



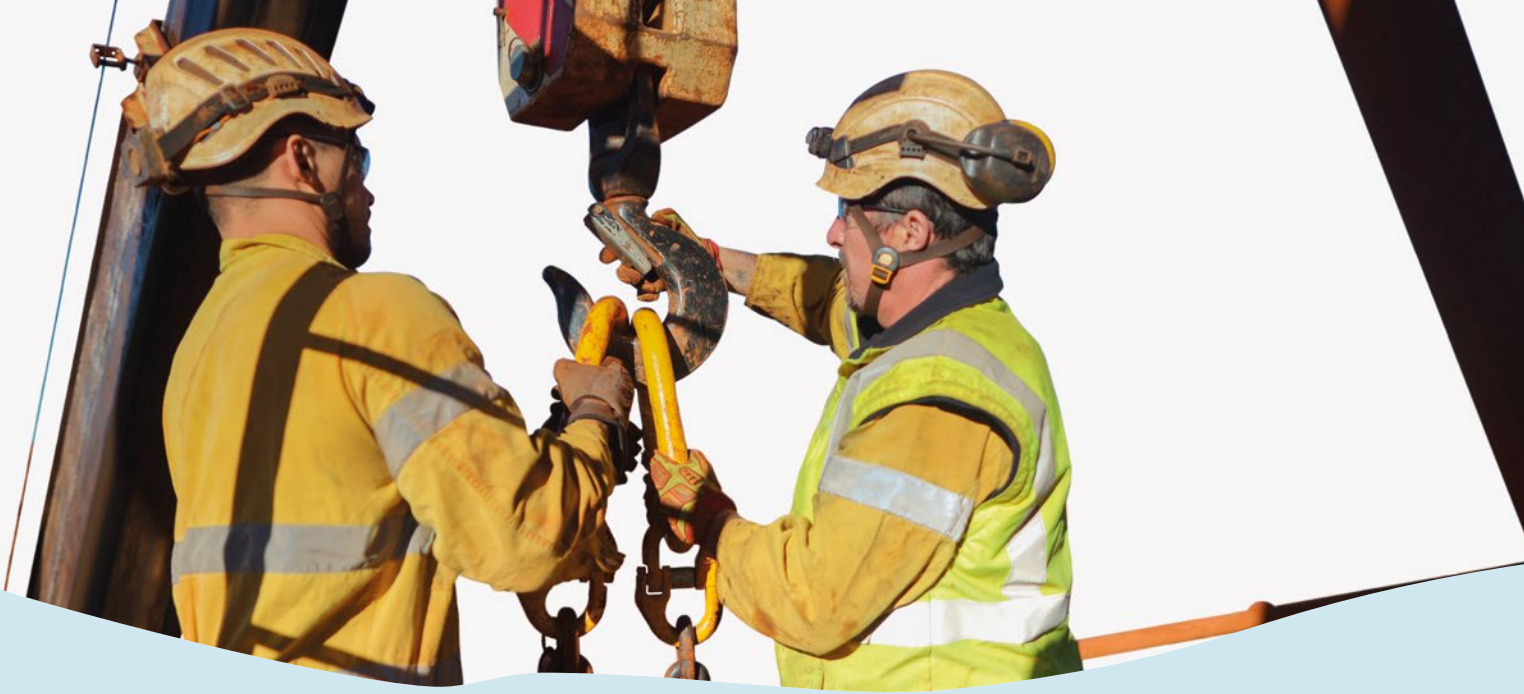
Annual Report

2023-24

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



Construction Industry Long Service Leave Payments Board

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PUBLICATIONS:	Pamphlets and other material are available from the Board's Office and the Board's web site.



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Statement of Compliance

For year ended 30 June 2024

Hon Simone McGurk MLA

Minister for Industrial Relations

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Construction Industry Long Service Leave Payments Board for the reporting period ended 30 June 2024.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

The financial statements comply with Australian Accounting Standards - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.



Susan Barrera

Chair | MyLeave

23 August 2024



John Gelavis

Member of the Board | MyLeave

23 August 2024



Chair's Foreword

The Board is pleased to report another year of achievements together with progress in resolving new and ongoing challenges.

The Board remain focussed on our main task of providing long service leave entitlements to eligible workers in the construction industry, which many workers would otherwise not receive owing to the periodic nature of their employment. The past year has seen a degree of volatility in the construction industry, making the work of MyLeave critical to the retention of workers in an industry so important to the WA economy.

Compared with last year, there was a 10.2% increase in the number of registered workers and a 3.3% rise in registered employers. Long service leave payments to workers increased by 7.1%. The levy for employers was at a historic low of 0.1% from July to December 2023. Following actuarial advice, the levy was increased to 0.5% from 1 January 2024.

Apart from employer contributions, long service leave liabilities are funded by the return on our investments, the value of which rose during the year by 3.5% to \$629 million. These liabilities were assessed by an external actuary at \$493 million, an increase of nearly 10.8%. The return on investment in 2024, at 10.4% is a reflection of the effective way that funds are managed and contributes to MyLeave's ongoing sound financial position.

Following an extensive review, the Board has identified that the interpretation of "ordinary pay", in particular for casual employees, may not have been in accordance with legislative requirements. The review has resulted in the Board adopting a modified interpretation of the meaning of "ordinary pay". This issue has been exacerbated by the increase in the variety of working arrangements which have been adopted over time for casual work. An assessment of the potential extent of underpayments has now concluded with the Board planning to implement a remediation program. The Board is committed to ensuring impacted workers receive their correct entitlements and a team is being established to manage the process of reviewing past claims to determine if additional payments are required. More information will be provided on this matter soon.

The Board continues to engage with stakeholders, including MATES in Construction, now in partnership with MyLeave. Staff members attend expos to engage

with construction industry employers and workers to explain the way the scheme operates and the benefits that it brings. To complement this, MyLeave actively engages with employers to ensure compliance with their obligations to pay the levy and submit returns on worker data.

A major project nearing completion has been the independent review of our legislation, the *Construction Industry Portable Paid Long Service Leave Act 1985*. Through the passage of time, some aspects of the legislation are inconsistent with effective operations and require modernisation. Considerable consultation and research has been carried out and the Board is hopeful that resulting recommended changes will be approved by Parliament in the near future.

Work continues on our major IT project to build a modern information and communications environment to replace the current system. While the completion of this project has not been as rapid as hoped, important milestones have been reached and the Board is optimistic that the effort which has gone into the project will be worth the inconvenience and extra work undertaken by staff.

There have been some changes to the membership of the Board during the year. One of our employee representatives, Mick Buchan, left the Board after almost eleven years of service when his term expired in September 2023. Mick was replaced by Chris Prast who resigned in June 2024 when he moved interstate. Lisa Judge, also an employee representative, resigned in November 2023 after two years' service and we welcomed Kari Pnacek to the Board in February 2024. I would like to acknowledge the contributions of all Board members who have brought their knowledge and expertise to Board deliberations during the year. As Chair, I was grateful to be reappointed for a further three year term.

I would particularly like to thank the CEO and his staff for their tireless work in supporting the Board and keeping MyLeave operating so well to the advantage of employees and employers in the construction industry.

Susan Barrera
Chair | MyLeave Board



Chief Executive's Report

The industry has again seen a large increase in the number of construction workers with more than 20% additional workers registered with MyLeave over the last two years. This brings our total registrations to 136,000 workers and construction activity continues to be at very high levels. The extra workers have resulted in MyLeave recording 13.5 million days of service which is on par with the highest level recorded of 13.7 million days in 2012/2013.

Wages for construction workers have continued to increase over the last 12 months. Together with the additional workers, the total long service liability increased by \$48 million. Within the liability amount, provisions have been made to allow for costs associated with the Board's change in statutory interpretation of 'ordinary pay' which may affect entitlements for some workers and contributions to be made by employers.

The number of payments to workers has again increased over the previous year with 4,864 payments at a total of \$44.5 million. MyLeave continues to provide benefits to construction workers in Western Australia with around 80,000 workers receiving almost \$600 million in long service leave benefits since commencing in 1987. The investment portfolio has continued to provide a strong return of \$62 million during the year at 10.4% following on from a solid return last year.

Despite the increase in liabilities mentioned above, the Board's net assets are at \$142 million giving a surplus funding ratio of 129% (137% in 2022/2023) and within the target range of 110% to 130%. Total assets are at \$637 million with liabilities of \$495 million.

Due to increasing liabilities and an assessment of projections, the contribution levy was increased from 0.1% at the beginning of the year to 0.5% on 1 January 2024. The levy was still set at a level lower than the long term cost of funding workers entitlements being 1.1% of wages. Compared to the long term cost, the lower levy has delivered the industry with a direct contribution saving of \$37 million this year, and approximately \$130 million since July 2020.

Development work for a new customer relationship management system was completed during the year and is now undergoing user acceptance testing and is expected to be operational later this year. Whilst we

are very much looking forward to the improvement to services the new system will bring, staff have been working extremely hard to deliver this project whilst also performing normal duties and are commended for their efforts.

During the year, work on reviewing MyLeave's legislation was undertaken by an independent consultant which included stakeholder consultation and delivery of a final report released by the Minister in June. The Review made 14 findings and recommendations for legislative reform covering core themes of coverage and eligibility, treatment of benefits and entitlements, as well as compliance, regulatory and administrative matters. Further consultation has been proposed on the key findings and recommendations prior to the Review being finalised. This additional consultation is scheduled to occur later in 2024.

At the time the Review report was released, the Minister also announced that it is intended to proceed with some priority amendments to the Act. These include recommendations supported in the Review to:

- accommodate construction work on ships,
- allow early access to entitlements for workers due to permanent incapacity, terminal illness, or death,
- allow days of service whilst stood down, or while receiving workers compensation, and
- improve the effective and efficient operation of the Board.

With the Board's recent decision to adopt a revised interpretation of 'ordinary pay', preparations are being made to establish and resource a team to undertake the administration of reviewing and identifying any potential back payments. The impact of this decision is approximately \$20 million in back-

pay to around 4,000 workers for payments going back several years. This will be a substantial undertaking and is unable to be resourced from within MyLeave's existing staffing. The project will take some time to establish, and the back-pay process will be communicated with workers in the coming months.

The MyLeave team continue to show their dedication in providing a great service to our customers and meeting the objectives of MyLeave's mission and purpose. I am grateful for the hard work of our staff, their support and achievements during a period of significant change with systems and rules that govern their work, whilst also looking toward the future and how the legislation may evolve to improve outcomes for the industry.

I would like to acknowledge the support of the Board Chair and Board members with providing guidance on the important matters that have been considered over the last year and assisting the team to meet MyLeave's objectives. I also look forward to working with the Board to deliver on our major initiatives that are in progress and meeting future challenges.










Jason Buckley







Chief Executive Officer | MyLeave









Performance Highlights

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

WORKERS								
	4,864 LSL payments to workers	↑ 7.1%		\$44.5 million LSL payments to workers	↑ 11.8%		\$9,155 Average LSL payment (gross)	↑ 4.3%
	135,700 Registered workers	↑ 10.2%		7,664 Apprentices*	↑ 16.9%		5,027 Interstate workers	↑ 1.5%
	21,262 Workers with vested LSL benefits	↑ 4.5%		13.5 million Days of Service	↑ 8.9%		1,376 Days of service queries	↓ -3.3%

EMPLOYERS								
	5,545 Registered employers	↑ 3.3%		97.3% Average employer returns received	↔		\$4.8 billion Industry wages	↑ 14.6%
	0.3% Average Levy 0.1% (Jul - Dec) 0.5% (Jan - Jun)	↑ 0.4%		\$15.8 million Employer contributions**	↑ 187%		\$37 million Contribution levy below long term cost	↓ -7.5%

MYLEAVE OPERATIONS								
	\$629 million Investment assets	↑ 3.5%		\$493 million LSL liabilities	↑ 10.8%		129% Liability cover	↓ -5%
	\$6.7 million Operational expenses	↑ 4.2%		10.4% \$62 million Investment Return	↑ 16.8%		\$48 million Increase in LSL liabilities	↓ 26.5%

↔ less than 1% change.

* No charge to employers

** Includes prior year adjustments

Overview

Participation increased with an uplift in registered workers to around 136,000. 13.5 million days of service were recorded across the financial year and an average of almost 80,000 workers had service recorded each quarter. The number of long service leave payments increased further from last year to around 4,900 payments for the year at a total of almost \$45 million.

The contribution levy has continued at historically low levels at 0.1% of wages at the beginning of the year (increasing to 0.5% for 2024) in an effort to reduce the Board's surplus and return the surplus ratio back to target levels. This has provided \$37 million in benefits to construction industry employers below the long-term cost of the scheme of 1.1%. Investment returns have been positive at 10.4% with proceeds of \$62 million continuing from strong positive returns last year. Long service leave liabilities increased by \$48.1 million following the actuarial review due to higher wage rates over the last 12 months, higher pay inflation rate assumptions for future years, more registered workers and a provision of \$20 million for remediation of past claims and a \$12.9 million adjustment in liabilities for future payments, due to a change in statutory interpretation of 'ordinary pay'.

As a result of the above factors the Balance Sheet ended the year with an accounting surplus ratio of 129% (assets/liabilities). It is important that MyLeave continues to maintain a strong financial position to be able to meet long service leave liabilities and withstand fluctuations in the financial markets and the construction industry over the longer term.

Operations

In 2024 the number, and value, of payments to workers was 4,864 totalling \$44.5 million. The contribution levy increased to 0.5% in January 2024. The Board of MyLeave was pleased to be able to continue with a low contribution levy due to a continuing strong financial position at June 2023. The reduced levy provides relief to employers whilst the funding amount is reduced to bring it more in line with the Board's target funding which has now been achieved. The long term cost is estimated at 1.1%, and with industry wages at \$4.79 billion for the year, the reduced levy provided a saving to the industry of \$37 million.

Board Members will soon decide the applicable levy for the year commencing 1 January 2025. MyLeave's Actuary, an actuaries, will assist Board Members in their determination of the levy for 2025. As detailed in this Annual Report, MyLeave is in a sound financial position however when determining the 2025 contribution levy, Board Members need to ensure that MyLeave maintains its Mission "To provide financially sustainable portable long service leave for eligible Western Australia construction industry employees".



CONTRIBUTION LEVY						
	Jan 2020	Jul 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024
Levy percentage	1.00%	0.01%	0.5%	0.1%	0.1%	0.5%
Change	-0.10%	-0.99%	+0.49%	-0.4%	Nil	+0.4%

MyLeave statistics for 2024 show a continuing increase of workers in the construction industry driven by strong demand in the construction sector and labour shortages.

WORKERS					
	2020	2021	2022	2023	2024
Total registered	106,392 -1.4%	106,287 -0.1%	111,281 4.7%	123,100 10.6%	135,676 10.2%
Total contributed for (average per quarter)*	62,191 0%	62,392 0.3%	67,701 8.5%	73,570 8.6%	79,804 8.5%
Total days of service (average per quarter)*	2,588,099 1.2%	2,580,505 -0.3%	2,853,811 10.6%	\$3,110,101 9.0%	3,388,290 8.9%
Number of benefits paid	5,286 -9.0%	3,670 -30.4%	4,242 15.6%	4,540 7.0%	4,864 7.1%
Value of benefits paid	\$40.9 m -8.1%	\$29.1 m 28.9%	\$36.1 m 24.1%	\$39.8 m 10.4%	\$44.5 m 11.8%

* Three quarter average from September to March.

“Days of service recorded increases”

The above data highlights the increase of 8.5% in active workers (Total contributed for) over the last year and three years in a row with an increase over 8%. The number of active workers has shown an increase of 28% to 79,804 from 2020.

The long service leave scheme continues to demonstrate its importance and value for construction workers in Western Australia with around 77,000 workers paid \$596 million since the Board commenced operations in 1987.

The quarterly average number of days of service has increased in 2024 from 3.11 million in 2023 to 3.39 million (8.9%).

The contribution levy revenue from employers increased in 2024 to \$15.8 million, from the 2023 level of \$5.5 million. This was primarily due to the increase in the levy from 0.1% to 0.5% in January 2024.

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

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

EMPLOYERS					
	2020	2021	2022	2023	2024
Total registered (average for the year)	4,958 -0.7%	5,052 1.9%	5,215 3.2%	5,368 2.9%	5,545 3.3%
Contribution levy amount	\$32.7 m -13.2%	\$9.7 m -70.3%	\$12.3 m 26.8%	\$5.5 m -55.2%	\$15.8 m 187%
Total industry wages	\$3.02 b -7.9%	\$3.10 b 2.7%	\$3.56 b 14.8%	\$4.18 b 17.4%	\$4.79 b 14.6%
Contribution levy difference to long term cost (1.1%)	\$0.5 m	\$24.4 m	\$26.9 m	\$40.5 m	\$36.9 m



Communications

Over the last year we have executed our Communications Strategy in an effort to better reach our target audience and educate our current and prospective registered workers along the way.

Our presence on social media has been consistently maintained and built upon over the last 12 months and we are slowly gaining followers and engagement on our posts. These posts include general MyLeave information, stakeholder engagement efforts, trade shows attendances, employment opportunities, and legislative amendments amongst other things.

In March 2024 we established a partnership with MATES in Construction to support the work of MATES and spread MyLeave's message about how we may be able to support WA construction workers who are in need of a break for their mental health. We also attended the annual MATES Lunch in support of the cause and to network with industry.



In the second half of 2023 we attended the Perth Tradie Expo, The Perth SkillsWest Careers and Employment Expo, and the Careers Expo. This was our first year of attending these events and it was a great opportunity to get an idea of the different demographics of attendees.

The Careers Expo provided a solid platform for school students which was best suited to handing out high volumes of print information, although lacked much reach to the construction industry specifically.

The Tradie and SkillsWest expos provided opportunities to reach our existing stakeholders via industry specific areas which resulted in deeper and more meaningful conversations. These conversations revolved around specific scenarios, fringe cases, our purpose, and how we operate, as well as answering general enquiries and educating the public.

In 2024 we have added to our existing compliment of expo attendances and have:

- Presented to carpentry and plumbing students at South Metropolitan TAFE
- Attended the Master Plumbers & Gasfitters Association of WA Plumbing Industry Trade Day at South Metropolitan TAFE
- Attended the 2024 MPA Skills and Galvins Plumbing Supplies Plumbing Apprentice of the Year Competition.
- Locked in to attend the Master Plumbers & Gasfitters Association of WA Plumbing Industry Trade Day at North Metropolitan TAFE in August 2024.

We have been reaching out to industry associations to broaden our reach as well as Registered Training Organisations (RTO's) to get in front of apprentices when they enter the industry, and when they are completing their apprenticeships.

Efforts are also being directed at measuring the effectiveness of last year's Communications Strategy and identifying opportunities to improve and expand on what we are already doing, as well as refining the formats in which we provide information. We aim to build on our social media following to make information even more accessible.

Compliance Activities

The *Construction Industry Portable Paid Long Service Leave Act 1985* provides the legislative foundation for MyLeave to record details of workers' service to the construction industry, collect levies from employers, and provide leave benefits to those who would otherwise not be able to accrue and take long service leave.

This serves to provide loyal workers of the construction industry with rest and respite for their hard work. This in turn attracts and retains workers in the industry providing benefits for employers.

To ensure employers comply with their obligations, and workers obtain their entitlements, our Compliance and Advisory Team focus on delivering fair, sustainable and accountable compliance operations. We aim to provide quality advice and guidance to ensure compliance with legislative, policy and regulatory requirements. Our Team works with established regulatory frameworks and aims to provide accountable and consistent advice, ensuring that complex issues are resolved as efficiently as possible.

The MyLeave compliance and advisory function works collaboratively with employers, workers and industry stakeholders to satisfactorily resolve issues. We demonstrate our commitment to honesty and integrity by following fair and robust policies and procedures, acting impartially in all our interactions.

Proactive Compliance



684 Employers identified

Enquiries and requests for assistance from workers and employers over the preceding reporting period increased. Proactive compliance activity identified 684 potential employers with whom we initiated contact. The increase from 2022/2023 (660 employers identified) a variation of 4%, resulted in increased effort in compliance activity. A total of

289 employer questionnaires were distributed, an increase of 28 from 2022/2023 (11%).

Employer Registration Assessments



671 new Employers registered

In 2023/2024 there were 671 new employers that were assessed as eligible and registered with the Scheme.

Days of Service Queries



3% decrease in days of service queries

In 2023/2024, 1,376 days of service enquiries were received from employees, a reduction of 3% from 1,423 in 2022/2023. 54% were resolved by communicating with the employer and 16% were referred for further inspection. The remainder are currently being examined.

Assessments/Adjustments



245 adjustments to employee records

As a result of compliance activity in monitoring the accuracy of information reported on employer returns, 245 adjustments were made to employee records. A decrease from 318 adjustments from 2022/2023 (23%).

Employers Return Compliance Activities



On average 97.3% of Employer Returns were received

MyLeave did not receive 3,940 Employer Returns by the specified statutory date and required on average 985 compliance interventions per quarter. The increase in required compliance effort resulted in delays for worker's records being updated to accurately reflect their days of service and entitlements.

% RETURNS RECEIVED PER QUARTER	2021	2022	2023	2024
Quarter 1	98.5%	98.5%	98.9%	96.2%
Quarter 2	98.0%	98.4%	98.5%	97.2%
Quarter 3	97.6%	97.6%	97.9%	97.7%
Quarter 4	96.4%	96.4%	97.0%	98.1%
Average	97.6%	97.7%	98.1%	97.3%

Inspections



930 initiated and 841 Inspections completed

There was a 32% increase in Inspections from the 2022/2023 reporting period. Inspectors use a mix of remote and in-person contacts to maximise efficiency and manage the increase in Inspections. Complexity of legislation-related interpretative issues has created challenges in processing claims and eligibility issues for some cohorts of workers and employers. A program to address these challenges is progressing.

The 32% increase in Inspections for this reporting period is in addition to a 174% increase in Inspection activity from 2022/2023, a combined increase in Inspections of 204% in two (2) years.

Enforcement



78 prosecutions commenced

Prosecutions decreased by 8% from 2022/2023, a result of the increase in proactive compliance activity. MyLeave commenced 78 employer prosecutions, 12 are waiting to be heard, and all other employers have now fully complied

WAIRC Review

During the year, two matters were heard and finalised by the Western Australian Industrial Relations Commission in MyLeave's favour resulting in employers being ordered to pay penalties and comply with their obligations. One case is still before the Commission.

Compliance Summary

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



Legislation

An independent review of the *Construction Industry Portable Paid Long Service Leave Act 1985* (the Act) was finalised by KPMG during the year. KPMG are now in the process of undertaking further consultation on the review findings to establish industry and stakeholder consensus for legislative reform.

The industrial landscape has moved significantly in recent years, increasing demand for consideration of cases that have previously not been encountered and requiring resolution of dated legislation with contemporary circumstances.

The proposed reform aims to modernise key definitions of the Act, providing adequate certainty and consistency for workers and employers alike.

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

Consideration continues for proposed amendments to rectify legislative deficiencies for construction workers suffering hardship for incapacity, terminal illness or death to access entitlements early, and also accrual of service when stood down.

Amendments to the *Construction Industry Portable Paid Long Service Leave Regulations 1986* in November 2023 modernised some dated provisions, enabled enhanced reporting requirements by employers, and revised the contribution levy.

The Board has undertaken a review of the statutory interpretations of 'ordinary pay' which may affect contributions made by some employers and entitlements for some workers. Provisions have been made in the long service liability in the financial statements for both remediation of past payments (\$20 million) and account for an increase in future payments (\$12.9 million).

Provisioning of a new customer relationship management system, currently in development, will assist employers to comply with their legislative requirements by enabling enhanced self-service, reducing manual data reporting and increase the capability of compliance operations to analyse and target effort to priority areas of attention.

Technology

Efforts to modernise MyLeave's information and communications technology (ICT) environment continued during the reporting period. The objective is to transform MyLeave's business to a fully digital, secure, cloud-based operation that is cost effective, focuses on meeting the business needs whilst providing its customers with the best possible user experience.

Development of a new CRM based on the Microsoft Dynamics 365 platform was finalised during 2024 and the platform is undergoing user acceptance testing. The platform has been developed to support employers and workers with their leave submissions and balances and will provide a modern system for MyLeave's employees to interact with and support such transactions. This project has been a major focus for staff during the year as the transformation has involved the replacement of a very complex legacy system and digitisation of bespoke processes to achieve more reliable and efficient business activities.

The new CRM is expected to become operational during 2024/25 and we are excited to share the new platform with our customers. Amongst other things, we will increase our communications with employer, worker and other key stakeholder groups in accordance with a comprehensive plan and we will also develop and make available training materials for all users.

The permanent appointment of an additional resource during the reporting period has increased the capacity of our ICT Team. Several initiatives to uplift our cyber security posture based on the Australian Cyber Security Centre's Essential Eight model were finalised. These initiatives have improved MyLeave's cyber maturity and will help to protect systems and customer data from malicious threats.

Investment

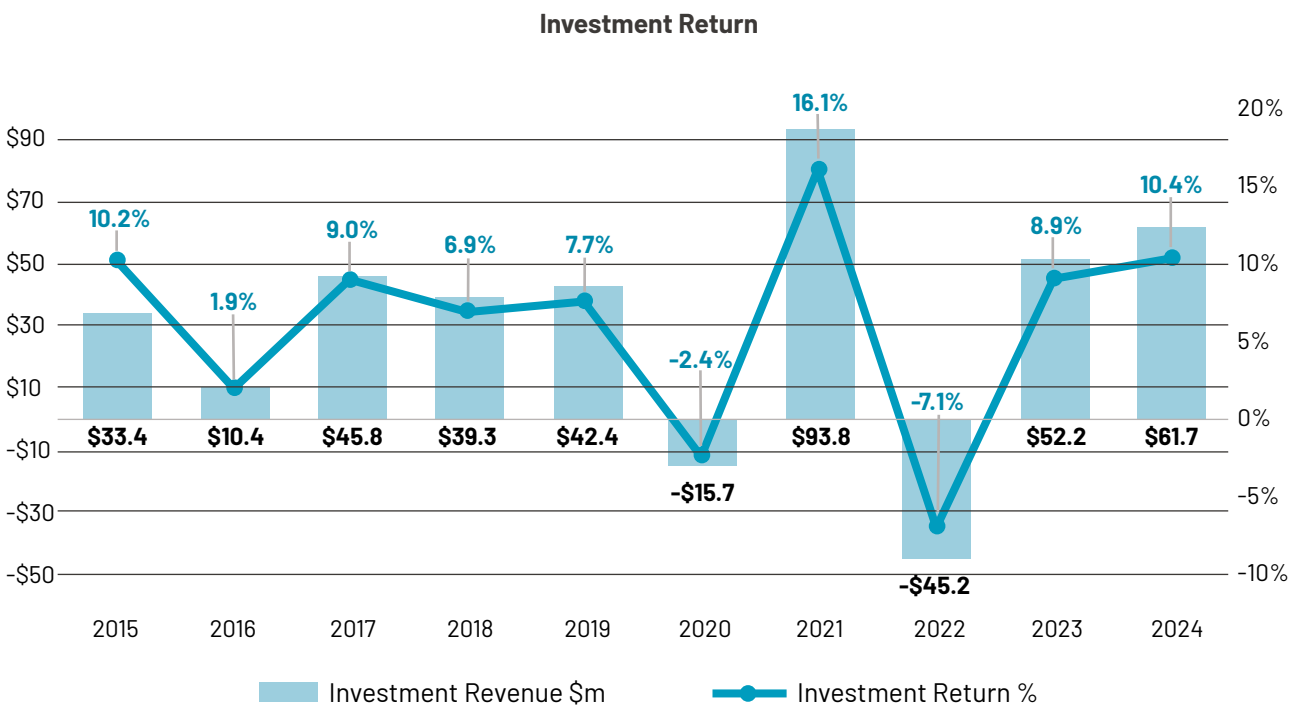
In 2024 the investment return percentage achieved by MyLeave was 10.4%, which is a better result than the 2023 return of 8.9%, and greater than the 20 year long term average return of 6.6% per annum. MyLeave Board Members acknowledge that the annual investment performance will fluctuate on a year in/year out basis. As such, the investment portfolio is structured to accommodate, as best possible, these performance fluctuations.

The proceeds from investments were \$61.7 million which contributes to covering the total long service liabilities and payments to workers.

MyLeave takes a long term view of investment returns and has set its strategy to match the long term liability profile of worker entitlements. MyLeave may experience negative returns in some years, but this will be offset by positive returns so that in the longer term investment objectives are met.

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

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



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

“Investment portfolio had a strong result”

INVESTMENT ASSETS AND INCOME					
	2020	2021	2022	2023	2024
Investment assets	\$595 m	\$668 m	\$596 m	\$608 m	\$629 m
Investment income	-\$16.0 m	\$93.8 m	-\$45.2 m	\$52.2 m	\$61.7 m
Investment return	-2.4%	16.1%	-7.1%	8.9%	10.4%

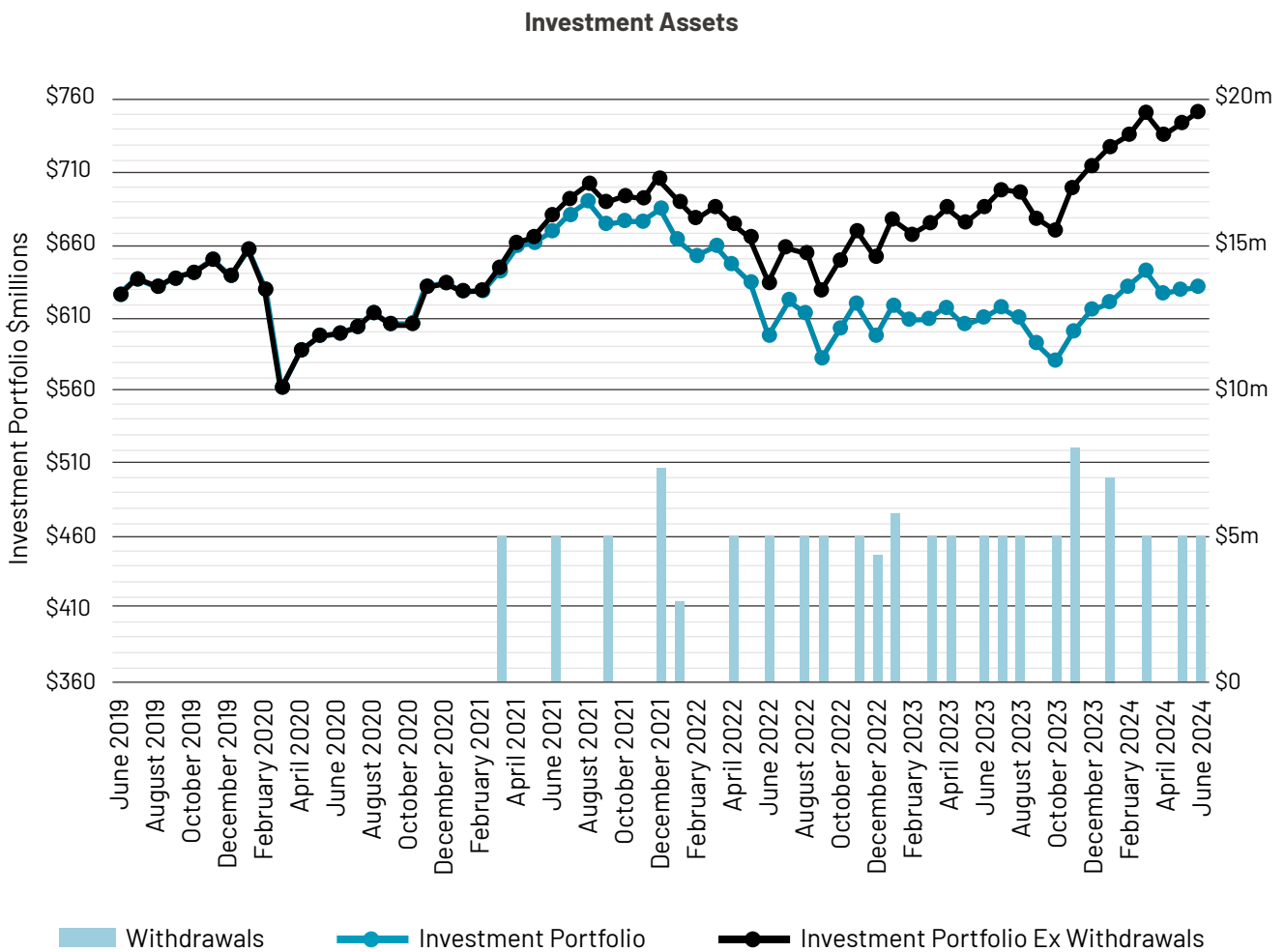
Whilst, over recent years, significant growth has been recorded in the investment portfolio, this aligns the portfolio to the Actuary's calculation of the total actuarial liability for worker payments. The investment portfolio is also required to have a financial buffer to cover global investment market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

The Statement of Comprehensive Income in this Annual Report details that in 2023/2024 the level of net investment income was \$61.7 million, and the contribution income from employers was \$15.8 million. As previously detailed, the contribution income was more than the 2022/2023 level of \$5.5 million.

The Board's investment assets have performed well over recent years with a current balance of \$629 million at 30 June 2024.

The Board has withdrawn \$120 million from the portfolio to fund long service leave payments and operating expenses over the last four years. This represents a refund of contributions to employers from the Board's surplus through the low contribution levies that have been in place over that time.

The total investment assets by month over the last five years is shown in the following chart.



The lower blue line in the chart represents the actual portfolio balance. The higher black line is the portfolio balance if funds had not been withdrawn and represents the portfolio's performance excluding the cash flow effect of withdrawing funds.

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

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

1. *The Construction Industry Long Service Leave Payments Board (Board) considers the preservation of capital as a primary goal, to the extent the Construction Industry Long Service Scheme's purpose is to fund long service leave liabilities.*
2. *The Board has a long term investment time horizon and therefore investment decisions need to be considered in the context of a long term investor.*

3. *The Strategic Asset Allocation is the long term determinant of return and risk for the Long Term Earnings Fund and will therefore establish and review the strategic asset allocation that is commensurate with MyLeave's risk capacity.*

The average investment return over the last ten years has been 6.2% per year, and long term returns of 6.6% per year over 20 years.

The next table shows MyLeave's Strategic Asset Allocations (Benchmark and Actual) and the Notes to the Financial Statements provides specific details of the individual Fund Managers as at 30 June 2024.

STRATEGIC ASSET ALLOCATION			
Asset Class	Benchmark	Range	Actual 30 June 2024
Cash (including Term Deposits)	25%	5%-25%	22.9%
Fixed interest	15%	15%-35%	14.6%
Sub total	40%	30%-50%	37.5%
Australian listed equities	30%	10%-35%	30.4%
International listed equities	28%	10%-35%	30.1%
Property & infrastructure listed equities (international)	2%		2.0%
Sub total	60%	50%-70%	62.5%
Total	100%		100%





Financial Position

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

STATEMENT OF FINANCIAL POSITION					
	2020	2021	2022	2023	2024
Assets	\$605 m	\$674 m	\$599 m	\$610 m	\$637 m
Liabilities	\$375 m	\$397 m	\$382 m	\$447 m	\$495 m*
Equity surplus	\$230 m	\$277 m	\$217 m	\$163 m	\$142 m
Accounting Ratio (Assets/Liabilities)	161%	170%	157%	137%	129%

* includes \$20 million provision for remediation and \$12.9 million adjustment in liabilities for future payments.

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

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

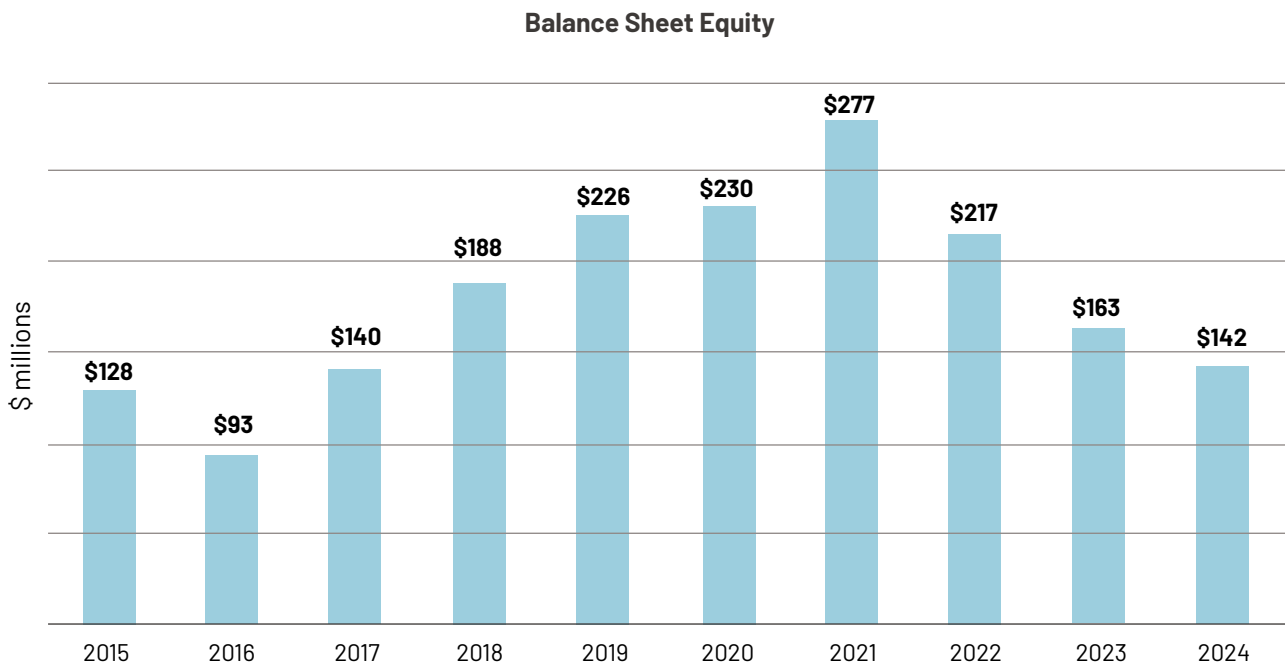
"Actuarial liability increased"

LONG SERVICE LEAVE LIABILITIES					
	2020	2021	2022	2023	2024
Vested LSL liability	\$253 m	\$277 m	\$284 m	\$330 m	\$331 m
Unvested LSL liability	\$119 m	\$116 m	\$95 m	\$115 m	\$162 m
Total LSL liability	\$372 m	\$393 m	\$379 m	\$445 m	\$493 m
Workers with vested LSL benefits	17,545	18,310	19,312	20,340	21,262

The increase in MyLeave's actuarial liability by \$48 million from last year was due to provisions for a changes in statutory interpretation, increase in the average rate of pay, higher pay inflation rate assumptions for future years and an increase in the number of workers and accrued weeks of leave. An increase in the government bond rate used to determine the present value of anticipated long service leave payments partially offset the increase. The annual actuarial analysis includes a forecast for the short/medium term future liability and the actuarial liability is forecast to grow from \$493 million as at 30 June 2024 to \$654 million as at 30 June 2029.

The equity movement in 2023/2024 was negative \$21.7 million. MyLeave endeavours to minimise the movements however there are key impacts, such as Western Australian construction industry activity (with positive/negative impact on the actuarial liability valuation), government bond rate movement, and global investment market performance, which are outside of MyLeave's control.

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



The 2024 Balance Sheet Equity Surplus of \$142 million with an accounting ratio of 129% is at the top end of MyLeave’s approved range of 110% - 130%. It is important that MyLeave retains a prudent coverage ratio to ensure the Balance Sheet Equity can withstand both future global investment market downturns and any material changes to the actuarial liability for worker payments.



Operational Structure

Enabling Legislation

The Construction Industry Long Service Leave Payments Board was established by the *Construction Industry Portable Paid Long Service Leave Act 1985* (the Act) which was assented to on 13 December 1985.

The Act and the Regulations prescribing the Awards were proclaimed on 19 December 1986. The operation of the scheme commenced by Ministerial Order on the appointed day of 6 January 1987.

Responsible Minister

The Honourable Simone McGurk MLA, Minister for Industrial Relations





Board Members

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

Business name: MyLeave

BOARD CHAIR



Susan Barrera

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

REPRESENTING WORKERS



Steve McCartney

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



Kari Pnacek

Appointed to the Board in February 2024. Kari is the Assistant Secretary of UnionsWA. Kari has spent more than two decades as a passionate advocate for workers' rights in the labour movement both in the United States and Australia. Prior to UnionsWA, she spent eight years with the Transport Workers Union (TWU).



Vacant Position

Appointment process underway with the Minister to appoint a person who represents the interests of employees in the construction industry in accordance with section 6(1)(c) of the Act.

REPRESENTING EMPLOYERS



Jo Alilovic

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



John Gelavis

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



Kate Schick

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

BOARD MEMBERS WHOSE TERMS FINISHED IN 2023/2024



Mick Buchan

Term expired on 24 September 2023. Mick was appointed to the Board in December 2012 and possessed almost 11 years' experience on the Board. Mick is the State Secretary of the CFMEU Construction and General Division (WA).



Lisa Judge

Resigned effective from 3 November 2023. Lisa was appointed to the Board in September 2021. Lisa resigned due to a change in employment, being previously employed as the Assistant Secretary of UnionsWA.



Chris Prast

Resigned effective from 24 June 2024. Chris was appointed to the Board in September 2023. Chris resigned due to a change in employment and moving interstate, being previously employed by the CFMEU Construction and General Division (WA).

Appointment

The Act provides for the scheme to be administered by the Board which is a body corporate comprising seven members. The members of the Board are appointed by the responsible Minister for a period of three years. These appointments expire at varying times based on a staggered cycle with one third of the terms expiring each year. The Chair is independently appointed by the Minister with other members appointed as follows:

- Two members, representing employers, are selected by the Minister from nominations by the Master Builders Association of W.A. and the Chamber of Commerce and Industry of W.A.

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

Board Meeting Attendance	Number of meetings eligible to attend*	Number of meetings attended
Susan Barrera (Chair)	6	6
Jo Alilovic	6	6
Mick Buchan (to September 2023)	1	0
Chris Prast (from September 2023 to June 2024)	5	2
John Gelavis	6	6
Lisa Judge (to November 2023)	3	0
Kari Pnacek (from February 2024)	2	2
Steve McCartney	6	5
Kate Schick	6	5

* includes a reconvened meeting due to the absence of a quorum.

Audit and Risk Committee Attendance	Number of meetings eligible to attend	Number of meetings attended
Andrew Cox (Independent Chair)	4	4
Susan Barrera	4	4
Mick Buchan (to September 2023)	1	0
John Gelavis	4	3
Steve McCartney (from October 2023)	3	1

Board Remuneration

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

Position	Member	Type of remuneration	Period of membership	Term of appointment	Gross/actual remuneration
Chair	Susan Barrera	Board Payment	1 Jul 2023 to 30 Jun 2024	24 Sep 2026	\$41,383 #
Member	Jo Alilovic	Board Payment	1 Jul 2023 to 30 Jun 2024	24 Sep 2026	\$22,803 #
Member	Mick Buchan	Board Payment	1 Jul 2023 to 24 Sep 2023	Expired	\$5,136 *
Member	Chris Prast	Board Payment	25 Sep 2023 to 24 Jun 2024	Resigned	\$4,186 *
Member	John Gelavis	Board Payment	1 Jul 2023 to 30 Jun 2024	24 Sep 2024	\$22,423 # *
Member	Lisa Judge	Board Payment	1 Jul 2023 to 3 Nov 2023	Resigned	\$3,424 *
Member	Kari Pnacek	Board Payment	12 Feb 2024 to 30 Jun 2024	24 Sep 2024	\$7,901 *
Member	Steve McCartney	Board Payment	1 Jul 2023 to 30 Jun 2024	24 Sep 2026	\$20,544 *
Member	Kate Schick	Board Payment	1 Jul 2023 to 30 Jun 2024	24 Sep 2025	\$22,803 #
					\$150,603

Includes superannuation

* Remuneration paid directly to employer (excludes superannuation)

#* Payment arrangements changed whereby each scenario applied for part of the year.





Organisational Structure



VISION

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



MISSION

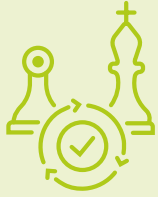
To provide financially sustainable portable long service leave for eligible Western Australian construction industry employees.



OBJECTIVES

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

- 2 To minimise the contribution rate payable by:-**
 - optimising the rate of return on investment funds having regard to risk; and
 - minimising the administrative cost.



STRATEGIC PLAN

The Strategic Plan 2024-27 includes 19 strategies within five key focus areas as follows:

My Service:

Customer focused and efficient organisation ensuring employees receive LSL benefits.

My Team:

Capable people that are engaged, resilient and results orientated.

My Systems:

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

My Investment:

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

My Oversight:

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



VALUES



Working together

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



Honesty & integrity

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



Excellence in service delivery

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

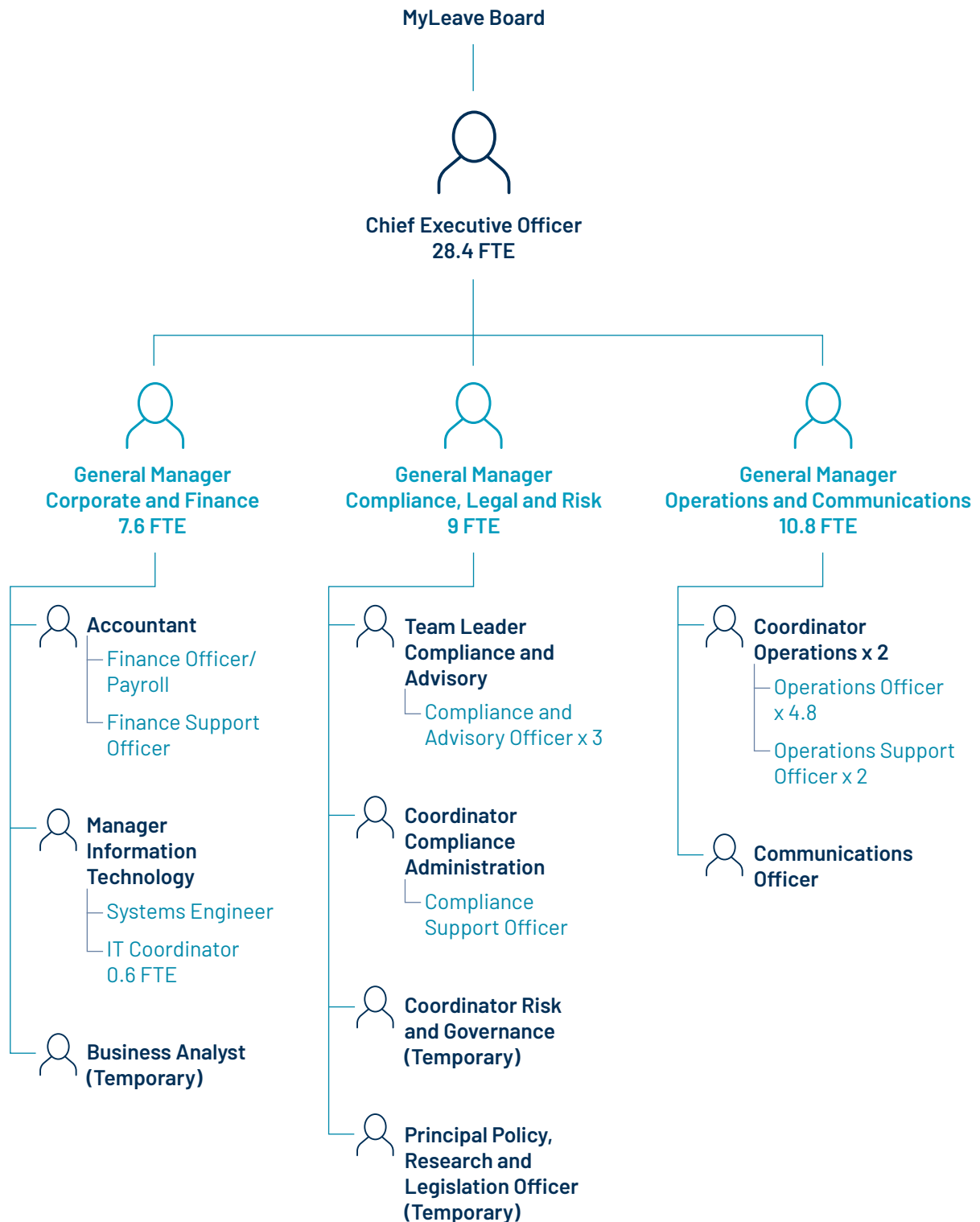


Consistency

Delivery of a consistent approach in terms of legislative requirements in our decision making processes.

Values

Organisation Chart



As at 30 June 2024, MyLeave's staffing level was 28.4 FTE.

SENIOR OFFICERS



Jason Buckley
Chief Executive Officer

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



James Dew
General Manager
Corporate and Finance

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



Brandon Shortland
General Manager
Compliance, Legal and Risk

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



Daniel Kelly
General Manager
Operations and Communications

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

Administered Legislation

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

Other Key Legislation Impacting on Activities

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

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

Auditor General Act 2006

Contaminated Sites Act 2003

Crime Corruption Commission Act 2003

Disability Services Act 1993

Electoral Act 1907

Equal Opportunity Act 1984

Financial Management Act 2006

Freedom of Information Act 1992

Fringe Benefits Tax Assessment Act 1986

Government Financial Responsibility Act 2000

Income Tax Assessment Act 1936 (Cth)

Income Tax Act 1986

Industrial Relations Act 1979

Library Board of Western Australia Act 1951

Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Payroll Tax Assessment Act 2002

Procurement Act 2020

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

State Records Act 2000

Statutory Corporations (Liability of Directors) Act 1996

Superannuation Guarantee (Administration) Act 1992

Taxation Administration Act 2003

Trustees Act 1962

Work Health and Safety Act 2020

Workers Compensation and Injury Management Act 2023

Performance Management Framework

Outcome Based Management Framework

Outcome

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

Key Effectiveness indicators

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

Service

Management of the Construction Industry Long Service Leave scheme

Key Efficiency Indicators

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

Changes to the Outcome Based Management Framework

The Board's Outcome Based Management Framework did not change during 2024.

Shared Responsibilities with Other Agencies

The Board did not share any responsibilities with other agencies in 2024.

Board Performance

Report on the Operations

Actual results versus budget targets

FINANCIAL TARGETS	2024 TARGET ⁽¹⁾ (\$000)	2024 ACTUAL (\$000)	VARIATION ⁽²⁾ (\$000)
Total cost of services (expense limit) (details from Statement of Comprehensive Income)	8,179	6,696	1,481 ^(a)
Net cost/(income) of services (details from Statement of Comprehensive Income)	(23,821)	(55,120)	31,299 ^(b)
Total equity (sourced from Statement of Financial Position)	184,588	141,641	(42,947) ^(c)
Agreed salary expense level	3,648	3,374	274
Agreed borrowing limit (where applicable)	-	-	-

(1) As specified in the Budget Statements.

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

- (a) This variation is primarily due to underspends in non-recurring expenses including CRM development costs, an Act review, development of a new records management system, employment benefit expenses and legal expenses.
- (b) The net cost of service was more income than estimated due to better than expected earnings on investments made on the Board's funds. The underlying portfolio performance was estimated at 5.5% and the actual is 10.4% due to strong domestic and international markets returns.
- (c) Total equity increased greater than anticipated due to the following factors:

	(\$000)
• Higher provision/value for long service leave liability than forecast	(43,199)
• Lower opening 1 July 2023 total equity than forecast	(39,309)
• Higher number/value of long service leave payments than forecast	(3,532)
• Higher investment income than forecast	29,664
• Higher contribution from employers than forecast	11,794
• Lower operating expenses than forecast	1,483
• Higher other income than forecast	152
Equity Variance	(42,947)

Summary of Key Performance Indicators

FINANCIAL TARGETS	2024 TARGET ⁽¹⁾	2024 ACTUAL	VARIATION ⁽²⁾
Outcome: Financially sustainable portable long service leave for eligible Western Australian construction industry employees.			
Key Effectiveness Indicators:			
(i) Eligible employers who have registered with the Board.	5,368	5,545	177
(ii) Eligible and registered construction industry employees for whom contributions have been made (average per quarter).	76,881	79,804	2,923
(iii) Eligible employers long service leave contribution rate.	0.1%	0.3%	0.2%
(iv) Annual return derived from the Board's investments.	5.50%	10.38%	4.88%
(v) Construction industry employees who have received a long service leave payment.	5,037	4,864	(173)
(vi) Qualifying service profile of construction industry employees for whom contributions have been made: - Total number of employees qualified for a long service leave benefit.	21,255	21,262	7
Service: Management of the Construction Industry Long Service Leave scheme.			
Key Efficiency Indicators:			
(i) Average administrative cost per registered construction industry employee.	\$60.09 p.a.	\$49.35 p.a.	(\$10.74 p.a.)
(ii) Full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.31	0.20	(0.11)

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

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

Significant Issues Impacting the Board

Current and Emerging Issues and Trends

The key trend for MyLeave to monitor is the activity in the Western Australian construction industry. As detailed under the 'Year in Review' section, the quarterly worker data submitted by employers indicates there has been an increase of 8.5% in workers receiving contributions.

Western Australia has seen a strong population growth with robust economic growth as a result. The return of overseas migration has offered a boost to already strong economic activity for Perth. Mining and construction trades workers are in high demand, due to the strength of the mining sector and a relatively more robust construction industry. Vacancies for construction trades workers increased with more than double (+124.2%) more job vacancies for trade workers than in December 2019. Housing commencements are expected to increase in future years after being subdued under the weight of higher interest rates, supply constraints, and labour shortages with commencements increasing to 20,890 by 2024/2025.¹

HOUSING STARTS			
	Year	Number	Change (%)
Actual	2019/2020	13,570	(12%)
	2020/2021	23,450	73%
	2021/2022	20,930	(11%)
	2022/2023	14,850	(29%)
Forecast	2023/2024	15,540	5%
	2024/2025	18,940	22%
	2025/2026	20,980	11%

¹ HIA State Outlook (Western Australia) - Winter Edition 2024

The Australian Construction Industry Forecasting Council (“ACIF”) has published the following historical Actual results and detailed forecasts for the value of construction in Western Australia as at May 2024². Total building and construction activity increase by 7.2% in 2022/23 to \$36.7 billion. This was driven by a significant increase in engineering construction (11.4% increase). Non-residential building grew by 9.8% in 2022/2023, from \$4.6 billion to \$5.1 billion.

Building and construction activity is expected to increase and then maintained in future years. The activity will be founded on strong growth in engineering construction and supported by sustained activity in non-residential building. Total activity is expected to increase by 17.9% to \$43.3 billion in 2023/2024.

VALUE OF CONSTRUCTION IN WESTERN AUSTRALIA ACTUAL VALUE (\$MILLION)					
	2018-19	2019-20	2020-21	2021-22	2022-23
Residential building	10,638	9,242	9,520	9,673	9,407
Non-Residential building	4,053	4,240	3,845	4,608	5,062
Engineering construction	18,107	18,785	21,370	19,940	22,218
Total construction	32,798	32,267	34,734	34,222	36,686

VALUE OF CONSTRUCTION IN WESTERN AUSTRALIA FORECAST VALUE (\$MILLION)					
	2023-24	2024-25	2025-26	2026-27	2027-28
Residential building	9,664	9,218	9,036	9,115	9,310
Non-Residential building	5,637	5,641	5,377	5,174	5,047
Engineering construction	27,968	28,466	28,746	28,663	28,553
Total construction	43,270	43,325	43,160	42,952	42,909

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

- 1) Contribution levy from employers can remain lower than the long term cost subject to achieving the target funding level

The returns on investment portfolio, at the average long term return, has the potential to meet the annual long service leave payments to workers as well as meeting MyLeave’s operational expenses. The positive investment returns this year will assist in achieving a contribution rate lower than MyLeave’s long term cost. However, the upwards movement in the long service liability due to increased worker wages and numbers, and recognition of remediation provisions will put pressure on the Board being able to maintain the contribution levy lower than the long term cost. Low contribution income from employers could be a financial risk if liabilities continue to increase at the rate recently experienced. If there is a lower contribution levy, the risk of default from employers is reduced.

- 2) Wage inflation and increase in construction workers increasing long service leave liabilities

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

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

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

2 Australian Construction Market Report - May 2024 Table 10.38

4) Increasing annual number of payments to workers

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

The Board has undertaken a review of the statutory interpretations of 'ordinary pay' which may affect contributions made by some employers and entitlements for some workers. Provisions have been made in the long service liability in the financial statements for both remediation of past payments (\$20 million) and account for an increase in future payments (\$12.9 million).

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

Economic and Social Trends

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

Changes in Written Law

There were no changes in any written law that affect the Board during the financial year.

Likely Developments and Forecast Results of Operations

Nil



Other Statutory Information

Ministerial Directions

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Capital Works

No capital projects were completed during 2023/2024. However, expenses of \$1,042,000 have been incurred for an IT transformation project to replace core systems. Although a non-recurrent expenditure, this amount is not regarded as capital due to the application of accounting standards.

Employment and Industrial Relations

Employees are employed under the provisions of the *Government Officers' Salaries, Allowances and Conditions Award 1989* and the *Public Sector CSA Agreement 2022*. Staffing arrangements at 30 June 2024 compared with previous years is listed in the table below.

STAFF PROFILE	2024	2023
Full time permanent	23.0	22.0
Full time contract	3.0	4.0
Part time measured on a FTE basis	1.4	1.2
On secondment	Nil	Nil
Total	27.4	27.2

Staff Development

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

Workers Compensation

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

Governance Disclosures

Contracts with Senior Officers

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

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. The amount of the insurance paid for 2023/2024 was \$23,077 (ex GST).

Other Legal Requirements

Unauthorised Use of Credit Cards

Officers of the Board hold corporate credit cards where their functions warrant usage of this facility. Each cardholder is reminded of their obligations under the Board's credit card policy.

In the 2023/2024 financial year one employee inadvertently used the corporate credit card for travel totaling \$39 whilst not in an official capacity. The matter was settled the next working day. The nature of the expenditure was immaterial and characteristic of an honest mistake.

Advertising, market research, polling, and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the Board incurred the following expenditure in advertising, market research, polling, direct mail, and media advertising. Total expenditure for 2022/2023 was \$100,970 (ex GST).

Expenditure was incurred in the following areas.

EXPENDITURE	ORGANISATION	AMOUNT (\$)	TOTAL (\$)
Direct mail	Zipform ⁽¹⁾	\$94,672	\$94,672
Media advertising	Housing Industry Association	\$4,364	\$11,790
	Branch Media	\$3,990	
	Ark Media	\$2,736	
	Dowd Publications	\$700	
Recruitment advertising	Seek	\$1,530	\$1,530
Total			\$107,992

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

Compliance with Public Sector Standards & Ethical Codes

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

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

Recordkeeping Plan

(*State Records Act 2000*, Section 61)

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

National Strategic Plan for Asbestos Awareness and Management 2019-2023

The Board leases premises for its business operations. The property owner engaged an external consultant to review existing hazardous material management documentation and conduct a site audit to then provide hazardous material management documentation that meets the requirements of the *Work Health and Safety (WHS) Act 2020*. The most recent audit and report was completed in June 2023. This report noted low risk 'presumed asbestos' material in areas not accessible by staff or visitors to the Board's premises. Due to the low risk posed, the report recommends another review up to the five year review period in June 2028. The property manager is the nominated custodian of the hazardous material management plan and register.



Occupational Safety, Health and Injury Management

The Board has developed an Occupational Safety and Health Manual which contains policies and procedures for all workplace related health and safety matters. The Board places high priority on the well-being and safety of its staff and confirms compliance with injury management requirements of the *Workers' Compensation and Injury Management Act 2023* (including a formal return to work plan). The reportable statistics for the year are:

REPORTABLE STATISTICS				
	Results – Base Year (2021/22)	Results – Prior Year (2022/23)	Results – Current reporting year (2023/24)	Target
Number of fatalities	Zero	Zero	Zero	Zero
Lost time injury and disease (LTI/D) incidence rate*	Zero	Zero	Zero	Zero (0) or 10% improvement on the previous three (3) years
Lost time injury and disease (LTI/D) severity rate*	Zero	Zero	Zero	Zero (0) or 10% improvement on the previous three (3) years
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks	Not applicable	Not applicable	Not applicable	Greater than or equal to 80% return to work within 26 weeks
Percentage of managers and supervisors trained in work health and safety injury management responsibilities	Zero	Zero	90%	Greater than or equal to 80%

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

Disability Access and Inclusion

(Disability Services Act 1993, Section 2)

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

Corruption Prevention

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

Public Interest Disclosure

(Public Interest Disclosure Act 2003)

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

WA Multicultural Policy Framework

A multicultural plan for the 2023/2024 financial year has not been submitted and is to be developed. In the December 2023 quarterly entity profile, the Board had 9 staff who advised they are from culturally and linguistically diverse backgrounds representing 33.3% of the workforce and exceeding the public sector target of 15.5%.

Substantive Equality

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

Workplace Inclusiveness

MyLeave is committed to a diverse and inclusive workplace. Research shows agencies that value diversity and inclusion achieve greater staff satisfaction, better customer service outcomes, and improved decision making and performance. The workforce is more connected, motivated and productive.

As part of the most recent WA Public Sector Census, our staff were asked about their diversity, whether they had shared this with our agency and, if not, the reason for not sharing. The confidence of staff to give voice to their identities, workplace experiences and concerns is an indication of the level of workplace trust, psychological safety and inclusion. Our results showed that a majority of staff shared their diversity information. However, a detailed breakdown of diversity groups was not made available to MyLeave as the census population was too small and there were risks of identifying individual responses.

Accordingly, in the absence of detailed census insights, we were unable to identify specific actions for the agency to undertake. However, we aspire to improve diversity and inclusion through initiatives outlined in our Equal Employment Opportunity (EEO) Management Plan, which includes amongst other things:

- continuing to socialise our Code of Conduct and Anti-Bullying, Harassment and Discrimination Policy amongst our staff
- implementing our psychosocial wellbeing strategy and roadmap
- developing a Workforce Plan which incorporates suitable diversity strategies, desired outcomes and targets
- creating opportunities that result in pathways for high school age leavers to enter the workforce.

Freedom of Information

(Freedom of Information Act 1992)

There were no Freedom of Information applications received for 2023/2024 financial year.

Information Enquiries

Requests for access to documents should be made, in the first instance, to the Board's public counter at Level 3, 50 Colin Street West Perth. Often material may be made available without the need to formalise a request under Freedom of Information. A formal FOI application is required to access documents that are not available as part of the normal course of business.

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

FOI Coordinator
MyLeave
PO Box 1333
West Perth WA 6872
Telephone: (08) 9476 5400
Email: hi@myleave.wa.gov.au

Internal audit

In compliance with Section 53(1)(d) of the *Financial Management Act 2006* and *Treasurer's Instruction 1201*, the Board has established an internal audit function to improve governance, risk management and internal controls. The role of the internal audit is contained in the Audit and Risk Committee Charter as endorsed by the Audit and Risk Committee and approved by the Board. To comply with revised *Treasurer's Instruction 1201(3)*, the Committee is independently chaired by a suitably qualified person who is not employed by MyLeave.

Government Policy Requirements

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

Annual Estimates

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

The Minister for Industrial Relations, Hon Simone McGurk MLA, approved the following Budget Estimates for the 2024/2025 financial year on 6 March 2024 under section 40 of the *Financial Management Act 2006*.

STATEMENT OF COMPREHENSIVE INCOME	ESTIMATE \$000
INCOME	
Investment income	33,000
TOTAL INCOME	33,000
EXPENSES	
Employee benefits expense	(5,322)
Supplies and services	(1,695)
Depreciation and amortisation expense	(354)
Finance costs	(84)
Accommodation expenses	(216)
Other expenses	(447)
Non-recurring project expenses	(1,150)
TOTAL EXPENSES	(9,268)
NET RESULT FROM OPERATING ACTIVITIES	23,732
NET CHANGE IN ACCRUED LSL LIABILITIES	
Contribution income from employers	24,000
Long service leave payments	(49,000)
(Increase)/decrease in provision	(18,700)
NET CHANGE IN ACCRUED LSL LIABILITIES	(43,700)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(19,968)

Annual Estimates continued

STATEMENT OF FINANCIAL POSITION	ESTIMATE \$000
ASSETS	
Current Assets	
Cash and cash equivalents	86,434
Receivables	486
Other current assets	6,300
Financial assets	527,055
Total Current Assets	620,275
Non-Current Assets	
Property, plant and equipment	148
Right-of-use assets (leased assets)	1,023
Total Non-Current Assets	1,171
TOTAL ASSETS	621,447
LIABILITIES	
Current Liabilities	
Accrued long service leave benefits liabilities	367,132
Payables	1,119
Lease liabilities	325
Employee related provisions	489
Total Current Liabilities	369,065
Non-Current Liabilities	
Accrued long service leave benefits liabilities	128,131
Lease liabilities	941
Employee related provisions	271
Total Non-Current Liabilities	129,343
TOTAL LIABILITIES	498,408
NET ASSETS	123,039
EQUITY	
Operating profit/(loss)	(19,968)
Retained earnings	143,007
TOTAL EQUITY	123,039

Annual Estimates continued

STATEMENT OF CASH FLOWS	ESTIMATE \$000
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Receipts from employers	23,700
Interest received	3,000
GST receipts from taxation authority	166
Payments	
Employee benefits	(5,322)
Supplies and services	(2,776)
Finance costs	(22)
Accommodation	(216)
Payments for long service leave	(49,000)
GST payments on purchases	(219)
Other payments	(447)
Net cash provided by/(used in) operating activities	(31,136)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Proceeds from sale of investments	36,763
Distributions received	15,000
Payments	
Purchase of financial assets	(16,000)
Purchase of non-current assets	(100)
Net cash provided by/(used in) investing activities	35,663
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal elements of lease payments	(331)
Net cash provided by/(used in) financing activities	(331)
Net increase/(decrease) in cash and cash equivalents	4,196
Cash and cash equivalents at the beginning of the period	82,238
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	86,434



Financial Statements and Key Performance Indicators

2023-24

myleave.wa.gov.au



Contents

The Board has pleasure in presenting its audited general purpose financial statements for the reporting period ended 30 June 2024 which provides users with information about the Board's stewardship of resources entrusted to it. The financial information is presented in the following structure:

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Disclosures and Legal Compliance

Certification of financial statements

For the reporting period ended 30 June 2024

The accompanying financial statements of the Construction Industry Long Service Leave Payments Board have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



Susan Barrera
Chair | MyLeave

23 August 2024



John Gelavis
Member of the Board | MyLeave

23 August 2024



James Dew
Chief Finance Officer | MyLeave

23 August 2024

Statement of Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 (\$000)	2023 (\$000)
INCOME			
Investment income	2.1; 2.2; 2.3	61,664	52,250
Other income	2.4	152	25
TOTAL INCOME		61,816	52,275
EXPENSES			
Current Liabilities			
Employee benefits expenses	3.1(a)	3,374	3,147
Supplies and services	3.2	2,615	2,235
Depreciation and amortisation expenses	4.1; 4.2	203	202
Finance costs	6.3	78	82
Accommodation expenses	3.2	162	132
Other expenses	3.2	264	629
TOTAL EXPENSES		6,696	6,427
NET RESULT FROM OPERATING ACTIVITIES		55,120	45,848
Net change in accrued LSL liabilities	5.3	(76,837)	(99,774)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(21,717)	(53,926)

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

Statement of Financial Position

As at 30 June 2024

	Notes	2024 (\$'000)	2023 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	6.4	83,020	27,468
Receivables	5.1	611	203
Other current assets	5.2	6,823	1,515
Financial assets	6.1	545,448	580,264
Total Current Assets		635,902	609,450
Non-Current Assets			
Property, plant and equipment	4.1	105	142
Right-of-use assets	4.2	250	1,167
Total Non-Current Assets		355	1,309
TOTAL ASSETS		636,257	610,759
LIABILITIES			
Current Liabilities			
Accrued long service leave benefits liabilities	5.3	331,062	329,623
Payables	5.4	647	578
Lease liabilities	6.2	223	177
Employee related provisions	3.1(b)	517	450
Total Current Liabilities		332,449	330,828
Non-Current Liabilities			
Accrued long service leave benefits liabilities	5.3	161,700	115,040
Lease liabilities	6.2	154	1,262
Employee related provisions	3.1(b)	313	271
Total Non-Current Liabilities		162,167	116,573
TOTAL LIABILITIES		494,616	447,401
NET ASSETS		141,641	163,358
EQUITY			
Retained earnings		141,641	163,358
TOTAL EQUITY		141,641	163,358

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

Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Total equity (\$000)
Balance at 1 July 2022		217,284
Net result from operating activities		(53,926)
Total comprehensive income for the period		(53,926)
Balance at 30 June 2023		163,358
Balance at 1 July 2023		163,358
Net result from operating activities		(21,717)
Total comprehensive income for the period		(21,717)
Balance at 30 June 2024		141,641

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2024

Notes	2024 (\$000)	2023 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from employers	10,759	5,159
Interest received	2,349	371
GST receipts from taxation authority	148	116
Payments		
Employee benefits	(3,264)	(3,013)
Supplies and services	(2,467)	(2,049)
Finance costs	(16)	(13)
Accommodation	(162)	(132)
Payments for long service leave	(44,532)	(39,834)
GST payments on purchases	(282)	(250)
Other payments	(408)	(394)
Net cash provided by/(used in) operating activities	(37,875)	(40,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Proceeds from sale of investments	192,403	118,043
Distributions received	19,454	26,151
Payments		
Purchase of financial assets	(118,194)	(79,331)
Purchase of non-current assets	-	(59)
Net cash provided by/(used in) investing activities	93,663	64,804
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal elements of lease payments	(236)	(230)
Net cash provided by/(used in) financing activities	(236)	(230)
Net increase/(decrease) in cash and cash equivalents	55,552	24,535
Cash and cash equivalents at the beginning of the period	27,468	2,933
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	83,020	27,468
6.4		

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

Notes to the financial statements

For the year ended 30 June 2024

1. Basis of preparation

A description of the nature of the Construction Industry Long Service Leave Payments Board's ("the Board") operations and its principal activities has been included in the **'Overview'** which does not form part of these financial statements. These annual financial statements were authorised for issue by the Board in its capacity as the Accountable Authority on 23 August 2023.

Statement of compliance

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by Treasurer's instructions. Several of these are modified by Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

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

Accounting for Goods and Services Tax (GST)

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

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

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

Comparative information

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

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

Judgements and estimates

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

2. Our funding sources

How we obtain our funding

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

	Notes	2024 (\$000)	2023 (\$000)
Investment revenue	2.1	20,375	17,480
Analysis of gains/(losses) from investments	2.2	38,471	34,229
Interest revenue	2.3	2,818	541
Other income	2.4	152	25

Contribution income from employers is disclosed in note 5.3.

2.1 Investment revenue

	2024 (\$000)	2023 (\$000)
Distributions from managed funds	20,375	17,480
	20,375	17,480

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

2.2 Analysis of gains/(losses) from investments

	2024 (\$000)	2023 (\$000)
Investments realised during the period		
Securities in listed entities	6,431	7,643
Total realised gains/(losses)	6,431	7,643
Investments held at reporting date		
Fixed interest securities	2,105	1,387
Securities in listed entities	29,935	25,199
Total unrealised gains/(losses)	32,040	26,586
Net gains/(losses) from investments	38,471	34,229

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

2.3 Interest revenue

	2024 (\$000)	2023 (\$000)
Bank account, cash investments and term deposits interest	2,818	541
Total interest revenue	2,818	541

Interest revenue is recognised as the interest accrues.

2.4 Other income

	2024 (\$000)	2023 (\$000)
Penalties awarded by WAIRC	16	-
Right-of-use asset and liability remeasurement	136	-
Resources received free of charge	-	25
Total other income	152	25

Penalties awarded by WAIRC for successful prosecutions are recognised when the Board becomes entitled to receive the funds.

The right-of-use asset and liability for MyLeave's office accommodation lease was remeasured as at 30 June 2024 as it was no longer probable that the agency would exercise the option to extend the lease agreement beyond the initial term ending in February 2026. The balance of the remeasurement is recognised as other income. Refer to notes 4.3 'Right-of-use assets' and 6.2 'Lease liabilities' respectively.

Resources received free of charge are recognised as income equivalent to the fair value of assets received, or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

3. Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2024 (\$000)	2023 (\$000)
Employee benefits expenses	3.1(a)	3,374	3,147
Employee related provisions	3.1(b)	830	721
Other expenditure	3.2	3,041	2,996

Notes to the financial statements (continued)

For the year ended 30 June 2024

3.1(a) Employee benefits expenses

	2024 (\$000)	2023 (\$000)
Employee benefits	3,034	2,846
Superannuation – defined contribution plans	340	301
Total employee benefits provided	3,374	3,147

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

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

3.1(b) Employee related provisions

	2024 (\$000)	2023 (\$000)
Current		
Employee benefits provisions		
Annual leave	316	278
Long service leave	174	149
	490	427
Other provisions		
Employment on-costs	27	23
Total current employee related provisions	517	450
Non-current		
Employee benefits provisions		
Long service leave	297	257
	297	257
Other provisions		
Employment on-costs	16	14
Total non-current employee related provisions	313	271
Total employee related provisions	830	721

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

3.1(b) Employee related provisions (continued)

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

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

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

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

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

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

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

Employment on-costs provision

	2024 (\$000)	2023 (\$000)
Carrying amount at start of period	37	24
Additional/(reversals of) provisions recognised	6	13
Carrying amount at end of period	43	37

Key sources of estimation uncertainty – long service leave

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

3.2 Other expenditure

	2024 (\$000)	2023 (\$000)
Supplies and services		
Communications	189	149
Consultants and contractors	1,926	1,669
Consumables	357	324
Other supplies and services expenses	143	93
Total supplies and services expenses	2,615	2,235
Accommodation expenses		
Lease rentals	120	113
Repairs, maintenance and accommodation improvements	36	9
Light and power	6	10
Total accommodation expenses	162	132
Other expenses		
Board members' fees	151	163
Audit & Risk Committee fees	6	5
Payroll related expenses	176	153
Employment on-costs	19	25
Expected credit loss expense	(144)	232
Insurances	50	44
Motor vehicle expenses	6	7
Total other expenses	264	629
Total other expenditure	3,041	2,996

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

Consultants and contractors expenses includes \$1,042,000 (2023: \$1,028,000) relating to development costs for a new Customer Relationship Management (CRM) system. These costs were expensed (rather than capitalised as a work-in-progress Intangible Asset) in accordance with guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) in April 2021.

Lease rental expenses include:

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

3.2 Other expenditure (continued)

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

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

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

Payroll related expenses includes payroll tax and payroll preparation costs.

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

4. Key assets

Assets the Board utilises for economic benefit or service potential

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

	Notes	2024 (\$000)	2023 (\$000)
Property, plant and equipment	4.1	105	142
Right-of-use assets	4.2	250	1,167

4.1 Property, plant and equipment

Year ended 30 June 2024

	Furniture and fittings (\$000)	Leasehold improvements (\$000)	Office equipment (\$000)	Total (\$000)
1 July 2023				
Gross carrying amount	284	206	359	849
Accumulated depreciation	(190)	(206)	(311)	(707)
Carrying amount at start of period	94	-	48	142
Depreciation	(17)	-	(20)	(37)
Carrying amount at 30 June 2024	77	-	28	105

Reconciliation

Gross carrying amount	284	206	359	849
Accumulated depreciation	(207)	(206)	(331)	(744)
Carrying amount at 30 June 2024	77	-	28	105

Notes to the financial statements (continued)

For the year ended 30 June 2024

4.1 Property, plant and equipment (continued)

Initial recognition

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

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

Subsequent measurement

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

Useful lives

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

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

ASSET	USEFUL LIFE: YEARS
Leasehold improvements	5 years
Furniture and fittings	10 years
Office equipment	3 to 5 years

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

Impairment

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

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

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

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

As at 30 June 2024, there were no indications of impairment to property, plant and equipment.

Notes to the financial statements (continued)

For the year ended 30 June 2024

4.2 Right-of-use assets

Year ended 30 June 2024	Office Accommodation (\$000)	Motor Vehicles (\$000)	IT Equipment (\$000)	Total (\$000)
Carrying amount at beginning of period	1,134	14	19	1,167
Remeasurement adjustment	(751)	-	-	(751)
Depreciation	(148)	(8)	(10)	(166)
Net carrying amount as at end of period	235	6	9	250

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

The office accommodation lease is a non-cancellable lease with a ten-year term and a further five-year option to extend, with rent payable monthly in advance. Contingent rent provisions within the lease agreement requires that the rent is increased by 3.5% p.a. except at the end of the fifth year when the rent will be reviewed up or down to market value. A rent review was undertaken as at 1 March 2021 and the rent was adjusted down to current market value. The lease agreement provides for the rent to be increased by 3.5% p.a. for years six to ten. The carrying amount was remeasured and adjusted as at 30 June 2024 as it was no longer probable that the agency would exercise the option to extend the lease agreement beyond the initial term ending in February 2026. The balance of the remeasurement, after adjusting the corresponding lease liability, is recognised as other income (refer to note 2.4).

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

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

Initial recognition

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

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

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

The Board has elected not to recognise right-of-use assets and lease liabilities for short term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Board at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.

Notes to the financial statements (continued)

For the year ended 30 June 2024

5. Other assets and liabilities

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

	Notes	2024 (\$000)	2023 (\$000)
Receivables	5.1	611	203
Other assets	5.2	6,823	1,515
Accrued long service leave benefits liabilities	5.3	492,762	444,663
Payables	5.4	647	578

5.1 Receivables

	2024 (\$000)	2023 (\$000)
Current		
Employer debtors	634	513
Allowance for impairment of employer debtors	(127)	(326)
Other debtors	104	16
Total receivables	611	203

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

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

5.2 Other assets

	2024 (\$000)	2023 (\$000)
Current		
Accrued contributions	5,984	1,045
Prepayments	370	300
Accrued term deposit interest	469	170
Balance at end of period	6,823	1,515

Accrued contributions: contributions from employers are due at the end of each 3-month period. Consequently, contributions due in respect of the quarterly period to 30 June 2024 have been accrued.

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

5.3 Accrued long service leave benefits liability

	2024 (\$000)	2023 (\$000)
Opening balance	444,663	379,197
Increase/(decrease) in provision	48,099	65,466
Balance at end of period	492,762	444,663
Contribution income from employers	15,794	5,526
Long service leave payments	(44,532)	(39,834)
Net change in accrued LSL liabilities	43,888	99,774
Provision for retrospective application of statutory interpretations	20,000	-
Provision for prospective application of statutory interpretations	12,949	-
Increase/(decrease) in provision	48,099	65,466
The liability is allocated as follows:		
Current		
Accrued long service leave benefits liability	302,542	329,623
Provision for retrospective application of statutory interpretations	20,000	-
Provision for prospective application of statutory interpretations	8,520	-
Current sub-total	331,062	329,623
Non-current		
Accrued long service leave benefits liability	157,271	115,040
Provision for prospective application of statutory interpretations	4,429	-
Non-current sub-total	161,700	115,040
Total accrued long service leave benefits liability	492,762	444,663

Accrued Long Service Leave Benefit Liabilities

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

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

The Board engaged a qualified actuary (an actuaries) to measure the accrued long service leave benefit liabilities. The liability for accounting and financial reporting purposes is measured in accordance with *AASB 119 Employee Benefits* and Practice Guideline 3 of the Institute of Actuaries Australia "Actuarial Practice in Relation to AASB 119 Employee Benefits".

The actuarial valuation of long service leave benefit liabilities reflects the actuary's assessment of the benefits accrued up to the reporting date and payable to registered workers. The expected future payments are discounted based on assessments of the Commonwealth bond rate at an appropriate period. The selected discount instrument is aligned with *AASB 119* paragraph Aus83.1 which notes that in respect of not-for-profit public sector entities, benefit obligations denominated in Australian currency shall be discounted using market yields on government bonds. The duration of the selected discount instrument is (generally) similar to the vesting period for a long service leave entitlement. The liability is calculated by the actuary using an actuarial valuation method that takes into account a range of assumptions.

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

5.3 Accrued long service leave benefits liability (continued)

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

2024					2023		
Rate of workers' future pay increases *	6.0% for one year, 5.0% per annum thereafter. Apprentices further subject to minimum rates for award fee apprentices published by DEMIRS				5.0% per annum		
Discount rate	Forward rates implied by government bond yields. Weighted average rate of 4.6% per annum based on the discounted mean term of liabilities of 9.0 years				4.0% as quoted by the government bond rate for a 7.4 year term		
Years Since Registration	Termination Rate		Participation Rate		Credited Years of Service	Termination Rate	Participation Rate
	Workers	Apprentices	Workers	Apprentices			
Less than 1	7.4%	4.4%	50.0%	100%	Less than 1	26%	44%
1	29.2%	7.8%	25.0%	100%	1	18%	44%
2	34.0%	13.4%	26.0%	100%	2	16%	44%
3	22.0%	22.1%	37.0%	100%	3	16%	44%
4	18.8%	34.1%	50.0%	50.0%	4	15%	44%
5	16.4%	48.6%	60.0%	60.0%	5	8%	44%
6	14.5%	17.4%	65.0%	65.0%	6	6%	44%
7	13.0%	13.0%	67.5%	67.5%	7	8%	44%
8	11.8%	11.8%	70.0%	70.0%	8	8%	44%
9	10.8%	10.8%	75.0%	75.0%	9	9%	44%
10	9.9%	9.9%	80.0%	80.0%	10	8%	44%
11	9.2%	9.2%	80.0%	80.0%	11	7%	44%
12	8.5%	8.5%	80.0%	80.0%	12	8%	44%
13	7.9%	7.9%	80.0%	80.0%	13	5%	44%
14	7.5%	7.5%	80.0%	80.0%	14	6%	44%
15 to 29	7.0%	7.0%	80.0%	80.0%	15 to 29	26%	44%
30 or more	6.6%	6.6%	80.0%	80.0%	30 or more	100%	44%

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

5.3 Accrued long service leave benefits liability (continued)

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

Assumption	Reporting period	Assumed at reporting date	Reasonably possible change	Increase/(Decrease) in accrued long service leave benefit liabilities \$'000
Discount rate	2024:	4.6%	+1.0% / -1.0%	(36,140) / 43,229
	2023:	4.0%	+0.5% / -0.5%	(13,934) / 14,781
Pay inflation	2024:	6.0% in FY25, 5.0% pa thereafter	+1.0% / -1.0%	42,494 / (36,218)
	2023:	5.0%	1.0% / 0% pa in the first year and -1% pa thereafter	29,968 / (23,397)
Participation rate	2024:	Various depending on years since registration & classification	+5.0% / -5.0%	2,319 / (2,393)
	2023:	44%	+10.0% / -10.0%	17,765 / (18,230)
Termination rate	2024:	Various depending on years since registration & classification	-5.0% / +5.0% (remaining in Scheme)	(28,062) / 32,138
	2023:	Various depending on credited years of service	+10.0% / -10.0%	(65,456) / 119,700

Given the change in approach between actuaries, the comparison between years is not directly comparable. The previous actuary undertook their assessment using aggregate data, summarised by credited years of service. Conversely, an actuaries approach examined experience at the worker level over time (years since registration) and amongst other things considered participation, exit, de-registration and re-registration experience for different cohorts of workers. Additionally, an actuaries detailed approach treated apprentices differently when compared to other workers, whereas the previous actuary's aggregate approach did not.

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

Accordingly, the Board and the Board's actuary continue to monitor the funding position on a regular basis and the Board takes information into account annually when setting the contribution levy. Given the accounting ratio (total assets divided by total liabilities) is currently within the target range of 110% to 130% at 129%, the actuary does not have any reason to believe that the Board will not continue to meet funding commitments in the short term. However, scenario testing shows that the Board's long term funding position is sensitive to changes in investment returns, discount rates, pay inflation and termination rates, with the outlook for each being uncertain. As indicated above, the Board has the ability to adjust the contribution levy to accommodate investment return fluctuations.

The actuary stated that the Board had a positive funding position as at 30 June 2024 (2023: positive funding position) measured by the coverage of benefits by assets.

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

5.3 Accrued long service leave benefits liability (continued)

Vested Benefits

Vested benefits are benefits which are not conditional upon continued participation of registered workers and include benefits where registered workers were entitled to a long service leave claim at the reporting date. An unconditional entitlement exists once registered workers have completed the requisite period of service, equal to 1,540 service days (equivalent to 7 years of accumulated employment). The face value of vested benefits attributable to registered workers at 30 June 2024, before allowance for inflation and discounting, is \$289,443,000 (2023: \$267,814,000).

Contributions from Employers

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

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

Provision for Revised Application of Statutory Interpretations

The Board has undertaken a review of some statutory interpretations, and this will impact contributions made by employers and entitlements for workers.

The Board has engaged external consultants to model the retrospective financial impact of the change in statutory interpretations, particularly in relation to the entitlements for workers. A provision equal to \$20 million (rounded to the nearest \$1 million) has been recognised in the current accrued long service leave benefits liability as an estimate for potential retrospective application of statutory interpretations.

When measuring the accrued long service leave benefits liability as at 30 June 2024, the actuary has also considered prospective financial impacts relating to the revised application of statutory interpretations. The modelling undertaken by the external consultant for the retrospective financial impact was used by the actuary in their assessment. Accordingly, a provision equal to \$12.9 million has been recognised in the current and non-current accrued long service leave benefits liability as an estimate for prospective application of statutory interpretations.

Although assumptions have been made in conformity with what is believed to be the likely future experience of the revised application of statutory interpretations, the experience may differ from the estimates. Such variances are to be expected when determining an estimate for future liabilities.

5.4 Payables

Current

	2024 (\$000)	2023 (\$000)
Trade payables	341	393
PAYG payable to ATO	-	-
Accrued salaries and superannuation	90	89
Accrued expenses	216	96
Balance at end of period	647	578

Payables are recognised at the amounts payable when the Board becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 20 days.

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

6. Financing

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

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

6.1 Financial assets

	2024 (\$000)	2023 (\$000)
At valuation		
1. First Rate Cash	12,667	-
2. First Sentier Wholesale Strategic Cash	47,785	81,676
3. Western Asset Australian Bond Fund	22,372	-
4. PIMCO Wholesale Global Bond Fund	23,037	26,186
5. Macquarie Income Opportunity Fund	23,145	27,517
6. UBS Wholesale Diversified Fixed Income Fund	23,020	26,069
7. Pental Fixed Interest	-	26,974
8. Vanguard Australian Shares Index Fund	114,787	100,444
9. Core Equity Portfolio	56,802	78,002
10. Celeste Australian Smaller Companies Fund	18,399	19,909
11. Vanguard International Share Index Fund (Hedged)	54,027	54,789
12. Vanguard International Share Index Fund	124,966	70,982
13. MFS Global Equity Fund (Unhedged)	5,199	22,749
14. Macquarie Wholesale Global Listed Real Estate Fund	6,254	17,423
15. ClearBridge RARE Infrastructure Value Fund (Hedged)	6,134	21,613
	538,594	574,333
Accrued distributions	6,854	5,931
Total financial assets	545,448	580,264

Notes to the financial statements (continued)

For the year ended 30 June 2024

6.1 Financial assets (continued)

Investments and other financial assets

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

Financial assets at fair value through profit and loss comprises principally marketable units and shares in managed investment funds.

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

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

During the reporting period, \$75 million in financial assets were sold and the funds were re-invested into term deposits. The term deposits have maturities of 3 months and accordingly, these funds are now classified as 'cash and cash equivalents' in the balance sheet (refer to note 6.4).

6.2 Lease liabilities

	2024 (\$000)	2023 (\$000)
Not later than one year	223	177
Later than one year and not later than five years	154	899
Later than five years	-	363
	377	1,439
Current	223	177
Non-current	154	1,262
	377	1,439

Initial measurement

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

6.2 Lease liabilities continued

Initial measurement continued

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

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

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

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

Subsequent measurement

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

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

The right-of-use asset and liability for MyLeave's office accommodation lease was remeasured as at 30 June 2024 as it was no longer probable that the agency would exercise the option to extend the lease agreement beyond the initial term ending in February 2026. The balance of the remeasurement adjustment is recognised as other income (refer to note 2.4).

	2024 (\$000)	2023 (\$000)
Lease expenses recognised in the Statement of Comprehensive Income		
Lease interest expense	61	69
Total lease expense	61	69

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

6.3 Finance costs

	2024 (\$000)	2023 (\$000)
Finance costs		
Interest expense on lease liabilities	61	69
Bank fees	17	13
Finance costs expensed	78	82

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

6.4 Cash and cash equivalents

	2024 (\$000)	2023 (\$000)
Cash and cash equivalents	83,020	27,468
Balance at end of period	83,020	27,468

Cash and cash equivalents

	2024 (\$000)	2023 (\$000)
Current		
Bankwest Cash Accounts	32	2,012
Commonwealth Bank Cash Accounts	6,449	-
First Wrap Plus Cash Account	95	139
Term Deposits (3 month maturities)	76,444	25,317
	83,020	27,468

For the purpose of the statement of cash flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

During the reporting period, \$75 million in financial assets were sold and the funds were re-invested into term deposits. The term deposits have maturities of 3 months and accordingly, these funds are now classified as 'cash and cash equivalents' in the balance sheet (refer to note 6.1).

6.5 Capital commitments

There were no outstanding capital commitments in the 2024 reporting period (2023: nil).

Notes to the financial statements (continued)

For the year ended 30 June 2024

7. Financial instruments and contingencies

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

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

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

	Note	2024 (\$000)	2023 (\$000)
Financial assets			
Cash and cash equivalents	6.4	83,020	27,468
Receivables ^(a)	5.1	611	203
Other assets	5.2	6,453	1,215
Financial assets	6.1	545,448	580,264
Total financial assets		635,532	609,150
Financial liabilities			
Financial liabilities ^(b)	5.4, 6.2	1,024	2,017
Total financial liabilities		1,024	2,017

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

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

Financial Instruments

Recognition, initial measurement and de-recognition

Financial assets and liabilities are recognised when the Board becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Fair value of the financial assets are based on current bid prices.

Notes to the financial statements (continued)

For the year ended 30 June 2024

7.1 Financial instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

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

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

Classifications of financial assets are determined by both:

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

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

Financial assets at amortised cost

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

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Board's cash and cash equivalents, related party receivables, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss

For financial assets not measured at amortised cost, subsequent movements in fair value are recognised in the profit or loss. Dividend and distributions from these investments are recorded as income within the profit or loss unless the dividend clearly represents return of capital.

7.2 Contingent assets and liabilities

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

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

7.2.1 Contingent assets

The Board is not aware of any contingent assets existing as at 30 June 2024.

7.2.2 Contingent liabilities

In the prior year contingent liabilities disclosure, the Board noted that it was undertaking a review of some statutory interpretations which could have affected contributions made by employers and entitlements for workers. As at 30 June 2023, the definitive outcome of the review could not be determined and any potential liability and the funding to settle it could not be measured with sufficient reliability.

During the current reporting period, the Board completed its review and determined that there is an obligation to apply revised statutory interpretations affecting entitlements for workers. As at 30 June 2024, a provision for \$20 million has been recognised for retrospective application of the revised statutory interpretation. Additionally, the actuary has considered the prospective application of the revised statutory interpretation when measuring the accrued long service leave benefits liability as at 30 June 2024 and included a \$12.9 million provision. Refer to Note 5.3 Accrued long service leave benefits liability for additional information.

The Board is not aware of any contingent liabilities existing as at 30 June 2024.

Notes to the financial statements (continued)

For the year ended 30 June 2024

8. Other disclosures

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

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

8.1 Events occurring after the end of the reporting period

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

8.2 Changes in accounting policy

The following standards are operative for reporting periods ended on or after 30 June 2024:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates;
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards;
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information;
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards.

The standards effective after 1 July 2024 are not expected to have a material impact on the Board's accounts.

8.3 Key management personnel

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.3 Key management personnel (continued)

Compensation of members of the accountable authority

	2024 (\$000)	2023 (\$000)
Compensation band (\$)		
0 – 10,000	4	-
20,001 – 30,000	4	6
30,001 – 40,000	-	1
40,001 – 50,000	1	-
	2024 (\$000)	2023 (\$000)
Total compensation of members of the accountable authority	151	163

Two Board members resigned during the year. The Minister appointed a new Board member for one position, however the second position remains vacant at the reporting date due to the resignation occurring late in the reporting period. Another Board member's term ended in September 2023 and the Minister appointed a new Board member to the vacant position.

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

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

Compensation of senior officers

	2024 (\$000)	2023 (\$000)
Compensation band (\$)		
150,001 – 200,000	3	3
250,001 – 300,000	1	1
	2024 (\$000)	2023 (\$000)
Short term employee benefits	721	692
Post employment benefits	94	85
Other long term benefits	24	28
Total compensation of senior officers	839	805

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

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.4 Related party transactions

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

Related parties of the Board include:

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

Material transactions with related parties

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

8.5 Related bodies

The Board does not have any related bodies.

8.6 Affiliated bodies

The Board does not have any affiliated bodies.

8.7 Remuneration of auditors

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

	2024 (\$000)	2023 (\$000)
Auditing the accounts, financial statements, controls, and key performance indicators	37	25

8.8 Supplementary financial information

(a) Write-offs

During the financial year, \$57,000 (2023: \$42,000) was written off the Board's receivables ledger under the authority of:

	2024 (\$000)	2023 (\$000)
The accountable authority	57	42
The Minister	-	-
Executive Council	-	-
	57	42

(b) Losses through theft, defaults and other causes

There were no losses through theft, defaults and other causes during the 2024 reporting period (2023: nil).

(c) Gifts of public property

There were no gifts of public property provided by the Board during the 2024 reporting period (2023: nil).

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.9 Explanatory statement (Controlled Operations)

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

All variances between annual estimates (original budget) and actual results for 2024, and between the actual results for 2024 and 2023 are shown below.

Narratives are provided for major variances which are more than 10% of the comparative and which are more than 1% of the following (as appropriate):

1) Estimate and actual results for the current year:

- Total Expenses of the annual estimates for the Statement of Comprehensive Income and Statement of Cash Flows (i.e. 1% of \$8,179,000 in the example below), and
- Total Assets of the annual estimates for the Statement of Financial Position (i.e. 1% of \$581,601,000 in the example below).

2) Actual results between the current year and the previous year:

- Total Expenses of the previous year for the Statement of Comprehensive Income and Statement of Cash Flows (i.e. 1% of \$6,427,000 in the example below), and
- Total Assets of the previous year for the Statement of Financial Position (i.e. 1% of \$610,759,000 in the example below).

8.9.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2024	Actual 2024	Actual 2023	Variance between actual and estimate	Variance between actual results for 2024 and 2023
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Income						
Investment income/(loss)	(1), (a)	32,000	61,664	52,250	29,664	9,414
Other income	(2), (b)	-	152	25	152	127
Total income/(loss)		32,000	61,816	52,275	29,816	9,541
Expenses						
Employee benefits expenses		3,334	3,374	3,147	40	227
Supplies and services	(3), (c)	3,771	2,615	2,235	(1,156)	380
Depreciation and amortisation expenses		223	203	202	(20)	1
Finance costs		84	78	82	(6)	(4)
Accommodation expenses		127	162	132	35	30
Other expenses	(4), (d)	640	264	629	(376)	(365)
Total expenses		8,179	6,696	6,427	(1,483)	269
NET RESULT FROM OPERATING ACTIVITIES		23,821	55,120	45,848	31,299	9,272
Net change in accrued LSL liabilities	(5), (e)	(41,900)	(76,837)	(99,774)	(34,937)	22,937
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(18,079)	(21,717)	(53,926)	(3,638)	32,209

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.9.1 Statement of Comprehensive Income Variances (continued)

Major Estimate and Actual (2024) Variance Narratives:

- (1) Investment income exceeded estimates by \$29.664 million (92.7%) due to strong domestic and international market returns. The actual investment return was a gain of 10.38%, significantly outperforming the estimated return of 5.5%
- (2) Other income exceeded estimates by \$152,000 (100.0%) predominantly due to the unbudgeted remeasurement of right-of-use office accommodation lease assets and liabilities as well as penalties awarded by WAIRC for successful prosecutions.
- (3) Supplies and services expenses were under estimates by \$1.156 million (30.7%) predominantly due to underspends in non-recurring expenses including CRM development costs and the development of a new records management system (combined underspend \$908,000). Additionally, the following expenditure categories were also underspent during the reporting period: legal expenses (\$130,000), consultants and contractors fees (\$114,000) and accountancy and audit fees (\$71,000).
- (4) Other expenses were under estimates by \$376,000 (58.8%). The estimates included a provision for doubtful debts expense of \$100,000. Instead, as a result of a very low contribution levy rate (0.1%) during the period January 2022 to December 2023, the actual level of doubtful debts is significantly lower than estimated.
- (5) Net change in accrued LSL liabilities exceeded estimates by \$34.937 million (83.4%) due to a number of factors. Payments to workers were higher than expected. Similarly, total contribution income from employers was higher than expected as a result of an increase in the contribution levy rate from 0.1% to 0.5% effective 1 January 2024 as well as escalating industry wages. The actuary's assessment of the LSL liabilities was higher than estimated, principally due to an increase in the average rate of pay, higher pay inflation rate assumptions for future years and an increase in the number of workers. Finally, the actual net change in accrued LSL liabilities includes a \$20 million (unbudgeted) provision for retrospective application of revised statutory interpretations as well as a \$12.9 million (unbudgeted) provision for prospective application of revised statutory interpretations

Major Actual (2024) and Comparative (2023) Variance Narratives

- (a) Investment income increased by \$9.414 million (18.0%) due to strong domestic and international markets. The actual investment return for the current year was a gain of 10.38%, outperforming the prior year gain of 8.9%.
- (b) Other income increased by \$127,000 (508.0%) predominantly due to remeasurement of right-of-use office accommodation lease assets and liabilities and the recognition of penalties awarded by WAIRC for successful prosecutions.
- (c) Supplies and services expenses increased by \$380,000 (17.0%) predominantly due to an independent review of the *Construction Industry Portable Paid Long Service Leave Act 1985* and a higher level of expenditure on the development of the new CRM system.
- (d) Other expenses decreased by \$365,000 (58.0%) predominantly due to lower doubtful debts expense.
- (e) Net change in accrued LSL liabilities decreased by \$22.937 million (23.0%) due to a number of factors. Although total contribution income was higher than the prior year comparative as a result of the increase in the average contribution levy, payments to workers were also moderately higher. The balance movement of \$48.099 million was the result of the actuary's assessment of the LSL liabilities as at 30 June 2024 as well as the recognition of the provisions for retrospective and prospective application of revised statutory interpretations.

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.9.2 Statement of Financial Position Variances

	Variance note	Estimate 2024	Actual 2024	Actual 2023	Variance between actual and estimate	Variance between actual results for 2024 and 2023
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
ASSETS						
Current Assets						
Cash and cash equivalents	(1), (a)	32,345	83,020	27,468	50,675	55,552
Receivables		566	611	203	45	408
Other current assets	(2)	976	6,823	1,515	5,847	5,308
Financial assets		546,536	545,448	580,264	(1,088)	(34,816)
Total Current Assets		580,423	635,902	609,450	55,479	26,452
Non-Current Assets						
Property, plant and equipment		175	105	142	(70)	(37)
Right-of-use assets		1,003	250	1,167	(753)	(917)
Total Non-Current Assets		1,178	355	1,309	(823)	(954)
TOTAL ASSETS		581,601	636,257	610,759	54,656	25,498
LIABILITIES						
Current Liabilities						
Accrued long service leave benefits liabilities	(3), (b)	295,413	331,062	329,623	35,649	1,439
Payables		795	647	578	(148)	69
Lease liabilities		189	223	177	34	46
Employee related provisions		436	517	450	81	67
Total Current Liabilities		296,833	332,449	330,828	35,616	1,621
Non-Current Liabilities						
Accrued long service leave liabilities	(3), (b)	98,882	161,700	115,040	62,818	46,660
Lease liabilities		1,076	154	1,262	(922)	(1,108)
Employee related provisions		222	313	271	91	42
Total Non-Current Liabilities		100,180	162,167	116,573	61,987	45,594
TOTAL LIABILITIES		397,013	494,616	447,401	97,603	47,215
NET ASSETS		184,588	141,641	163,358	(42,947)	(21,717)
EQUITY						
Retained earnings		184,588	141,641	163,358	(42,947)	(21,717)
TOTAL EQUITY		184,588	141,641	163,358	(42,947)	(21,717)

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.9.2 Statement of Financial Position Variances (continued)

Major Estimate and Actual (2024) Variance Narratives:

- (1) Cash and cash equivalents exceeded estimates by \$50.675 million (156.7%) predominantly due to the acquisition of an additional \$50 million in term deposits with maturities of 3 months. The term deposits were acquired following a sale of an equivalent value of financial assets.
- (2) Other current assets exceeded estimates by \$5.847 million (599.1%). The estimate for accrued contributions income as at 30 June 2024 was based on a contribution levy of 0.1%. However, the actual contribution levy rate was increased to 0.5% from 1 January 2024 and accordingly the outturn was significantly higher than expected.
- (3) Difference in allocation between current and non-current liabilities was due mainly to a \$65.518 million (16.6%) increase in the total liability as assessed by the actuary as well as the recognition of a \$20 million (unbudgeted) provision for retrospective application of revised statutory interpretations as well as a \$12.9 million (unbudgeted) provision for prospective application of revised statutory interpretations.

Major Actual (2024) and Comparative (2023) Variance Narratives

- (a) Cash and cash equivalents increased by \$55.552 million (202.2%) due to the acquisition of an additional \$50 million in term deposits with maturities of 3 months. The term deposits were acquired following the sale of an equivalent value of financial assets.
- (b) Current and non-current liabilities increased by \$48.099 million (10.8%) due to higher rates of pay, a higher number of workers and future pay rate inflation and were partially offset by an increased discount rate. Additionally, the current liability increased by \$28.520 million due to the recognition of provisions for retrospective and prospective application of revised statutory interpretations. Similarly, the non-current liability increased by \$4.429 million as it includes a provision for prospective application of revised statutory interpretations.

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.9.3 Statement of Cash Flows Variances

	Variance note	Estimate 2024	Actual 2024	Actual 2023	Variance between actual and estimate	Variance between actual results for 2024 and 2023
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
Receipts from employers	(1), (a)	3,810	10,759	5,159	6,949	5,600
Interest received	(2), (b)	1,000	2,349	371	1,349	1,978
GST receipts from taxation authority		166	148	116	(18)	32
Payments						
Employee benefits	(3)	(3,648)	(3,264)	(3,013)	384	(251)
Supplies and services	(4), (c)	(3,734)	(2,467)	(2,049)	1,267	(418)
Finance costs		(22)	(16)	(13)	6	(3)
Accommodation		(127)	(162)	(132)	(35)	(30)
Payments for long service leave	(5), (d)	(41,000)	(44,532)	(39,834)	(3,532)	(4,698)
GST payments on purchases		(219)	(282)	(250)	(63)	(32)
Other payments	(6)	(320)	(408)	(394)	(88)	(14)
Net cash provided by/(used in) operating activities		(44,094)	(37,875)	(40,039)	6,219	2,164
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds from sale of investments	(7), (e)	45,000	192,403	118,043	147,403	74,360
Distributions received	(8), (f)	15,600	19,454	26,151	3,854	(6,697)
Payments						
Purchase of financial assets	(9), (g)	(15,622)	(118,194)	(79,331)	(102,572)	(38,863)
Purchase of non-current assets	(10)	(119)	-	(59)	119	59
Net cash provided by/(used in) investing activities		44,859	93,663	64,804	48,804	28,859
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal elements of lease payments		(228)	(236)	(230)	(8)	(6)
Net cash provided by/(used in) financing activities		(228)	(236)	(230)	(8)	(6)
Net increase/(decrease) in cash and cash equivalents		537	55,552	24,535	55,015	31,017
Cash and cash equivalents at the beginning of the period		31,808	27,468	2,933	(4,340)	24,535
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		32,345	83,020	27,468	50,675	55,552

Notes to the financial statements (continued)

For the year ended 30 June 2024

8.9.3 Statement of Cash Flows Variances (continued)

Major Estimate and Actual (2024) Variance Narratives:

- (1) Receipts from employers exceeded estimates by \$6.949 million (182.4%) predominantly due to an unbudgeted increase in the contribution levy rate from 0.1% to 0.5% effective 1 January 2024.
- (2) Interest received exceeded estimates by \$1.349 million (134.9%) due to the acquisition of an additional \$50 million in term deposits with maturities of 3 months.
- (3) Employee benefits payments were under estimates by \$384,000 (10.5%). The estimates classified payroll tax (\$169,000) as an employee benefits expense, however, it is treated as an other expense for the benefit of these financial statements. Additionally, a number of vacancies were carried for extended periods throughout the reporting period.
- (4) Supplies and services payments were under estimates by \$1.267 million (33.9%) predominantly due to underspends in non-recurring expenses including CRM development costs and the development of a new records management system, legal expenses, consultants and contractors fees and accountancy and audit fees.
- (5) Payments for long service leave exceeded estimates by \$3.532 million (8.6%). The estimate was based on an assumed 4,500 total payments averaging \$9,100 each. The actual result was 4,864 payments averaging \$9,155 each.
- (6) Other payments exceeded estimates by \$88,000 (27.5%). The estimates classified payroll tax (\$169,000) as an employee benefits expense, however, it is treated as an other expense for the benefit of these financial statements.
- (7) Proceeds from sale of investments exceeded estimates by \$147.403 million (327.6%). Monies in underperforming financial assets were redeemed and reinvested in term deposits and other managed funds.
- (8) Distributions received exceeded estimates by \$3.854 million (24.7%). The budgeted distributions were based on an expected income return of 2.75%, however, actual distributions received were much higher following strong market returns.
- (9) Purchase of financial assets exceeded estimates by \$102.572 million (656.6%). Monies in underperforming financial assets were redeemed and reinvested in term deposits and other managed funds.
- (10) Purchase of non-current assets was under estimates by \$119,000 (100.0%) as no items of property, plant or equipment were acquired during the reporting period.

Major Actual (2024) and Comparative (2023) Variance Narratives

- (a) Receipts from employers increased by \$5.600 million (108.5%) predominantly due to an increase in the contribution levy rate from 0.1% to 0.5% effective 1 January 2024.
- (b) Interest received increased by \$1.978 million (533.2%) due to the acquisition of an additional \$50 million in term deposits with maturities of 3 months.
- (c) Supplies and services increased by \$418,000 (20.4%) predominantly due to an independent review of the *Construction Industry Portable Paid Long Service Leave Act 1985* and a higher level of expenditure on the development of the new CRM system.
- (d) Payments for long service leave increased by \$4.698 million (11.8%). 4,864 payments totalling \$44.532 million were paid in the current reporting period compared to 4,540 benefits totalling \$39.834 million in the prior year.
- (e) Proceeds from sale of investments increased by \$74.360 million (63.0%). Monies in underperforming financial assets were redeemed and reinvested in term deposits and other managed funds.
- (f) Distributions received decreased by \$6.697 million (25.6%). A comparatively lower distribution rate resulted in distributions recognised as at 30 June 2024 being lower than those recognised as at 30 June 2023.
- (g) Purchase of financial assets increased by \$38.863 million (49.0%). Monies in underperforming financial assets were redeemed and reinvested in term deposits and other managed funds.

Audited Key Performance Indicators

Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Construction Industry Long Service Leave Payments Board's performance and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ended 30 June 2024.



Susan Barrera
Chair | MyLeave

23 August 2024



John Gelavis
Member of the Board | MyLeave

23 August 2024

Audited Key Performance Indicators (continued)

Key Performance Indicators

Desired Outcome

Financially sustainable portable Long Service Leave for eligible construction industry employees.

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

- (i) This KEI is the number of employers registered with the Board. In 2024 there was a moderate increase, reflective of ongoing strong activity and participation in the Western Australian construction industry.
- (ii) This KEI is the number of employees for whom contributions have been made. There has been an increase in numbers of average employees for whom contributions have been made by employers, which again is indicative of robust industry activity.
- (iii) As evidenced in this KEI, the average contribution rate for the reporting period was 0.3% and the Board considered this rate to be sufficient to maintain an adequate level of assets to meet LSL liabilities.
- (iv) Over the preceding five years, as per this KEI, the Board has generated a positive average investment return. Due to strong domestic and international markets, the Board's investment return as at 30 June 2024 was 10.38%. Board Members acknowledge that the annual investment performance will fluctuate on a year in/year out basis.
- (v) This KEI shows the number of registered employees and number of employees paid a benefit. The number of employees in the industry was 5.5% higher than the estimate; again, reflective of robust construction industry activity. Additionally, the number of employees paid a benefit was significantly higher than the prior year comparative indicating that the number of claims submitted to the Board continues to normalise after the COVID-19 pandemic.
- (vi) This KEI (vi) shows the number of employees which qualify for a benefit.

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

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

Audited Key Performance Indicators (continued)

Key Performance Indicators (continued)

Key Effectiveness Indicators

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

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Registered Employers – Average for the year (number)	5,368	5,545	5,368	5,215	5,052
Change in average number of Registered Employers		3.3%	2.9%	3.2%	1.9%
Growth in Firms in the Industry (a)		*	1.2%	4.1%	12.4%

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

* 2023-24 statistics were not available at the time of preparation of this Report.

(ii) Eligible and Registered Construction Industry Employees for whom Contributions have been made

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Employees contributed for - Average for the year (number)	76,881	79,804	73,570	67,701	62,392
Change in average number of Employees contributed for (%)		8.5%	8.7%	8.5%	0.3%
Change in number of Employees in the industry (%)*		6.9%	9.9%	13.9%	(10.1%)

* Based on construction industry employment statistics published by the ABS. (Based on a rolling four quarters average of ANZSIC'06, by industry division and by major group quarter ending February 2024. Occupations: Technicians and Trades Workers plus Machinery Operators and Drivers).

(iii) Construction Industry Employers Long Service Leave Contribution Rate

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Average Contribution Rate (%)	0.10%	0.30% ^(a)	0.10%	0.30% ^(b)	0.255% ^(c)

(a) The contribution rate was increased from 0.10% to 0.50% with effect from 1 January 2024.

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

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

Audited Key Performance Indicators (continued)

Key Performance Indicators (continued)

Key Effectiveness Indicators (continued)

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

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Board's Investment Return	5.50%	10.38%	8.92%	(7.10%)	16.05%
Benchmark Return (Composite Index)	5.50%	10.51%	9.36%	(6.18%)	16.34%
Investment Return - (5 Year Average)	4.00%	5.17%	4.63%	4.23%	7.45%

Investment return of 10.38% was in line with underlying portfolio performance driven by world markets and events.

(v) Construction Industry Employees who have Received a Long Service Leave Payment

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Employees Registered in the Scheme (number)	128,640	135,676	123,100	111,281	106,287
Number of Employees paid a benefit (number)	5,037	4,864	4,540	4,242	3,670

Benefits paid totaling 4,864 (2023: 4,540) indicates that the number of claims submitted continues to normalise after the COVID-19 pandemic.

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

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Employees Registered in the Scheme (number)	128,640	135,676	123,100	111,281	106,287
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit (number)	107,385	114,414	102,760	91,969	87,977
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service (number)	10,402	10,089	9,954	9,692	9,308
Employees qualified for a long service leave benefit - more than 10 years of service (number)	10,853	11,173	10,386	9,620	9,002

Audited Key Performance Indicators (continued)

Key Performance Indicators (continued)

Service

Management of the Construction Industry Long Service Leave Scheme

Key Efficiency Indicators

(i) Average Administrative Cost Per Registered Construction Industry Employee

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
W.A. Scheme Cost per Employee	\$60.09	\$49.35	\$52.21	\$46.84	\$49.81
Other State Schemes (average)		*	\$71.22	\$60.43	\$60.68

* 2023-24 figures not available at the time of preparation of the Report.

The Key Efficiency Indicator (i) has improved mostly due to an increase in the number of employees registered in the scheme. The variance against the estimate is predominantly due to lower supplies and services expenses and other expenses and a higher than expected number of employees registered (estimate: 128,640; actual: 135,676).

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

FINANCIAL YEAR	2024 Target	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Staff per thousand employees	0.31	0.20	0.22	0.20	0.22
Other State Schemes (average)		*	0.47	0.38	0.35

* 2023-24 figures not available at the time of preparation of the Report.

The Key Efficiency Indicator (ii) has improved predominantly due to a significantly higher number of employees registered in the scheme (2024: 135,676; 2023: 123,100). The variance against the estimate is due to lower than expected full time equivalent staffing levels as at 30 June 2024 (estimate: 28.8 FTE; actual: 27.4 FTE) and a higher than expected number of employees registered (estimate: 128,640; actual: 135,676).

Independent Auditor's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Construction Industry Long Service Leave Payments Board

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

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

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2024 and the financial position as at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

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

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

Responsibilities of the Board for the financial statements

The Board is responsible for:

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

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Independent Auditor's Report (continued)

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Construction Industry Long Service Leave Payments Board. The controls exercised by the Board are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Construction Industry Long Service Leave Payments Board are sufficiently adequate to provide reasonable assurance that the controls within the system were suitably designed to achieve the overall control objectives identified as at 30 June 2024, and the controls were implemented as designed as at 30 June 2024.

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Independent Auditor's Report (continued)

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

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

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

Limitations of controls

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

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2024 reported in accordance with *Financial Management Act 2006* and the Treasurer's Instructions (legislative requirements). The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators report of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2024 is in accordance with the legislative requirements, and the key performance indicators are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2024.

The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 Key Performance Indicators.

Auditor General's responsibilities

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

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

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

My independence and quality management relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial statements, key performance indicators and my auditor's report.

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

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

Independent Auditor's Report (continued)

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

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

This auditor's report relates to the financial statements and key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2024 included in the annual report on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



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Perth, Western Australia
28 August 2024





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