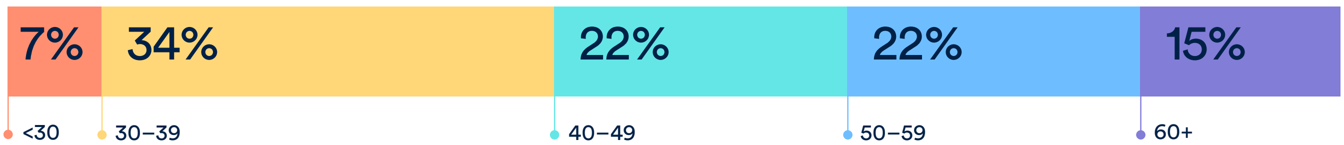
This year 61% of claimants took long service leave whilst working in the industry. Approximately 29% of claimants took a pro rata payment as they left the industry or transitioned into a role no longer covered by the scheme.

Claims involving interstate service represented 8% of all claims reflective of the transient nature of work across Australia and has increased slightly due to the COVID-19 pandemic.

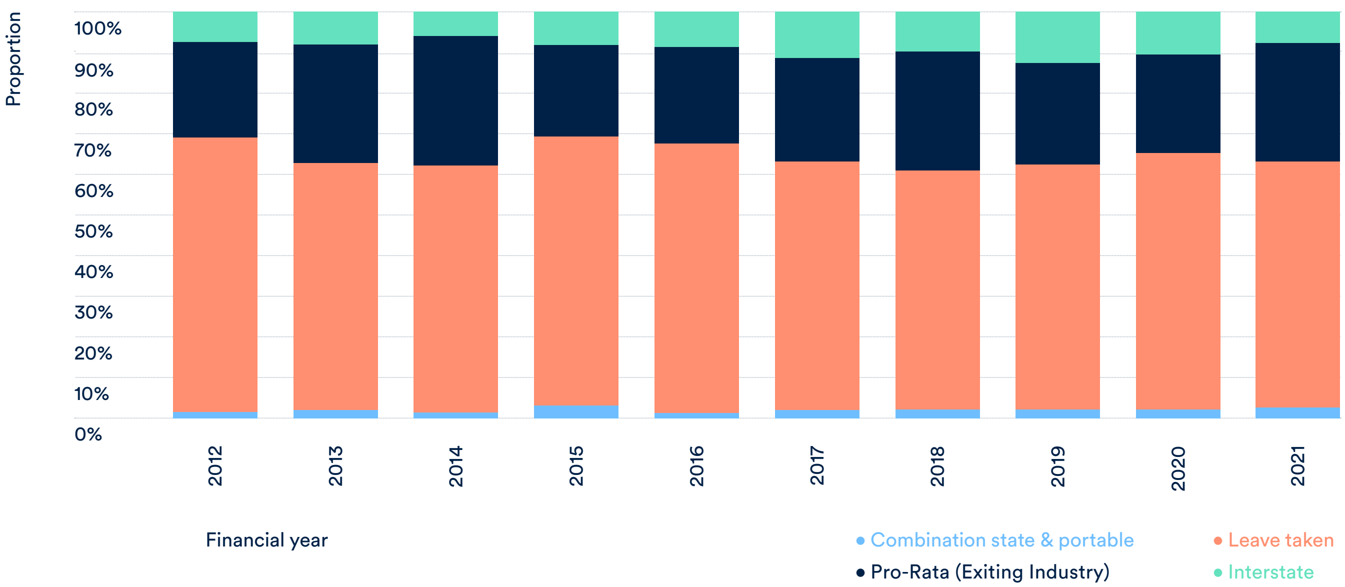
FY2021 Registrations By Age



FY2021 LSL Claims By Age



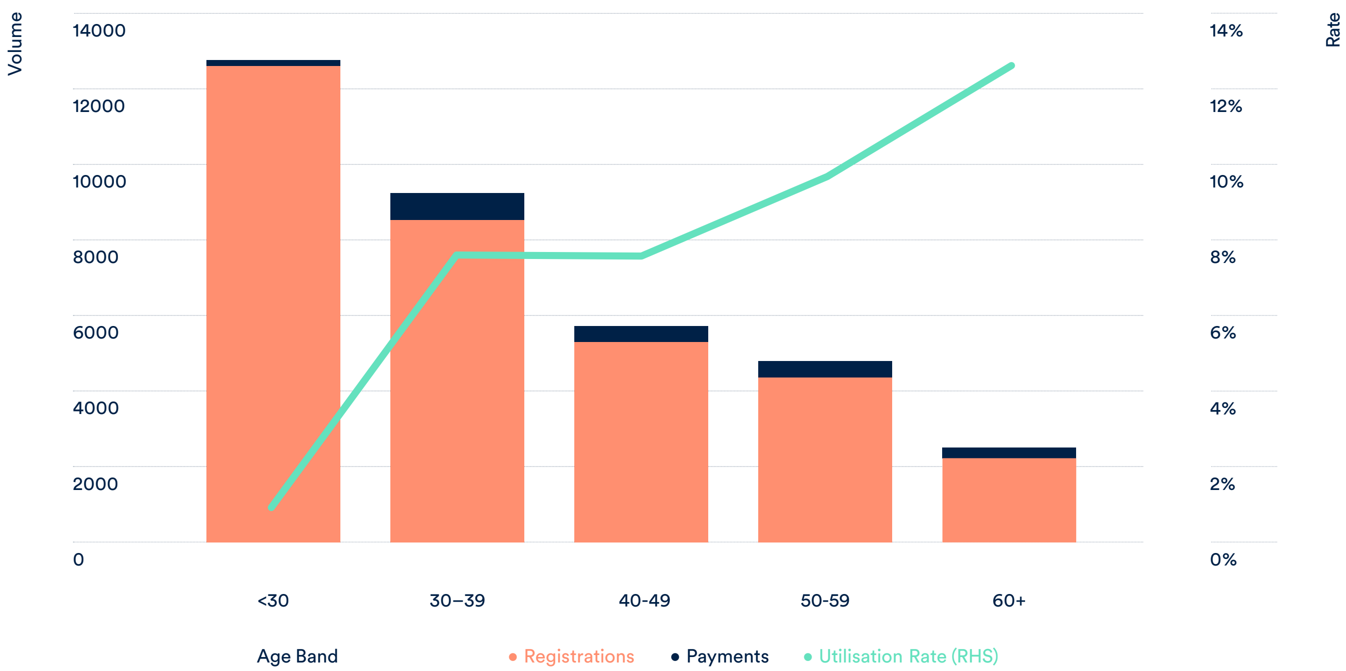
LSL Claims By Type



FY2021 Apprentice Profile

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

FY2021 Utilisation By Age



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

Governance

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

Composition

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

Appointments

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

On 1st October 2020 Mr Derek Stapleton resigned from the Board. Accordingly, the deputy position also fell vacant.

On 21st January 2021 Mr Peter Russell and Ms Alexandra Russell were appointed to the Board.

On 26th February 2021 Ms Estha van der Linden resigned from the Board. Accordingly, the deputy position also fell vacant.

On 27th May 2021 Mr Stephen Knight and Ms Melissa Adler were appointed to the Board.

Board Meetings

During the 2020/2021 year the Board met on 11 occasions, excluding sub committees and working parties.

Board Members	Nominating Body	Meetings available to attend	Meetings attended
Ms Marie Boland	Independent Presiding Officer	11	9
Mr Peter Bauer	SA Unions	11	11
Ms Erin Hennessy	SA Unions	11	10
Mr Stephen Knight*	Housing Industry Association	1	1
Ms Estha van der Linden**	Business SA	7	6
Mr Steve Minuzzo	Master Builders Association	11	11
Mr Larry Moore	National Electrical and Communications Association	11	11
Mr Peter Russell***	SA Unions	5	5
Mr Derek Stapleton****	SA Unions	3	1
Deputies			
Ms Melissa Adler*	Housing Industry Association	0	0
Mr John Adley	SA Unions	2	1
Ms Demi Brown	Airconditioning and Mechanical Contractors Association SA	1	1
Mr Stuart Gordon	SA Unions	1	0
Ms Karen van Gorp**	Business SA	1	1
Ms Alexandra Russell*****	SA Unions	3	2
Mr Peter Salveson	Hansen Yuncken	1	0

* Appointed 27th May 2021.
** Resigned 26th February 2021.
*** Appointed 21st January 2021.
**** Resigned 1st October 2020.
***** Re-appointed 21st January 2021.

Note: Board members and deputies were eligible to attend March 2021 Strategic Planning Board Meeting.

Board Committees

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

In 2020/2021 the Board did not establish any subcommittees.

Overseas Travel

During the 2020/2021 financial year, no members of the Board engaged in overseas travel in the capacity as a member of the Board.

Board Training & Development

During the 2020/2021 year the Board undertook the following training and development activities:

- Investment Briefings
- Non accredited Investment Asset Class Training
- Annual Legislation refresher
- Board Induction
- Online access to institutional investors self-paced investment training
- Individual Board member training within policy limits or self-funded including:
  - University studies

Strategic Planning

The Board undertook a facilitated workshop considering the results of its Board Evaluation which had commenced the year prior and was delayed due to COVID-19.

The Board monitored the progress of the implementation of their 2020-2022 strategic plan during the year.

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 twice during the year in October 2020, and March 2021 and reported to the Board in November 2020.

The Board's Business Continuity Plan was activated in November 2020 with closure of the office and a 1-week work from home period. There were no adverse outcomes to the organisation or customer service levels through this period.

Annual Report

The 2019/2020 Annual Report was tabled in Parliament in accordance with the Act on the 11th November 2020.

Actuary Report

The 2019/2020 Actuary Report was tabled in Parliament in accordance with the Act on the 11th November 2020.

Board Remuneration

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

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

Financial Performance

The Board received an Unqualified Audit Report from Nexia Edwards Marshall for the 2020/2021 year.

Fraud

No instances of fraud were reported or detected during the year 2020/2021.

Delegations

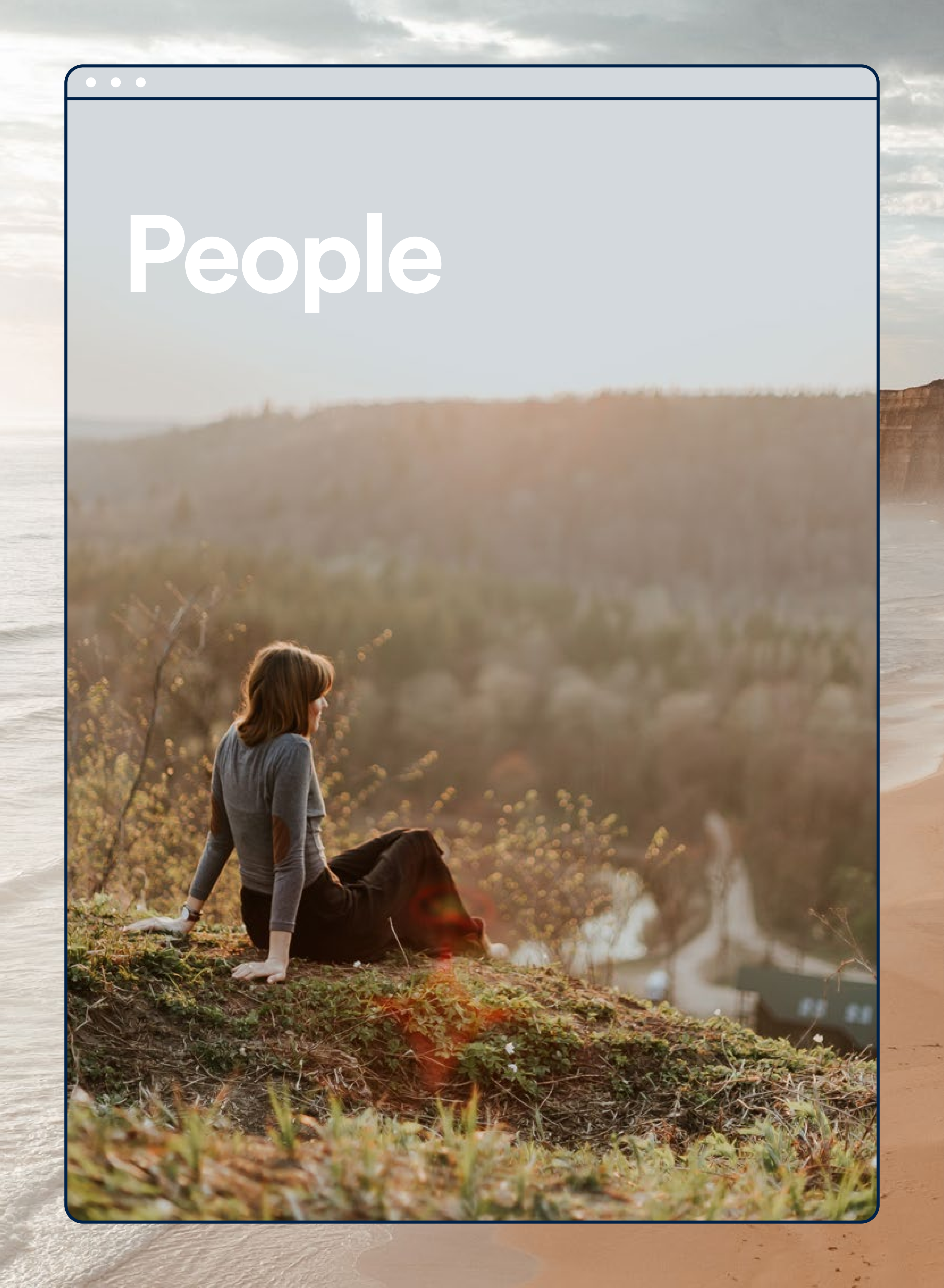
The Board maintains a schedule of financial delegations that is reviewed annually. It was reviewed and subsequently approved in the June 2021 Board Meeting.

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

Insurance

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

People



Employees as at 30th June 2021 totalled 10 FTE.

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

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

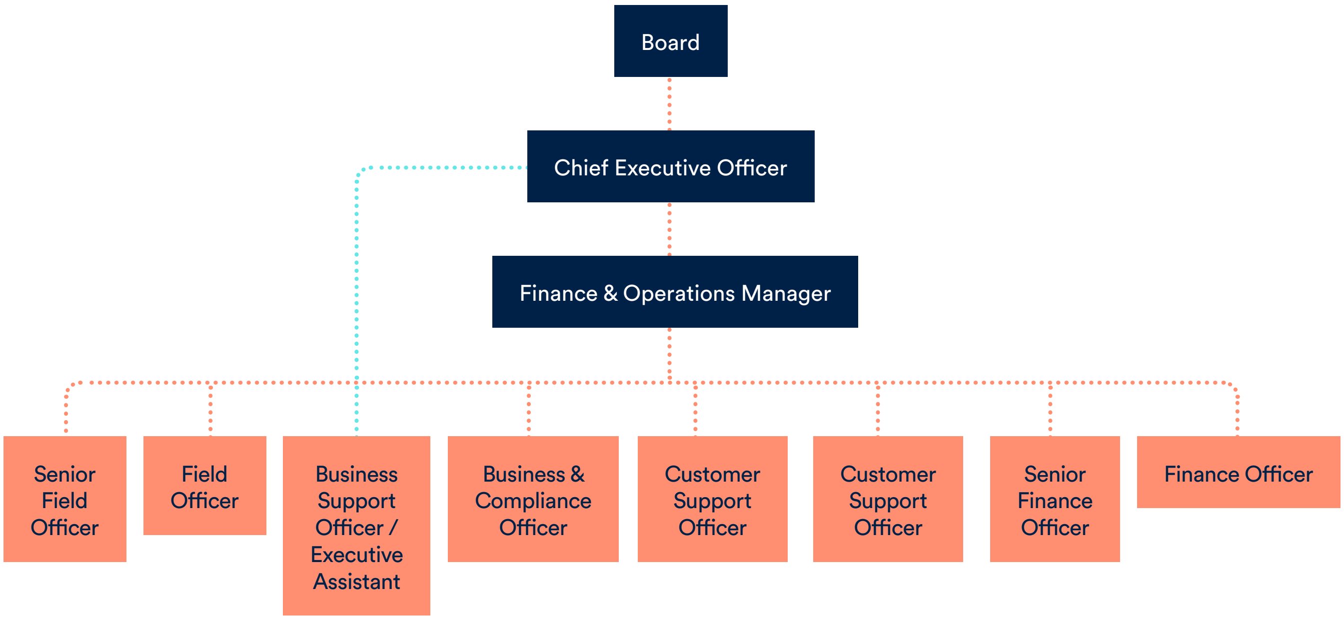
An Employee Assistance Program was made available throughout the year.

A Paid Parental Leave policy was available during the year.

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

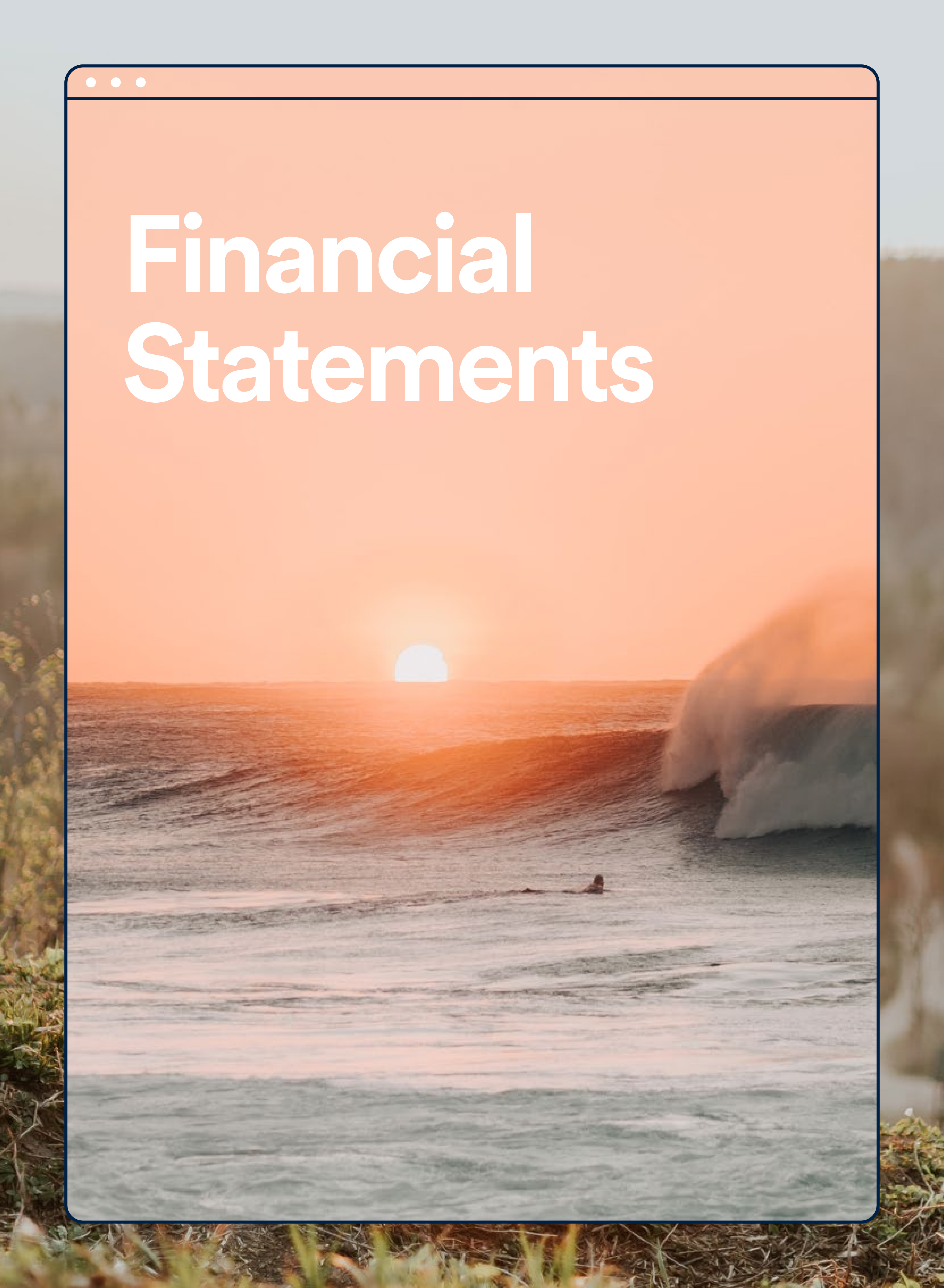
Social activities were muted during the year due to COVID restrictions but included:

- Participation in an employee managed social club.
- Participation in a Footy tipping competition.
- Shared Christmas breakfast.
- A Customer Service Award is awarded quarterly to the team member who undertakes the best customer service for the period using the Boards customer feedback tool.



People	FY2017	FY2018	FY2019	FY2020	FY2021
Full Time	8	8	8	10	10
Part Time	2	2	2	-	-
Total	**10**	**10**	**10**	**10**	**10**
FTE	**9.5**	**9.6**	**9.6**	**10**	**10**

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 2021;

   (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 2021;

   (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 2021; and

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

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

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

Marie Boland

M Boland
Presiding Officer

A Warchol
Chief Executive Officer

21st September 2021

Construction Industry Long Service Leave Board Statement of Comprehensive Income For the Year Ended 30 June 2021

	Note	2021	2020
		$000	$000
Income From Ordinary Activities			
Levies	3	18,857	18,469
Realised Investment Income	3	7,847	7,659
Unrealised gain on financial assets at fair value through profit or loss	3	5,826	(6,032)
Other	3	63	61
Total Income		32,593	20,157
Expenses From Ordinary Activities			
Worker Payments	4	24,620	20,411
Contractor Interest		63	116
Employee Benefits Expense	5	948	891
Depreciation	10	34	45
Depreciation charge for Right of Use Asset	12	92	92
Interest expense on Lease Liability		10	12
Impairment Loss on Receivables	9	93	82
Administration	6	658	434
Total Expenses		**26,518**	**22,083**
Total Surplus (Deficit)		**6,075**	**(1,926)**
Total Other Comprehensive Income		-	-
Total Comprehensive Income		**6,075**	**(1,926)**

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 2021

	Note	2021 $000	2020 $000
Assets			
Cash and Cash Equivalents	8	4,027	3,278
Receivables	9	4,150	3,106
Financial Assets	9	170,411	154,404
Property, Plant & Equipment	10	91	84
Intangible Assets	11	-	188
Right of Use Asset	12	810	468
Total Assets		**179,489**	**161,528**
Liabilities			
Trade and Other Payables	13	142	121
Lease Liability	12	879	539
Employee Benefits	14	126	102
Worker Payments	14	139,442	128,311
Registered Contractor Contribution Fund	14	6,716	6,346
Total Liabilities		**147,305**	**135,419**
Net Assets		**32,184**	**26,109**
Equity			
Accumulated Surplus		**32,184**	**26,109**

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 2021

	Note	2021	2020
		$000	$000
		Inflows (Outflows)	Inflows (Outflows)
Cash Flows From Operating Activities			
Receipts From Levies & Operations		17,959	18,612
Payments to Workers		(13,512)	(15,043)
Payments to Suppliers & Employees		(1,595)	(1,478)
Interest Received		9	29
Net Cash Provided By (Used In) Operating Activities		**2,861**	**2,120**
Cash Flows From Investing Activities			
Redemption of Investments		8,290	1,691
Purchase of Investments		(10,329)	(4,642)
Payments from Registered Contractors Fund		47	(24)
Payments for Plant & Equipment		(49)	(7)
Proceeds from Sale of Plant & Equipment		34	-
Net Cash Provided By (Used In) Investing Activities		**(2,007)**	**(2,982)**
Cash Flows From Financing Activities			
Payments for Principal Right of Use Asset		(95)	(90)
Payments for Interest Lease Liability		(10)	(12)
Net Cash Provided By (Used In) Financing Activities		(105)	(102)
Net Increase (Decrease) in Cash Held		**749**	**(964)**
Cash at the Beginning of the Year		3,278	4,242
Accumulated Surplus	8	**4,027**	**3,278**

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 2021

	Retained Earnings	Total Equity
	$000	$000
Balance at 30 June 2019	**28,035**	**28,035**
Deficit for 2020	(1,926)	(1,926)
Balance at 30 June 2020	**26,109**	**26,109**
Surplus for 2021	6,075	6,075
Balance at 30 June 2021	**32,184**	**32,184**

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 2021

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 21 September 2021.

(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.

(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 2021 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

There were no significant changes in accounting policies during the year ending 30 June 2021.

3 INCOME

Income from Levies and Penalties

The Board generates income from levies and penalties imposed under the Construction Industry Long Service Leave Act 1987.

The levy rate prescribed in accordance with regulations under the Act for the Construction Industry Fund was 2.00% of total remuneration paid to employees for the year ending 30 June 2021. 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

	2021 $000	2020 $000
Actuarial Assessment of 30 June Liability	139,442	128,311
Worker Payments during the Year	13,489	15,043
Actuarial Assessment in Previous Year	(128,311)	(122,943)
Total Worker Payments Expense	**24,620**	**20,411**

5 EMPLOYEE BENEFITS EXPENSE

	2021 $000	2020 $000
Salaries and Wages	776	732
Long Service Leave	15	7
Annual Leave	10	7
Employment on-costs - Superannuation	73	68
Employment on-costs - Other	23	28
Board Fees	51	49
Total Employee Benefits Expense	**948**	**891**

The number of employees at 30 June 2021 was 10 (2020: 10).

6 ADMINISTRATION

	2021 $000	2020 $000
Motor Vehicles	13	17
Accommodation	32	33
Staff Training and Development	14	24
Audit, Actuary, Legal and Consultancy	155	84
Information and Telecommunications Technology	305	107
Other Administration	139	169
Total Adaministration	**658**	**434**

7 AUDITOR'S REMUNERATION

	2021 $000	2020 $000
Remuneration of the Auditor of the Board for:		
Auditing the Financial Statements	15	15
	15	**15**

8 CASH AND CASH EQUIVALENTS

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

	Note	2021 $000	2020 $000
Cash at Bank and in Hand	18	4,027	3,278
Total Cash and Cash Equivalents		**4,027**	**3,278**

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.

	2021 $000	2020 $000
Financial Assets at fair value through profit or loss		
Managed Funds	168,143	151,079
Financial Assets at amortised cost		
Term Deposits	2,268	3,325
Total Financial Assets	**170,411**	**154,404**

	2021 $000	2020 $000
Current		
Employer Debtors	1,502	751
Credit loss allowance	(65)	(69)
	1,437	**682**
Accrued Contributions	2,417	2,313
Sundry Debtors & Prepayments	296	111
Total Receivables	**4,150**	**3,106**

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

	2021 $000	2020 $000
Carrying amount at the beginning of the year	69	68
Adjustment on initial application of AASB 9	-	-
Balance at 1 July	69	68
Amounts written off	(97)	(81)
Net remeasurement of loss allowance	93	82
Carrying Amount at the End of the Year	**65**	**69**

10 PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are measured at cost less depreciation and impairment losses.

The residual values, useful lives and depreciation/amortisation methods of all major assets held by the Board are reviewed and adjusted if appropriate on an annual basis.

Leasehold improvements are amortised over their estimated useful life or the unexpired portion of the relevant lease, whichever is the shorter.

Depreciation of assets is determined as follows:

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

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

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

	2021 $000	2020 $000
Leasehold Improvements at Cost	46	46
less Accumulated Depreciation	(44)	(35)
	2	**11**
Office Equipment at Cost	107	106
less Accumulated Depreciation	(98)	(94)
	9	**12**
Office Furniture & Fittings at Cost	45	27
less Accumulated Depreciation	(16)	(14)
	29	**13**
Motor Vehicles at Cost	97	95
less Accumulated Depreciation	(46)	(47)
	51	**48**
Total Plant & Equipment at Cost	295	274
less Accumulated Depreciation	(204)	(190)
Total Plant & Equipment	**91**	**84**

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	Office Equipment $000	Office Furniture $000	Motor Vehicles $000	TOTAL $000
2020					
Balance at Beginning of Year	**20**	**13**	**15**	**86**	**134**
Additions	-	7	-	-	**7**
Disposals	-	-	-	(12)	**(12)**
Depreciation Expense	(9)	(8)	(2)	(26)	**(45)**
Balance at End of Year	**11**	**12**	**13**	**48**	**84**
2021					
Balance at Beginning of Year	**11**	**12**	**13**	**48**	**84**
Additions	-	4	18	27	49
Disposals	-	-	-	(8)	(8)
Depreciation Expense	(9)	(7)	(2)	(16)	(34)
Balance at End of Year	**2**	**9**	**29**	**51**	**91**

Impairment

There were no indications of impairment of property, plant or equipment at 30 June 2021.

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.

During the reporting period the Board has considered the recent IFRC Interpretations Committee's published decisions regarding Configuration or Customisation costs in a Cloud Computing Arrangement. The decision provided some clarity on the accounting treatment for costs in relation to a Software-as-a-Service (SaaS) arrangement.

The information system contracted on 18 May 2019 was implemented on the 1 February 2021. In reviewing the costs incurred $350k, and the on going contract arrangements it was decided that the SaaS arrangement did not meet the definition of an intangible asset and therefore consideration was required as to whether the costs should be expensed or carried as a prepayment over the life of the arrangement.

The costs in relation to data migration $105k have be expensed in the period and are included in Administration costs (Information and Telecommunications Technology) in Note 6. The remaining costs have been treated as a prepayment to be expensed over the term of the 5 year contract due to the customisation costs not being distinctly separable from the access to the vendor's software application.

	2021 $000	2020 $000
Work in Progress - Software Development	-	188
Total Intangible Assets	-	**188**

	Software Development $000	TOTAL $000
2020		
Balance at Beginning of Year	**70**	**70**
Additions	118	118
Disposals	-	-
Depreciation Expense	-	-
Balance at End of Year	**188**	**188**
2021		
Balance at Beginning of Year	**188**	**188**
Reallocated to Prepayments	(188)	-
Additions	-	-
Disposals	-	-
Depreciation Expense	-	-
Balance at End of Year	**-**	**188**

12 LEASES

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

— the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

— the Board has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

— the Board has the right to direct the use of the asset. The Board has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

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

— the Board has the right to operate the asset; or

— the Board designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes noncancellable 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.

	2021 $000	2020 $000
Right of Use Asset	1,262	828
less Accumulated Depreciation	(452)	(360)
Total Right of Use Asset	**810**	**468**

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.

	2021 $000	2020 $000
Lease Liability	879	539
Balance at End of Year	**879**	**539**

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.

	2021 $000	2020 $000
Financial liabilities at amortised cost		
Trade Creditors	71	10
Sundry and Other Creditors	71	111
Total Payables	**142**	**121**

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 2021. The actuarial report for the Construction Industry Long Service Leave Board was prepared by Mr Julian Hotz, FIAA of Mercer and was dated 7 September 2021.

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

Actuarial Methods

Scheme liabilities in relation to worker payments are measured as the amount of a portfolio of investments that would be needed, as at the reporting date, to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due. In determining the appropriate discount rate, the actuary considers an investment portfolio that reflects the opportunities reasonably available to the Scheme in the investment markets, and also reflects the Scheme's actual investments and investment strategy in respect of worker liabilities. The liabilities have been calculated using a "best estimate" method incorporating assumptions on expected actual investment returns, wage inflation, exit rates, take up of long service leave whilst in service, future service credits and an allowance for the operating expenses of the fund.

Processes used to select assumptions

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

Financial Assumptions

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

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

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

Demographic assumptions

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

Sensitivity analysis

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

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.

	2021	2020
	$000	$000
Worker Payments		
Expected to be settled within 12 months	17,000	17,000
Expected to be settled after 12 months	122,442	111,311
Total Worker Provisions	**139,442**	**128,311**
Registered Contractor Contribution Fund		
Expected to be settled within 12 months	500	500
Expected to be settled after 12 months	6,216	5,846
Total Registered Contractor Provisions	**6,716**	**6,346**
Employee Benefits		
Annual Leave expected to be settled within 12 months	48	38
Long Service Leave expected to be settled within 12 months	38	34
Long Service Leave expected to be settled after 12 months	40	30
Total Employee Provisions	**126**	**102**

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

	Annual Leave $000	Long Service Leave $000	Worker Payments $000
2020			
Carrying Amount at Beginning of Year	35	109	122,943
Provision Used	(53)	(52)	(15,043)
Additional Provisions Recognised	56	7	20,411
Carrying Amount at End of Year	**38**	**64**	**128,311**
2021			
Carrying Amount at Beginning of Year	38	64	128,311
Provision Used	(52)	-	(13,489)
Additional Provisions Recognised	62	14	24,620
Carrying Amount at End of Year	**48**	**78**	**139,442**

15 CONTINGENT LIABILITIES

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

16 FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

	2021 $000	2020 $000
Recurring fair value measurements		
Financial assets		
Financial assets at fair value through profit or loss	168,143	151,079
Carrying Amount at End of Year	**168,143**	**151,079**

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 $1,228 (2020: $1,477).

	2021 $000	2020 $000
KMP Compensation		
Short-term employee benefits	319	287
Post-employment benefits	29	24
	348	**311**

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

Ms Marie Boland

Ms Estha van der Linden (ceased 26 February 2021)

Ms Karen van Gorp (Deputy ceased 26 February 2021)

Ms Erin Hennessy

Mr John Adley (Deputy)

Mr Steven Minuzzo

Mr Peter Salveson (Deputy)

Mr Stephen Knight (from 27 May 2021)

Ms Melissa Adler (Deputy from 27 May 2021)

Mr Peter Russell (from 21 January 2021)

Ms Alexandra Russell (Deputy from 21 January 2021)

Mr Peter Bauer

Mr Stuart Gordon (Deputy from 6 February 2020)

Mr Laurence Moore

Ms Demi Brown (Deputy from 12 December 2019)

Mr Derek Stapleton (ceased 1 October 2020)

Ms Alexandra Russell (Deputy ceased 1 October 2020)

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

18 FINANCIAL RISK MANAGEMENT

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

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

— Credit risk
— Liquidity risk
— Market risk

Credit Risk

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

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

Liquidity Risk

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

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

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

Market Risk

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

The Board has exposure to interest rate risk on the interest payable on the Registered Contractor Contribution Fund. The interest rate is set annually in advance on actuarial review. The interest rate applicable to the year ended 30 June 2021 is 1.0% (2020: 2.0%).

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

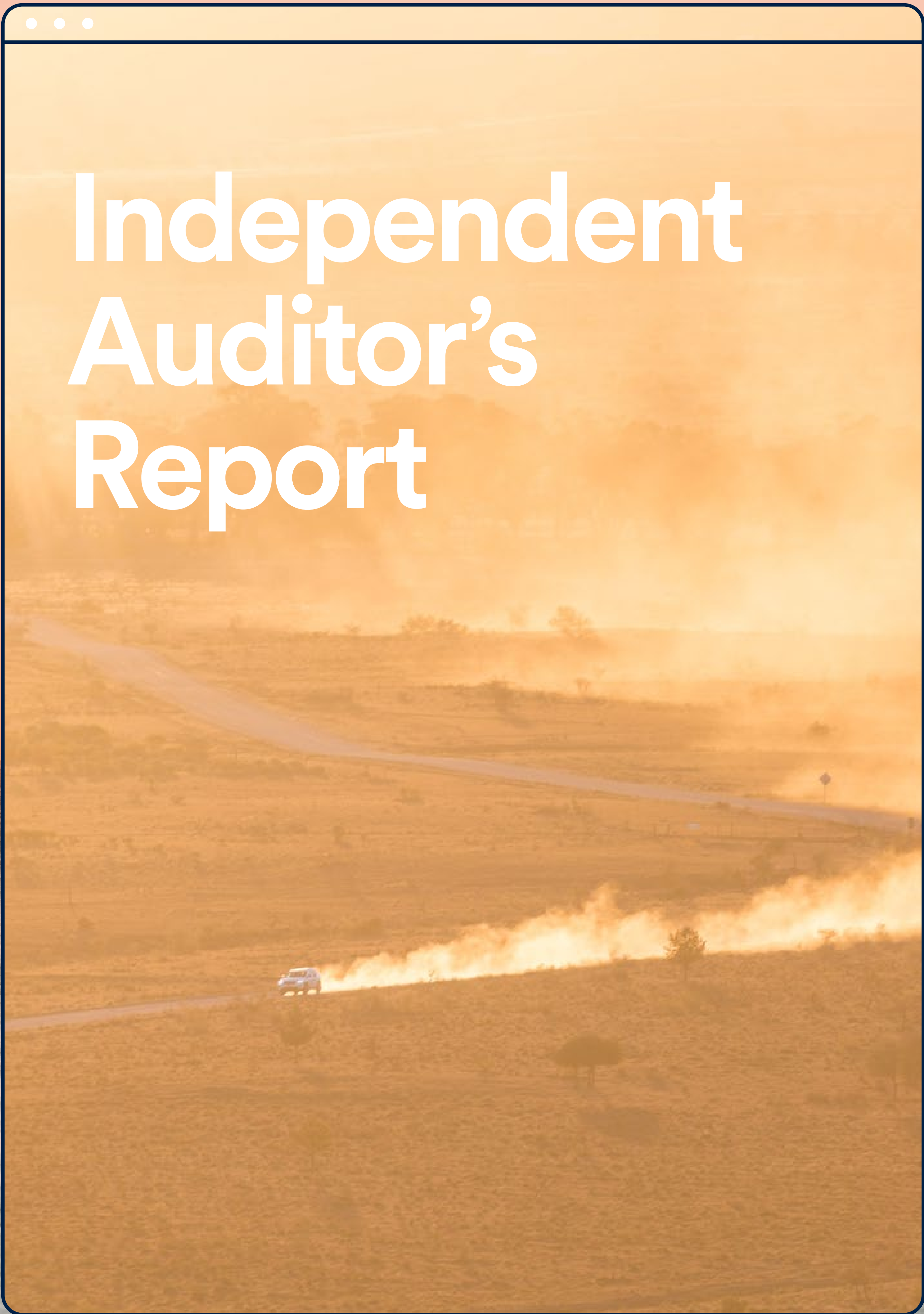
The inclusion of Australian and global equities and other listed investments subjects the Board to equity price risk. The Board has an investment strategy for the management of its financial assets.

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	2021	2020
		$000	$000
Financial Assets			
Financial assets at fair value through profit or loss			
Managed Investments	9	168,143	151,079
Financial assets at amortised cost			
Cash and Cash equivalents	8	4,027	3,278
Term Deposits	9	2,268	3,325
Trade and Other Receivables	9	4,150	3,106
		178,588	**160,788**
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and Other Payables	13	142	121
Lease Liability	12	879	539
Carrying Amount at End of Year		**1,021**	**660**

Independent Auditor's Report



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

Opinion

We have audited the financial report of the Construction Industry Long Service Leave Board (the 'Entity'), which comprises the Statement of Financial Position as at 30 June 2021, 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for opinion

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

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

Other information

The Board are responsible for the other information. The other information comprises the information in the Entity's annual report for the year ended 30 June 2021 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.

Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w nexiaem.com.au

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

Board Members' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w nexiaem.com.au

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

BD Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

21 September 2021

Level 3
153 Flinders Street
Adelaide SA 5000
GPO Box 2163
Adelaide SA 5001
p +61 8 8139 1111
f +61 8 8139 1100
w nexiaem.com.au

Vision

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

Mission

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

Values

We do what we say (accountable)
We keep it simple (customer focussed)
We do the right thing (integrity)
We do it well (quality)
We like what we do (enthusiastic)

www.portableleave.org.au