

Annual Report 2023–24

Long Service Leave
Authority



ACT
Government

ACT
leave

The Long Service Leave Authority acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region.

We respect the Aboriginal and Torres Strait Islander people, particularly our Aboriginal staff, and their continuing culture and contribution they make to the Canberra region and the life of our city.

Contact for this report

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Freedom of information

Freedom of information requests can be made by emailing: enquiry@actleave.act.gov.au

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For more information on these services, contact us through the National Relay Service: www.accesshub.gov.au.

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Information about the Long Service Leave Authority and an electronic version of this annual report can be found on the website actleave.act.gov.au

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Part A. Transmittal certificate



Mr Mick Gentleman MLA
Minister for Industrial Relations and Workplace Safety
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Minister

2023-24 Long Service Leave Authority Annual Report

This report has been prepared in accordance with section 7(2) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements under the Annual Report Directions.

It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Long Service Leave Authority (ACT Leave).

We certify that the information in the attached annual report, and information provided for whole of government reporting, is an honest and accurate account and that all material information on the operations of ACT Leave has been included for the period 1 July 2023 to 30 June 2024.

We also hereby certify that fraud prevention has been managed in accordance with the *Public Sector Management Standards 2006 (repealed)*, Part 2.3 (see section 113, Public Sector Management Standards 2016).

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you present the Report to the Legislative Assembly within 15 weeks after the end of the reporting year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Anne O'Donnell'.

Anne O'Donnell
Chair
27 September 2024

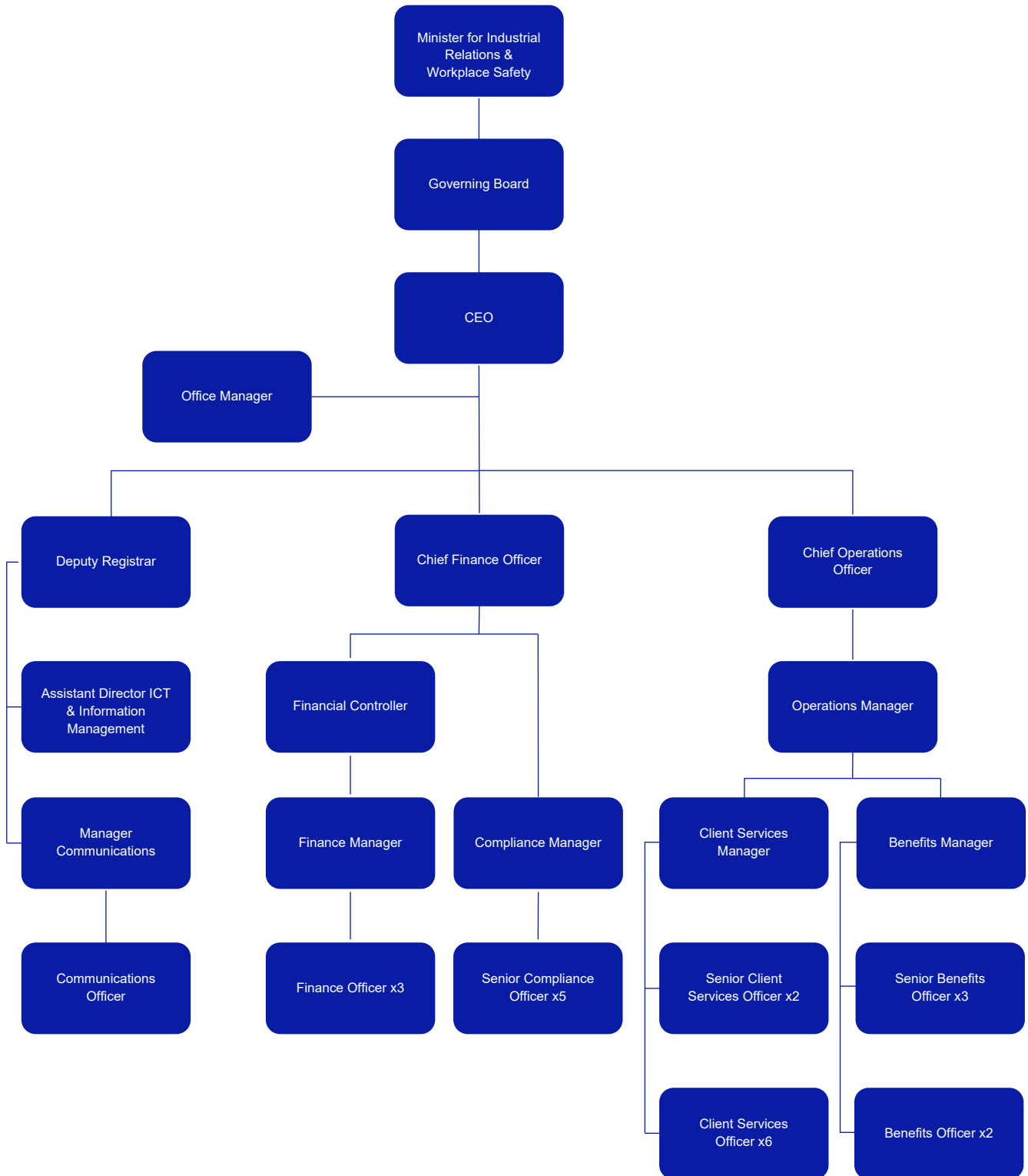
A handwritten signature in blue ink, appearing to read 'Tracy Savage'.

Tracy Savage
Chief Executive Officer
27 September 2024

Part B. Organisational overview and performance

B1. Organisation overview

Organisation chart



Role of ACT Leave

The Long Service Leave Authority (ACT Leave) was established in 2010 under the *Long Service Leave (Portable Schemes) Act 2009* (the Act) to administer portable long service leave benefits for the Building and Construction Industry Scheme, Contract Cleaning Industry Scheme, Community Sector Industry Scheme, and subsequently the Security Industry Scheme. From 1 April 2025 ACT Leave will also administer the Services Industry Scheme, which combines the existing contract cleaning industry with the hairdressing and beauty services industry and the accommodation and food services industry. The key functions of ACT Leave, as set out under the Act, are:

- administering the long service leave benefits schemes established under the Act
- making payments under the Act
- keeping the employers register and workers register for covered industries.

Vision, role and values

ACT Leave's Strategic Plan 2023-2026 sets out the vision, role and values of ACT Leave and defines its objectives. Our vision is that '*Portable long service leave is universally understood and is considered an important and accepted part of the employment landscape*', and our primary objectives, supporting our vision, are to ensure that:

- All eligible employers and employees are registered with ACT Leave
- Long service leave payments to employees and contractors, and reimbursements to employers, are made in accordance with the Act
- Employers' contribution levies are collected efficiently and effectively
- Long service leave funds are invested prudently, with the objective of ensuring a modest long-term surplus of assets over liabilities in matured schemes.

In addition to the ACT Public Service values of Respect, Integrity, Collaboration and Innovation, the values which guide the work of ACT Leave and set the expectations of behaviours of staff are:

- Responsive - We respond to you quickly and make your experience as smooth and stress-free as possible.
- Approachable - Our team is here to help you navigate the complexities of portable long service leave entitlements with ease.
- Reliable - We always do what we say we will do. We're here to help and you can count on us to deliver.
- Transparent - We're dedicated to ensuring you have a clear understanding of leave entitlements and scheme obligations and how these are managed.
- Informed - We remain up to date with the latest developments in the industry and communicate that knowledge clearly and concisely.

2023-24 in review

Across 2023-24 ACT Leave undertook a number of initiatives aligned to the Strategic Plan 2023-26. In November 2023, a brand refresh was launched supported by new visual imagery, a tagline of 'leave that travels with you', and a redesigned website offering clients more accessible information and enhanced contact and communication channels. The new website has been well received by clients, with significantly increased website traffic and a growing uptake of electronic communication and form submission recorded.

ACT Leave staff contributed to several strategic projects across the year including business process mapping of all key administration and finance processes, project management and user acceptance testing for an Administration System redevelopment, and workforce analysis and planning, and development of a suite of tools and information material to support clients in preparation for the introduction of the new Services Industry Scheme in 2025.

After significant increases in business operations across all aspects of portable long service leave administration in 2022-23, operational workloads throughout the 2023-24 financial year settled back to more expected levels, albeit from a sizeably increased base. There was a 4.36% increase in the number of benefit payments processed in 2023-24 compared to 2022-23, overall registered employers and active workers increased by around 2.47% and 3.60% respectively while new and returning employer registrations decreased by 11.92%. ACT Leave performed strongly against all Statement of Intent performance measures during this period.

Highlights of general operations during 2023-24 include:

- ACT Leave registering 377 employers across all schemes (2022-23: 428) during 2023-24. ACT Leave registered all employers within 10 working days of receipt of a correctly completed registration form
- ACT Leave processing 12,263 levy returns and payments across 2023-24 (2022-23: 11,742), and
- ACT Leave processing 3,253 eligible entitlement claims (2022-23: 3,117) with all worker claims, except for 8, paid within 10 working days from receipt of a completed claim form.

In March 2024 ACT Leave and the Governing Board welcomed new board member Mr Michael Capezio, as member representing employer organisations, replacing Ms Anne McGregor. ACT Leave and the Governing Board would like to thank Anne for her contribution during her time as a Governing Board member.

ACT Leave's investment portfolio ended the year with an annualised net return of 12.31%, following on from a final year result in 2022-23 of 11.64%. Investment returns for all schemes, averaged over a rolling five-year period are 7.75%, remaining above the target of 5.66%. The Governing Board continued monitoring the asset over liability ratios in 2023-24 and the ratios for all schemes were above the target of 110%.

Internal accountability

Under the *Financial Management Act 1996* and ACT Leave's enabling legislation, the *Long Service Leave (Portable Schemes) Act 2009* (the Act), the Governing Board provides the strategic governance of the organisation. Members of the Governing Board are appointed by the Minister for Industrial Relations and Workplace Safety and comprise an independent Chair, an independent Deputy Chair, two members representing employee organisations and two members representing employer organisations for the covered industries of the long service leave portable schemes. ACT Leave's Chief Executive Officer (CEO) is also a non-voting member of the Governing Board. The resources that are available to Board members to assist them carry out their duties include access to training facilitated by ACT Leave and independent professional or legal advice.

Governing Board meetings were held regularly throughout the year to oversee the operation and monitor the performance of ACT Leave. Governing Board members are remunerated in accordance with the determinations made by the ACT Remuneration Tribunal. The CEO, also the Registrar of ACT Leave, is recruited and remunerated under the *Public Sector Management Act 1994*. Governing Board members make a significant contribution to the overall performance of ACT Leave through their participation at Board meetings and work undertaken throughout the year on behalf of ACT Leave and the industry groups they represent.

Constituted as a sub-committee of the Governing Board, ACT Leave's Audit and Risk Committee meets four times each year with an additional special meeting to review the Financial Statements. The Audit and Risk Committee's responsibilities are to oversee ACT Leave's internal and external audits, risk management arrangements, legislative compliance, review the financial information presented by management and to determine the adequacy of ACT Leave's administrative, operating and accounting controls.

Under the supervision of the CEO, the Deputy Registrar has functional responsibility for strategic project delivery, governance, risk management, marketing and communication, and ICT and security, the Chief Operations Officer manages the customer service and benefit payment functions, and the Chief Finance Officer monitors the overall financial arrangements and manages the corporate finance team and compliance functions of ACT Leave.

Prescribed in the *Financial Management Act 1996*, ACT Leave prepares an annual Statement of Intent agreed between the Chair of the Governing Board, the responsible Minister and the ACT Treasurer. The Statement of Intent outlines ACT Leave's financial forecast, business priorities, performance measures and key risks. A Statement of Performance report against the performance measures specified in the Statement of Intent is prepared each year, endorsed by the Chair of the Governing Board and reviewed by the ACT Auditor-General's Office. The annual Financial Statements and Statement of Performance are reviewed by the Audit and Risk Committee, signed by the Chair of the Governing Board and audited by the ACT Auditor-General. Refer to C2. Financial Statements, pages 39-95, and C6. Statement of Performance for further information, pages 98-102.

Attendance at Governing Board and Audit and Risk Committee meetings for the year is provided in the following table.

Governing Board and Audit and Risk Committee meetings

The following table sets out the number of Governing Board and Audit and Risk Committee Meetings held during the financial year and the number of meetings attended by each Member (while they were a member of the relevant Committee).

MEMBERS	GOVERNING BOARD		AUDIT & RISK COMMITTEE	
	A	B	A	B
CURRENT				
A O'Donnell	6	6	5	5
L Centenera	6	6	5	5
E Cresshull	6	5	N/A	N/A
A Whitty	6	6	N/A	N/A
J Bolitho	6	6	N/A	N/A
M Capezio	2	2	1	1
T Savage	6	5	N/A	N/A
C Webeck	1	1	N/A	N/A
FORMER MEMBERS				
A McGregor	3	1	2	2

A = Meetings eligible to attend

B = Meetings attended

N/A = Not applicable

Governing Board membership

Anne O'Donnell, Independent Chair, Member Audit and Risk Committee

B.A. (Bkg & Fin.), MBA, FAICD, SF Fin

Anne is an experienced executive and non-executive director in the listed, not-for-profit and mutual sectors with more than 40 years' experience in the finance sector. Anne is a director of the Motor Trades Association of Australia Superannuation Fund Pty Ltd and the Winston Churchill Memorial Trust. She is also an external member of the National Capital Authority Audit Committee and the Department of Education Audit and Assurance Committee. She is also an external member of the National Capital Authority Audit Committee and the Department of Education Audit and Assurance Committee and an independent member of the UBS Global Asset Management (Australia) Ltd Compliance Committee.

Former roles include Managing Director of Australian Ethical Investment Ltd, Chair of Beyond Bank, Director of Equity Trustee Holdings Ltd, the Financial Services Council, the Centre for Australian Ethical Research Pty Ltd, the ANZ Staff Superannuation Fund, the Grain Growers Association Ltd, Agricultural Innovation Australia Pty Ltd, the Australian Institute of Company Directors and Australian Banking Association representative on the Banking Code Compliance Committee.

Anne brings to the Board extensive knowledge of the banking, investment and wealth management industries.

Liesl Centenera, Independent Deputy Chair, Chair Audit and Risk Committee

Liesl is an experienced company director, having held positions across the private, not-for-profit and government sectors. Her areas of expertise are public sector governance, strategic HR, executive development, employee performance and accountability, and workforce planning. She has had an extensive career in the community and public sectors, including senior roles in the Commonwealth, ACT Government and the United Kingdom.

Liesl holds degrees in economics and law and is admitted to practice in the ACT Supreme Court. She attended the China Executive Leadership Academy in Pudong (Shanghai) as a visiting student and is an alumnus of the Australian Leadership Innovation Centre. She is a Graduate of the Australian Institute of Company Directors and is a Professional Associate of the Faculty of Business, Government and Law at the University of Canberra.

Erryn Cresshull, Member representing employee organisations

Erryn is a Coordinator for Food and Beverages with the United Workers Union. Erryn is a committed unionist and is responsible for advocating for the rights of low paid and vulnerable workers. Erryn has worked in the union movement in various organising and legal roles for over 20 years and has extensive experience working with the union's cleaning and security members and has represented their interest to employers, tribunals, and politicians.

Erryn has served on ACT Leave's Governing Board since April 2015.

Anne McGregor, Member representing employer organisations, Member Audit and Risk Committee

Anne is an experienced Industrial Relations Auditor and consultant with over 40 years' experience nationally in a variety of building and construction industry sectors including commercial and residential, transport, security and cleaning.

Anne is the Managing Director of Contractor Compliance and has been an active member in both the Master Builders Association and Housing Industry Association for the past 30 years. Additionally, she is an auditor for ACT Procurement, initially on the IRE Certification Panel since 2012, followed by the Secure Local Jobs Code Certification Panel from its inception in 2018.

Anne brings extensive industrial relations knowledge of the building and construction industry to the Board.

Anna Whitty, Member representing employer organisations

During her career, Anna has held a range of roles, including executive roles, in early childhood and community service organisations in both NSW and the ACT. Anna is an experienced early childhood teacher and leader with a strong commitment to leadership that enables professionals to be fearless in standing up for social justice for children, young people, and women. Anna has demonstrated expertise in driving organisational change to improve quality improvements in service delivery, governance, and culture.

Anna is a graduate of the Australian Institute of Company Directors.

Josh Bolitho, Member representing employee organisations

Josh is the Branch President of the Construction, Forestry, Maritime, Mining and Energy Union, Construction and General Division, ACT Branch.

Josh has a wealth of experience representing workers in the construction industry and provides valuable insight into the needs of construction workers. Josh is experienced in industrial and legal compliance, and the enforcement of employee entitlements in the construction industry and is able to use his practical understanding of how those processes affect workers to guide the Board's approach to ensuring members are able to access their entitlements.

Josh is also a member of the ACT Regional Building & Construction Industry Training Council.

Michael Capezio, Member representing employer organisations, Member Audit and Risk Committee

Michael was appointed in March 2024 and is the current President of the Australian Hotels Association (ACT Branch). He has a broad understanding of the issues facing the Hospitality industry and through his position with the AHA is able to advocate on behalf of its members.

Michael is also involved in the building industry within the ACT and is a director of a number of building services entities.

Michael is also a fellow of the Institute of Chartered Accountants and a member of the Institute of Company Directors.

Tracy Savage, ACT Leave CEO and Registrar

Tracy has held several senior executive roles in the Commonwealth and ACT Government for over 17 years and has over 25 years' experience in defined benefits superannuation administration. She has served on senior Government Boards and Committees and has been the CEO/Registrar of the Long Service Leave Authority since August 2015. Tracy is also currently a member of the ACT Public Trustee and Guardian Investment Board.

Tracy holds an Executive Master of Public Administration.

Cassandra Webeck, ACT Leave Deputy Registrar

Cassandra Webeck is the Deputy Registrar for the Long Service Leave Authority. With a career spanning the not-for-profit, higher education, and government sectors, Cassandra is a seasoned senior executive experienced in establishing and managing corporate operations, with expertise in governance, risk management, and compliance. As an experienced governance practitioner, Cassandra has served on several not-for-profit and higher education sector Boards and sub-committees where she has focused on building accountability, promoting continuous improvement, and supporting effective decision making.

Cassandra is a graduate member of the Australian Institute of Company Directors and holds a Master of Public Policy (Industry Strategy), a Master of Knowledge Management, a Bachelor of Asian Studies (Indonesian), and is currently studying a Juris Doctor.

B2. Performance analysis

Operational performance

Building and Construction Industry Scheme employer and employee statistics

The overall number of registered active workers (employees, contractors and apprentices) in the Building and Construction Industry Scheme increased marginally by 0.31% during the reporting period, with a 0.77% decrease in the number of active employees and contractors and an increase of 11.64% in the number of registered apprentices. There was also an increase of 2.36% in the number of employers registered in the scheme from the previous financial year.

Figure 1. Building and Construction Industry employer and employee registration statistics

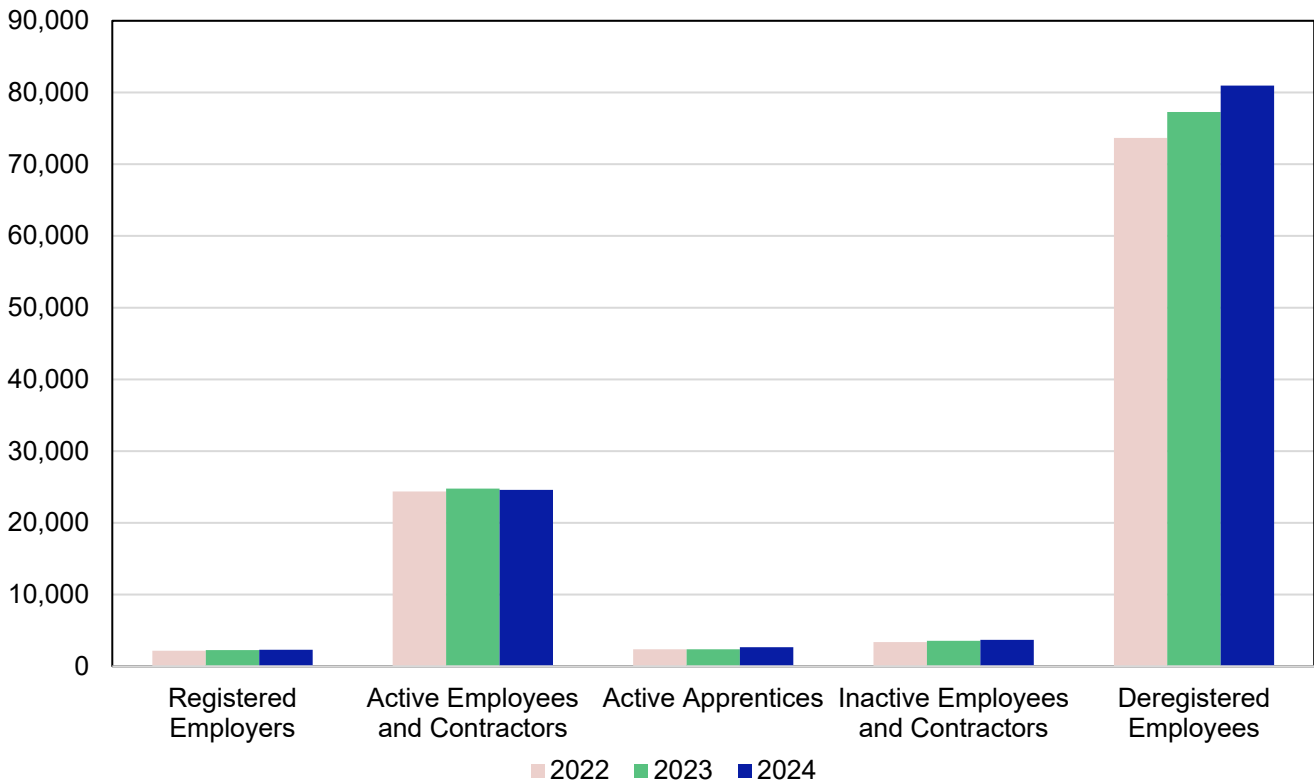


Image description: Figure 1 is a bar graph that measures the number of registered employers, active employees and contractors, active apprentices, inactive employees and contractors and deregistered employees each year from 2022 to 2024 in the Building and Construction Industry Scheme. The data is summarised in the following table:

	2022	2023	2024
Registered Employers	2,157	2,250	2,303
Active Employees and Contractors	24,362	24,780	24,589
Active Apprentices	2,364	2,371	2,647
Inactive Employees and Contractors	3,377	3,544	3,691
Deregistered Employees	73,657	77,285	80,973

Building and Construction Industry Scheme levy contributions

In 2023-24, Building and Construction Industry employers paid a total of \$19.388m in levy contributions (up from \$17.609m in 2022-23) based on a levy rate of 2.35% of employee ordinary remuneration. The increase in levy contributions paid this year is attributed to the increase to the levy rate from 2.10% to 2.35% effective from 1 October 2023. ACT Leave had budgeted \$18.402m in contributions for the 2023-24 financial year.

Figure 2. Building and Construction Industry levy contribution payments by employers

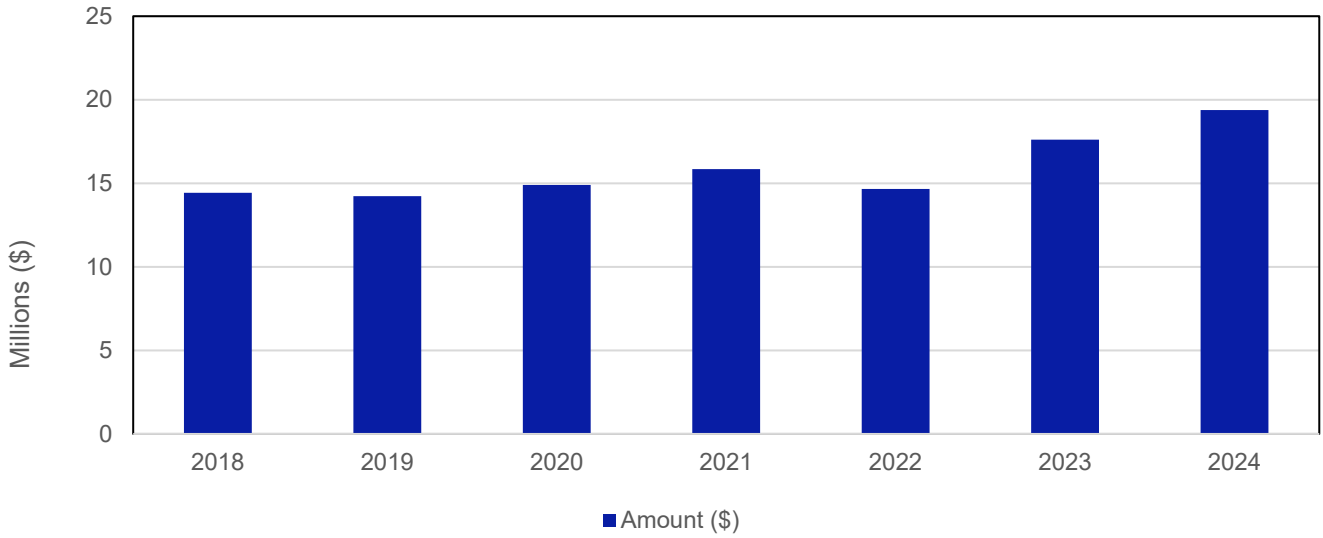


Image description: Figure 2 is a bar graph that measures the levy contributions made by employers in the Building and Construction Industry Scheme over the last seven years from 2018 to 2024. The data, measured in dollars, is summarised in the table below:

	2018	2019	2020	2021	2022	2023	2024
Amount (\$)	14.429M	14.228M	14.905M	15.849M	14.659M	17.609M	19.388M

Building and Construction Industry Scheme benefit payments

There were 1,287 long service leave benefit payments made during the financial year (1,244 in 2022-23), representing a payment value of \$16.076m (\$15.615m in 2022-23). The Scheme has paid a total of \$203.361m in long service leave benefits since its commencement in 1981.

Overall, within the Building and Construction Industry the total number of payments made increased by 3.46% (after an increase of 16.04% in 2022-23), with a minimal increase of 0.21% in workers accessing a period of long service leave upon reaching a full entitlement after 10 years' service (increased by 23.68% in 2022-23).

Claims lodged	2022	2023	2024
Total claims lodged	1,171	1,350	1,406
Withdrawn, declined or duplicate	99	106	119
Number of payments made	1,072	1,244	1,287
Criteria under which claims were lodged			
More than 10 years' service	756	935	937
Pro-rata (5 years but less than 10 years of credited service)	137	129	145
Ill health, age retirement or death (55+ days service)	44	35	42
Early release entitlement	11	1	0
Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	7	11	10
Payments to reciprocal state schemes	117	133	153

Contract Cleaning Industry Scheme employer and employee statistics

The overall number of registered active workers in the Contract Cleaning Industry Scheme increased by 4.49% during the reporting period. There was a decrease of 1.29% in the number of employers registered in the scheme from the previous financial year.

Figure 3. Contract Cleaning Industry employer and employee registration statistics

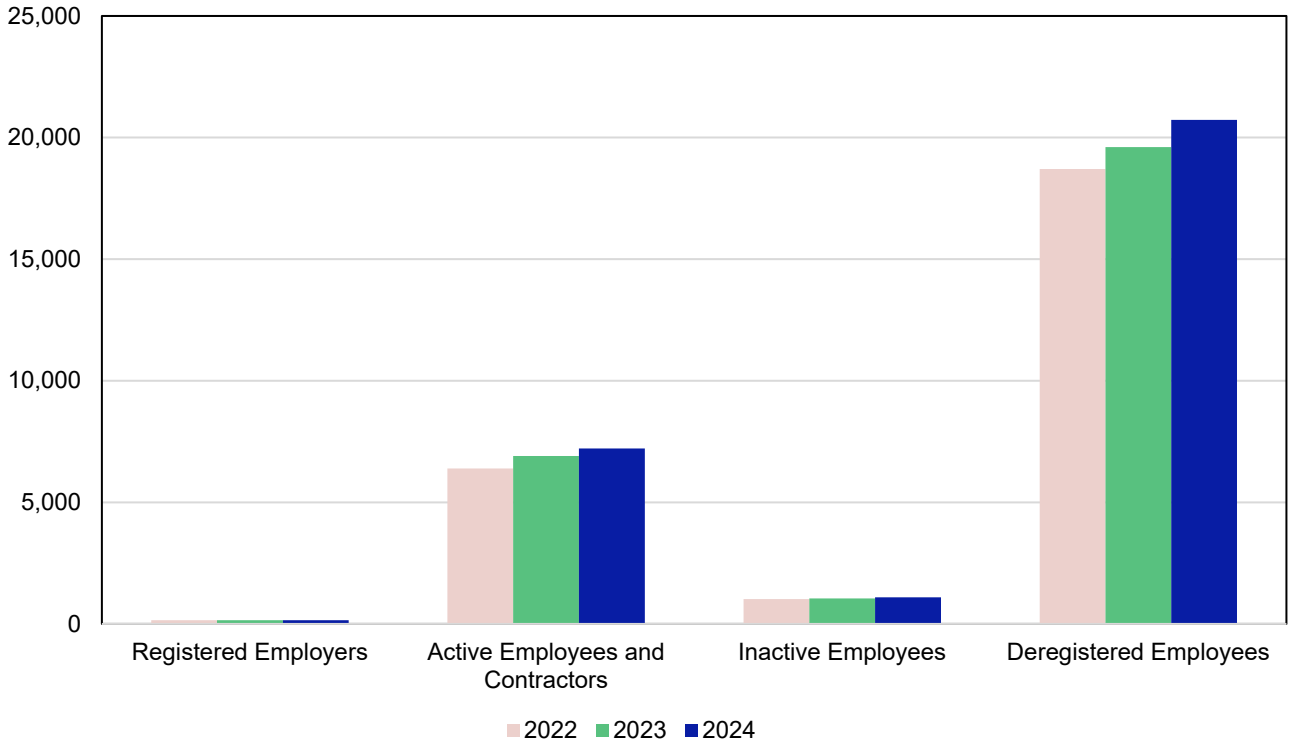


Image description: Figure 3 is a bar graph that measures the number of registered employers, active employees and contractors, active apprentices, inactive employees and contractors and deregistered employees each year from 2022 to 2024 in the Contract Cleaning Industry scheme. The data is summarised in the following table:

	2022	2023	2024
Registered Employers	152	155	153
Active Employees and Contractors	6,391	6,904	7,214
Inactive Employees	1,023	1,048	1,095
Deregistered Employees	18,708	19,609	20,726

Contract Cleaning Industry Scheme levy contributions

In 2023-24, Contract Cleaning Industry employers paid a total of \$1.386m in levy contributions (down from \$1.427m in 2022-23) based on a levy rate of 1.07% of employee ordinary remuneration. The decrease in levy contributions paid this year is considered marginal. ACT Leave had budgeted \$1.416m in contributions for the 2023-24 financial year.

Figure 4. Contract Cleaning Industry levy contribution payments by employers

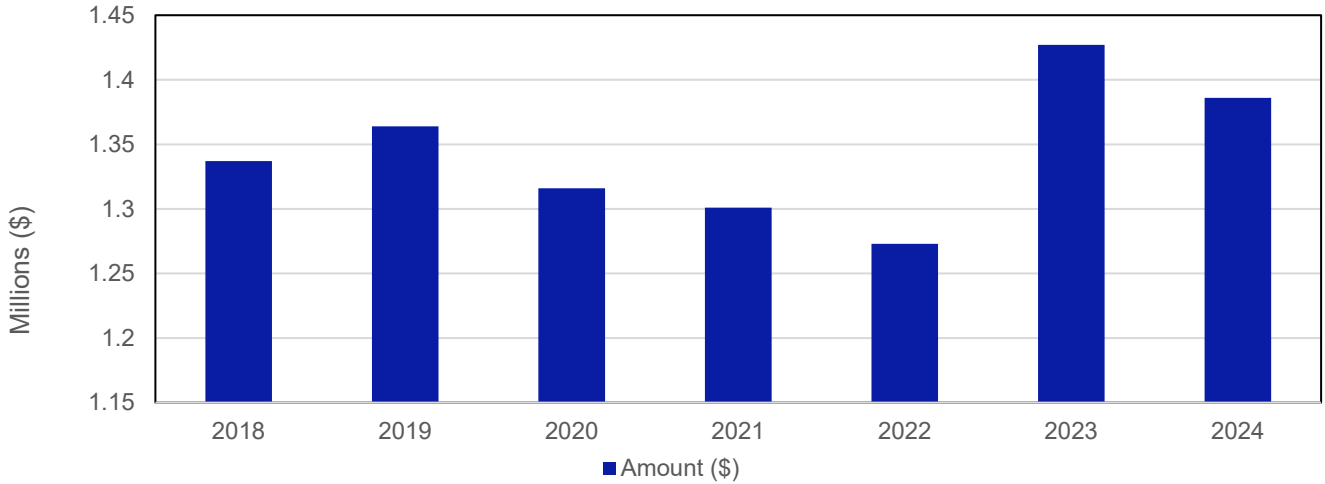


Image description: Figure 4 is a bar graph that measures the levy contributions made by employers in the Building and Construction Industry Scheme over the last seven years from 2018 to 2024. The data, measured in dollars, is summarised in the table below:

	2018	2019	2020	2021	2022	2023	2024
Amount (\$)	1.337M	1.364M	1.316M	1.301M	1.273M	1.427M	1.386M

Contract Cleaning Industry Scheme benefit payments

There were 211 long service leave benefit payments made during the financial year (226 in 2022-23), representing a payment value of \$1.089m (\$1.154m in 2022-23).

Overall, within the Contract Cleaning Industry the total number of payments reduced by 6.64% (increased by 56.94% in 2022-23), with a marginal decrease of 2.42% in workers accessing a period of long service leave upon reaching a full entitlement after 7 years' service (increased by 36.36% in 2022-23).

Claims lodged	2022	2023	2024
Total claims lodged	161	247	234
Withdrawn, declined or duplicate	17	21	23
Number of payments made	144	226	211
Criteria under which claims were lodged			
More than 7 years' service	121	165	161
Pro-rata (5 years but less than 7 years of credited service)	13	34	33
Ill health, age retirement or death (55+ days service)	8	18	8
Early release entitlement	2	0	0
Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	0	8	5
Payments to reciprocal state schemes	0	1	4

Community Sector Scheme Industry employer and employee registrations

The overall number of registered active workers in the Community Sector Scheme increased by 6.04% during the reporting period. There was also an increase of 4.34% in the number of employers registered in the scheme from the previous financial year.

Figure 5. Community Sector Industry employer and employee registration statistics

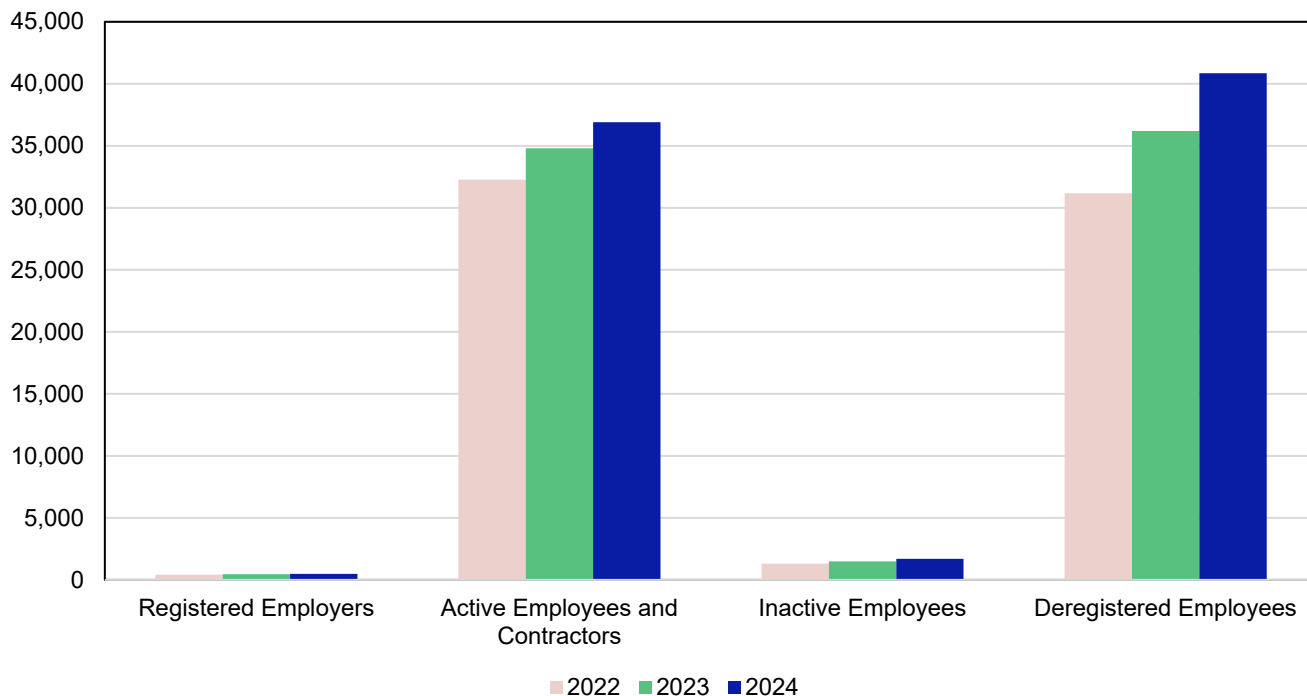


Image description: Figure 5 is a bar graph that measures the number of registered employers, active employees and contractors, active apprentices, inactive employees and contractors and deregistered employees each year from 2022 to 2024 in Community Sector Scheme. The data is summarised in the following table:

	2022	2023	2024
Registered Employers	422	461	481
Active Employees and Contractors	32,273	34,803	36,904
Inactive Employees	1,307	1,498	1,704
Deregistered Employees	31,169	36,197	40,852

Community Sector Industry Scheme levy contributions

In 2023-24, Community Sector employers paid a total of \$17.314m in levy contributions (up from \$15.950m in 2022-23) based on a levy rate of 1.6% of employee ordinary remuneration. The increase in levy contributions paid this year is attributed to the increase in the overall number of active workers and registered employers. ACT Leave budgeted for \$15.386m in contributions for the 2023-24 financial year.

Figure 6. Community Sector Industry levy contribution payments by employers

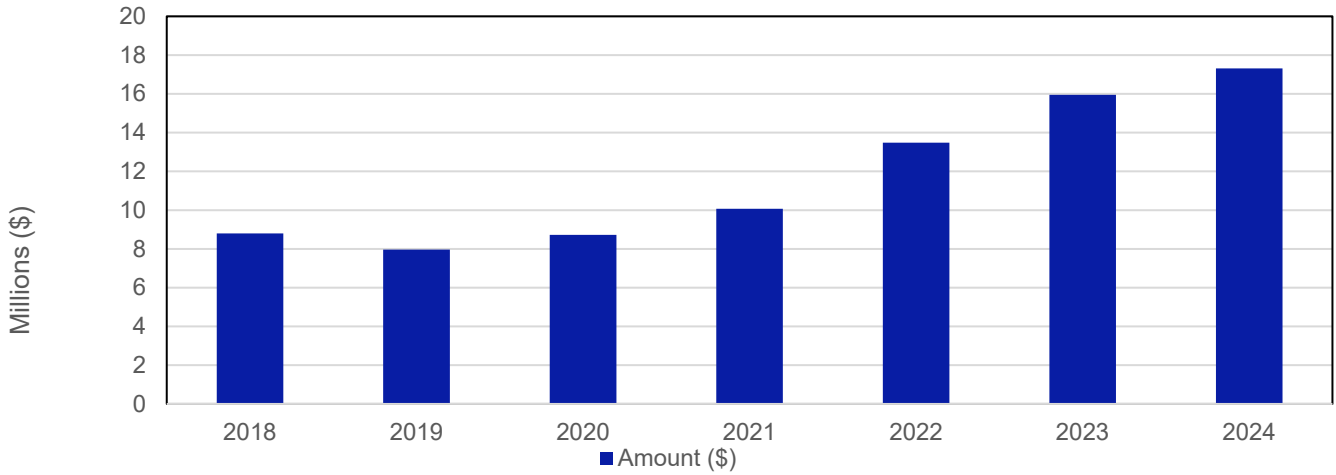


Image description: Figure 6 is a bar graph that measures the levy contributions made by employers in the Building and Construction Industry Scheme over the last seven years from 2018 to 2024. The data, measured in dollars, is summarised in the table below:

	2018	2019	2020	2021	2022	2023	2024
Amount (\$)	8.801M	7.967M	8.722M	10.071M	13.485M	15.950M	17.314M

Community Sector Industry Scheme benefit payments

There were 1,614 long service leave benefit payments made during the financial year (1,530 in 2022-23), representing a payment value of \$9.262m (\$8.435m in 2022-23).

Overall, within the Community Sector Industry the total number of payments made increased by 5.49% (increased by 52.54% in 2022-23), with an increase of 2.44% in workers accessing a period of long service leave upon reaching a full entitlement after 5 years' service (increased by 62.00% in 2022-23).

Claims lodged	2022	2023	2024
Total claims lodged	1,149	1,701	1,810
Withdrawn, declined or duplicate	146	171	196
Number of payments made	1,003	1,530	1,614
Criteria under which claims were lodged			
More than 5 years' service	808	1,309	1,341
Ill health, age retirement or death (55+ days service)	17	19	23
Early release entitlement	3	1	0
Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	175	201	250

Security Industry Scheme employer and employee statistics

The overall number of registered active workers in the Security Industry Scheme increased by 3.11% during the reporting period. There was also an increase of 1.89% in the number of employers registered in the scheme from the previous financial year.

Figure 7. Security Industry employer and employee registration statistics

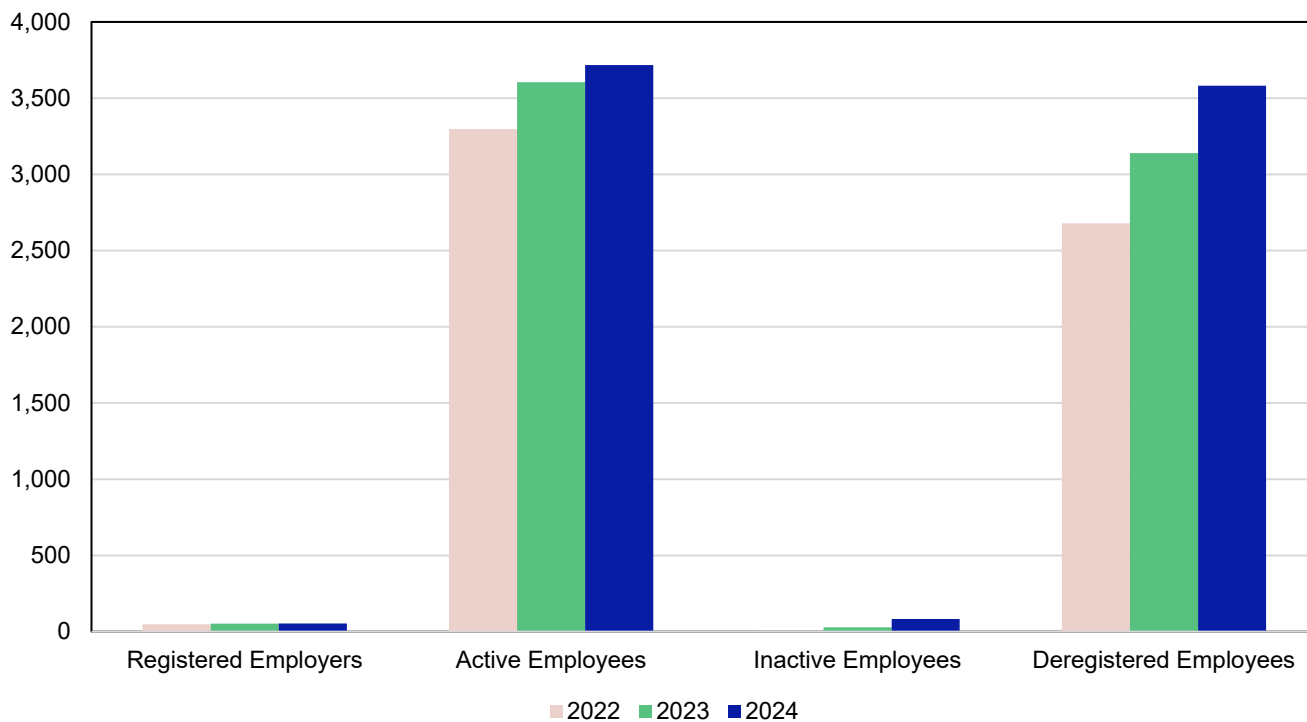


Image description: Figure 7 is a bar graph that measures the number of registered employers, active employees and contractors, active apprentices, inactive employees and contractors and deregistered employees each year from 2022 to 2024 in the Security Industry Scheme. The data is summarised in the following table:

	2022	2023	2024
Registered Employers	48	53	54
Active Employees	3,299	3,605	3,717
Inactive Employees	5	28	83
Deregistered Employees	2,679	3,140	3,582

Security Industry Scheme levy contributions

In 2023-24, Security Industry employers paid a total of \$1.035m in levy contributions (up from \$0.971m in 2022-23) based on a levy rate of 1.07% of employee ordinary remuneration. The increase in levy contributions paid this year is attributed to the increase in the overall number of active workers. ACT Leave budgeted for \$0.952m in contributions for the 2023-24 financial year.

Figure 8. Security Industry levy contribution payments by employers

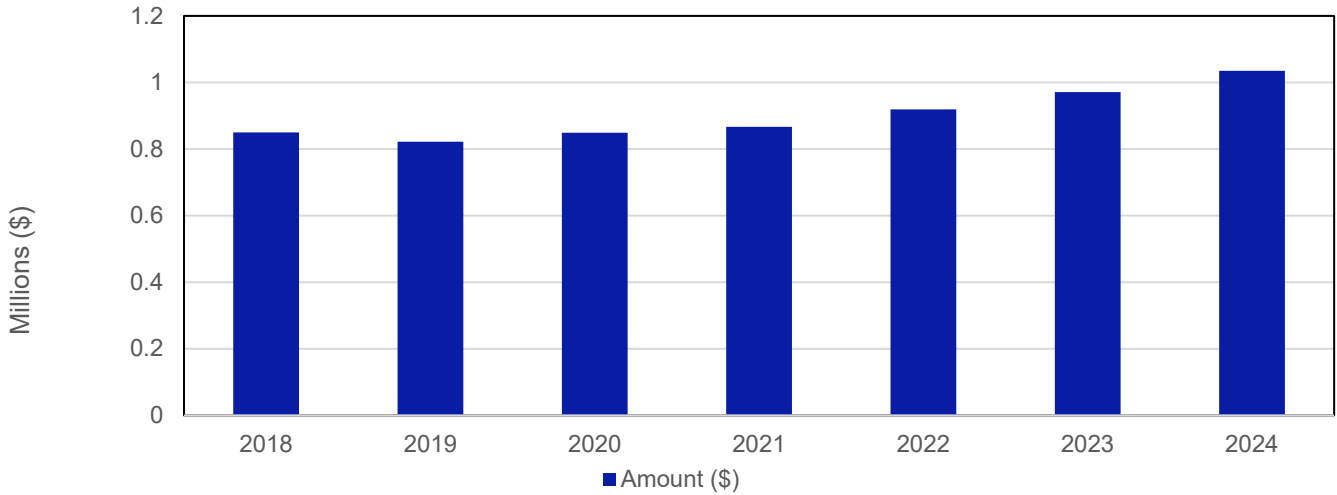


Image description: Figure 8 is a bar graph that measures the levy contributions made by employers in the Building and Construction Industry Scheme over the last seven years from 2018 to 2024. The data, measured in dollars, is summarised in the table below:

	2018	2019	2020	2021	2022	2023	2024
Amount (\$)	0.850M	0.822M	0.849M	0.867M	0.919M	0.971M	1.035M

Security Industry Scheme benefit payments

There were 141 long service leave benefit payments made during the financial year (117 in 2022-23), representing a payment value of \$0.713m (\$0.673m in 2022-23).

Overall, within the Security Industry scheme the total number of payments made increased by 20.51% (increased by 30% in 2022-23), with a decrease of 1.41% in workers accessing a period of long service leave upon reaching a full entitlement after 7 years' service (increased by 33.96% in 2022-23). There was also a significant increase of 57.89% of refunds made to employers who paid long service leave benefits under other laws or provisions.

Claims lodged	2022	2023	2024
Total claims lodged	112	139	164
Withdrawn, declined or duplicate	22	22	23
Number of payments made	90	117	141
Criteria under which claims were lodged			
More than 7 years' service	53	71	70
Pro-rata (5 years but less than 7 years of credited service)	0	1	6
Ill health, age retirement or death (Greater than 5 years' service)	5	7	5
Early release entitlement	2	0	0
Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	30	38	60

Compliance and education

ACT Leave undertakes a range of compliance and educational activities across all four schemes during each financial year. Compliance activities are risk-based and operate under the escalation principles of assistance, education, ongoing follow up of outstanding matters and enforcement.

Activities include identifying and contacting eligible employers and assisting them with the registration process, investigating and processing employees' missing service claims, assisting and supporting employers in relation to the quarterly return and payment submission process, as well as checking employer registration details and facilitating correct data reporting and levy payments.

ACT Leave's educational activities include:

- Presentations to various Building and Construction Industry apprentices through the Canberra Institute of Technology, where apprentices are provided information regarding entitlements and overall scheme arrangements.
- Presentations to registered employers where important information on coverage under the Act, how to correctly lodge returns and record employees' service, processing of long service leave benefits and reimbursement claims as well as the consequences of noncompliance with the Act is provided.
- One-on-one employer meetings to assist employers with understanding their obligations towards their employee's portable long service leave entitlements.
- The provision of marketing and communication material about portable long service leave to the Housing Industry Association Ltd, Master Builders Association of the ACT and Canberra Business Chamber, for

inclusion in their social media pages and newsletters to members, and in various employee-based publications.

- Quarterly employer newsletters which provide information on latest news and updates, key dates, and useful tips and instructions for employers lodging quarterly returns or contacting ACT Leave.
- Exhibiting at relevant events in Canberra, such as the Small Business Expo, to engage with potential employers and workers, and build portable long service scheme awareness.

In support of the work ACT Leave undertakes to identify and register eligible employers and workers in the four covered industries which ACT Leave administers, ACT Leave works cooperatively with:

- Major Projects Canberra, to ensure that eligible tenderers for ACT Government contracts related to the four administered industries are registered with ACT Leave.
- Skills Canberra, to ensure that all employers of apprentices registered with the ACT government are registered with ACT Leave and that they register their employees and apprentices who are working in the covered industries.
- Secure Local Jobs, to ensure that all employers requiring a Code Certificate are meeting their obligations under the Act.

ACT Leave's compliance efforts also include reviewing a wide range of publicly available information to identify eligible employers who may be required to apply for registration, such as:

- Register of National Disability Insurance Scheme service providers that are in the industry of providing services covered under the Act.
- Access Canberra's Security Master Licence register for eligible Security and Building and Construction Industry employers.
- Australian Children's Education and Care Quality Authority (ACECQA) public register listing approved education and care service providers.
- Job advertisements to identify employers looking to employ workers who are covered under the Act
- The ATO's ABR explorer portal.

ACT Leave undertakes audits, debt management and other enforcement activities to ensure employers are complying with the requirements of the Act and fulfilling their obligations in relation to their employees' portable long service leave entitlements.

ACT Leave's compliance and education activities are aimed at promoting a high level of voluntary compliance amongst covered employers that is based on a solid understanding of the scheme arrangements and employer obligations while maintaining productive, positive and meaningful relationship with all stakeholders.

Accountability indicators

ACT Leave's annual Statement of Performance details its actual performance results against target, including an explanation of major variances for each performance measure. Refer to C6. Statement of Performance, pages 98-102, for further information.

B3. Scrutiny

There were no reports from the ACT Auditor-General, the ACT Ombudsman, or any Legislative Assembly Committees in 2023-24 which required input from ACT Leave. During 2023-24 ACT Leave participated in the performance audit on "Governance boards for selected ACT Government entities". The ACT Auditor-General report on this audit is expected to be completed in 2024-25. The only other scrutiny from the Auditor-General during the reporting period was for the audit of the 2023-24 Financial Statements and the review of the 2023-24 Statement of Performance. The Audit Office issued an unqualified audit opinion in both reports and there were no audit findings from the review.

B4. Risk management

ACT Leave has in place a rigorous Risk Management Framework comprising an Enterprise Risk Register, a Risk Appetite Statement developed by the Governing Board, a risk register underpinning the organisation's business transformation projects, and a specific Work Health and Safety (WHS) Risk Register to document and mitigate WHS risks.

ACT Leave's Risk Management Framework is overseen by the ACT Leave Audit and Risk Committee, with the Enterprise Risk Register presented for the approval of the Audit and Risk Committee when they meet four times per year. This ensures that there is opportunity to consider and review existing risks and identify emerging business risks. The Audit and Risk Committee presents the Enterprise Risk Register to the Governing Board on an annual basis for the Board's review and approval.

The Business Transformation Program Risk Register captures risks identified from the strategic projects, with all risks with a high residual risk rating reported to each Governing Board meeting. The Board also remains informed of the organisation's WHS Risk Register, with risks with a high residual risk rating reported as required.

Developed in 2023, ACT Leave's Risk Appetite Statement is an important decision-making tool for the Governing Board, establishing the tolerance for risk as it relates to ACT Leave's strategy (including strategic projects), and operations. Governing Board agenda items requiring a decision are mapped directly to the Strategic Plan (if relevant) as well as the Risk Appetite Statement. The Risk Appetite Statement is reviewed by the Board on an annual basis, to coincide with the Board's review of the Enterprise Risk Register, and a progress review of the Strategic Plan.

The Chief Executive Officer, Deputy Registrar, Chief Finance Officer, and Chief Operations Officer review the Enterprise Risk Register at least on a quarterly basis, while the Business Transformation Program Risk Register is considered on a fortnightly basis by the relevant project teams, and the WHS Risk Register is reviewed quarterly by the WHS Committee and the Chief Executive Officer. All risks are monitored for opportunities for improvement, and structured contingency planning.

ACT Leave also has in place a Business Continuity Plan, and an ICT Disaster Recovery Plan, which is tested biannually, to ensure any disruptions to the continued provision of critical services to ACT Leave's clients and support functions are mitigated and properly managed, and systems can be restored efficiently and within appropriate timeframes.

B5. Internal audit

The Audit and Risk Committee, established under the Audit and Risk Committee Charter, meets at least four times a year and oversees ACT Leave's risk management and audit functions.

Internal audit topics are discussed and determined at Audit and Risk Committee meetings, based on risk assessments, potential or emerging issues in ACT Leave's operating environment and ACT Leave's internal business priorities.

During 2023-24, ACT Leave conducted two reviews by independent and qualified external consultants: a compliance function framework review and a credit card transactions review. The outcomes of the two reviews were positive, with some audit findings raised and recommendations provided which have been accepted and are either complete or in the process of being addressed by management.

B6. Fraud prevention

ACT Leave has a 'Risk Management and Fraud Prevention Plan' in place to manage fraud risks and any associated fraud investigation and reporting. ACT Leave manages and controls risks in a way that ensures risks are identified and monitored regularly with appropriate mitigation actions undertaken to reduce the risks to an accepted level. It has a formalised, integrated, and visible process to identify risk exposures across the strategic, operational and financial activities and to provide the Governing Board and Audit and Risk Committee with assurance that these exposures are adequately monitored and controlled. With adequate controls in place, there were no material fraud risks identified, and the overall fraud risk is considered low. There were no instances of fraud or cases of corruption suspected or reported during 2023-24.

ACT Leave also discusses fraud and corruption risk factors with staff regularly across a variety of forums, to promote awareness and prevention of fraud and corruption. In 2023-24 all ACT Leave staff attended an education session conducted by the ACT Integrity Commission and undertook two self-paced ACT Integrity Commission online learning modules; ACT with Integrity and Reporting Corruption to the ACT Integrity Commission.

In addition, ACT Leave minimises the opportunity for fraud by ensuring there is appropriate segregation of duties and financial authorisations amongst those who collect, and process monies received. ACT Leave has also established other robust monitoring controls, such as regular bank, investment, lease liability, and asset register reconciliations to ensure assets are properly insured and accounted for. Covered under the Fidelity Indemnity Guarantee Agreement from the ACT Insurance Authority, the insurance policy covers ACT Leave against claims for direct loss of money or goods as a result of acts of fraud or dishonesty by its employees. There were no such claims made during 2023-24.

ACT Leave's investment portfolios are held in pooled funds managed by Vanguard Australia. Vanguard Australia uses a separate custodian financial institution to hold these funds. ACT Leave is provided with an annual audit report from Vanguard, conducted by an independent external auditor, to ensure its operating controls are effective in managing client assets.

B7. Freedom of information (FOI)

There were no FOI applications made to ACT Leave in 2023-24.

B8. Community engagement and support

Other than the compliance and education related activities delivered (refer to Compliance and Education on page 23), ACT Leave did not undertake any broader community engagement activities during the year and did not participate in any grants, assistance, or sponsorship programs.

B9. Aboriginal and Torres Strait Islander reporting

ACT Leave did not undertake or participate in any programs, projects or initiatives during the year relating to Aboriginal and Torres Strait Islander Peoples in the ACT. For the Aboriginal and Torres Strait Islander Procurement Policy Reporting, see C5. Government Contracting section.

B10. Multiculturalism Act 2023 reporting

ACT Leave takes a systematic approach to ensure our communications and marketing practices are inclusive by acting in accordance with the ACT Government Language Services Policy. We do this by:

- ensuring all staff are aware of the Language Services Policy, and how to access interpreter services.
- committing to the appropriate use of interpreters and translators in the delivery of all services for people who communicate in a language other than English.
- communicating using plain English, with short but important amounts of information, avoiding officialese jargon, metaphors and colloquialisms.
- incorporating the use of images and animated videos to help relay messages, as an alternative to text heavy content.
- using translation services and the national interpreter symbol on communication material including QR codes to direct people to our website which can be translated into 30 frequently used languages in the ACT and Australia.

B11. Work health and safety

ACT Leave is committed to providing a safe and healthy workplace, and ensuring employees' health, safety and wellbeing and receives support and advice from the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) for all injury management and work safety matters.

There were no significant workplace incidents that required notices under the provisions of the *Work Health and Safety Act 2011* during the reporting period. There were also no improvement, prohibition, or non-disturbance notices issued under Part 10 of the Act in 2023-24.

ACT Leave has staff trained and nominated as First Aid Officers, Mental Health First Aid Officers, Fire Wardens, and Respect, Equity and Diversity Officers and has an active Work Health and Safety Committee comprising staff and management representation.

ACT Leave discusses work health and safety matters at regular staff meetings and work health and safety reporting is also a standing agenda item for each Governing Board meeting. Physical inspections of the safety of ACT Leave's office environment are undertaken at least quarterly by members of the Work Health Safety Committee, with Committee meetings held after each inspection. Staff working under a hybrid working arrangement are required to complete a working from home checklist and manage any work health safety risks identified in their home environment, with assistance and advice provided by ACT Leave as appropriate.

As part of its Risk Management Framework, ACT Leave has in place a specific Work Health and Safety Risk Register to document and mitigate WHS risks, which is formally reviewed on a quarterly basis by the Work Health and Safety Committee and the CEO, with risks reported to the ACT Leave Governing Board as required. The key WHS risks currently being managed by ACT Leave include potential site hazards (slips, trips and falls), psychosocial hazards (poor work design, client aggression and/or staff conflict) and transmissible illness (representing the risk of COVID and other seasonal illnesses).

B12. Human resources management

ACT Leave workforce comprised 34.0 full-time equivalent (FTE) staff during 2023-24. As a small agency, ACT Leave constantly monitors its workload and productivity to ensure there are adequate resources and that staffing levels are appropriate to carry out required work and to meet performance targets.

The CEO/Registrar and senior staff oversee staff performance with ongoing performance reviews in place. On the job and formal education and training is provided to ensure that staff have the required skills to meet operational needs. Staff are encouraged to acquire broad operational capability and experience to fulfil succession planning requirements as well as any unexpected staff absences. ACT Leave staff are recruited to satisfy the administration responsibilities of the *Long Service Leave (Portable Schemes) Act 2009*, including: general administration, customer service, information technology, compliance and education, public engagement and communication, financial management and reporting functions for ACT Leave.

ACT Leave has supported the following learning and development activities in 2023-24:

- formal training
- mentoring
- seminars/conferences
- education courses
- study assistance
- on-the-job training.

In 2023-24, ACT Leave supported two staff members through study assistance which included providing study leave and financial assistance for course costs.

During 2023-24, ACT Leave supported hybrid work arrangements including identifying and addressing learning and development needs considering hybrid working arrangements. There were no staff on Attraction and Retention Initiatives (ARins) during the reporting period. For information regarding staff profile and classification, refer to E3. – Workforce Profile, pages 106-107.

B13. Ecological sustainability reporting

ACT Leave continues to support the principles of Ecologically Sustainable Development where possible and relevant to the operational activities of the organisation. Conservation measures include:

- staff are encouraged to conserve fuel by careful planning of field visitation
- all new office equipment is purchased with a view to its eventual recyclability
- excess or superseded equipment is either sold or traded on replacements
- unsaleable equipment is deposited with a reputable recycling service provider for resale or recycling
- the generation of paper records is limited by use of electronic record keeping where practical.

Sustainable development performance: current and previous financial year

Indicator as at 30 June	Unit	Current FY	Previous FY	Percentage change
Stationary energy usage				
Electricity Use	Kilowatt hours	60,633	33,723	79.80%
Fossil fuel gas use (non-transport)	Megajoules	-	-	-
Diesel use (non-transport)	Kilolitres	-	-	-
Liquid Petroleum Gas	Kilolitres	-	-	-
Transport fuel usage				
Zero Emissions Vehicles (ZEV)	Number	-	-	-
Plug-in Hybrid Electric Vehicles (PHEV)	Number	-	-	-
Hybrid Electric Vehicles (HEV)	Number	1	1	0%
Internal Combustion Engine (ICE) Vehicles	Number	-	-	-
Total number of vehicles	Number	1	1	0%
Fuel Use - Petrol	Kilolitres	0.25	0.36	-29%
Fuel Use - Diesel	Kilolitres	-	-	-
Fuel Use - Liquid Petroleum Gas (LPG)	Kilolitres	-	-	-
Fuel Use - Compressed Natural Gas (CNG)	Gigajoules	-	-	-
Water usage				
Water use	Kilolitres	64	58	10%
Resource efficiency and waste				

Indicator as at 30 June	Unit	Current FY	Previous FY	Percentage change
Waste to landfill	Litres	12,640	19,910	-37%
Co-mingled material recycled	Litres	13,382	13,382	0%
Paper & Cardboard recycled (including secure paper)	Litres	19,910	13,456	48%
Organic material recycled	Litres	-	-	-
Greenhouse gas emissions				
Emissions from natural gas use (non-transport)	Tonnes Co2-e	-	-	-
Emissions diesel use (non-transport)	Tonnes Co2-e	-	-	-
Emissions from transport fuel use	Tonnes Co2-e	0.59	0.85	-31%
Total emissions	Tonnes Co2-e	0.59	0.85	-31%

Part C. Financial Management Reporting

C1. Management discussion and analysis

Objectives of ACT Leave

ACT Leave in its current form was established in 2010 under the *Long Service Leave (Portable Schemes) Act 2009* (the Act) to administer portable long service leave benefits for covered industries, including the Building and Construction Industry scheme, Contract Cleaning Industry scheme, Community Sector Industry scheme, and the Security Industry scheme. On 29 March 2023, the ACT Legislative Assembly passed the *Long Service Leave (Portable Schemes) Amendment Act 2023*, which expands portable long service leave schemes in the ACT to additional industries. The new Services Industry Scheme, incorporating the existing Contract Cleaning Scheme, is due to commence on 1 April 2025, and will cover Contract Cleaning, Hairdressing and Beauty, and Accommodation and Food services.

ACT Leave's objectives, in accordance with relevant obligations, are to:

- make long service leave benefit claim payments to the employees and contractors, and reimbursements to employers in accordance with the Act
- ensure eligible employers and employees of all administered schemes are registered with ACT Leave
- efficiently and effectively collect contribution levies from the registered employers
- invest funds to maintain long-term sustainability of all schemes.

Risk management

ACT Leave's risk management framework is overseen by the Board and managed by the Audit Committee and the Chief Executive Officer. Several key risks have been identified that could, if not appropriately managed and controlled, have an impact on ACT Leave's future financial position, including that:

- ACT Leave is required to prudently invest long service leave employer contributions to ensure that there are sufficient assets to meet long service leave liabilities. A key risk for ACT Leave is that funds are not invested appropriately. ACT Leave ensures that funds are invested in accordance with the Strategic Asset Allocation outlined in the *ACT Leave Investment Plan 2024*, undertaking monthly rebalancing activities and checks and reviewing cash flow requirements regularly in light of market conditions.
- Information and Communication Technology (ICT) presents considerable risk to ACT Leave in relation to the stability of ageing technology, physical infrastructure, data integrity, and security. ACT Leave applies a number of business continuity initiatives such as annual penetration testing, system security monitoring, suspicious IP address monitoring, and scheduled daily backups, with additional key risk mitigation strategies focusing on future-proofing systems, environments, capability and capacity.
- An ongoing risk to ACT Leave is that eligible employers do not register, declare service for employees or pay the required contribution levy. ACT Leave mitigates this risk by ensuring that it has a comprehensive Compliance and Education Strategy in place and compliance activities are undertaken in a thorough and systematic way. ACT Leave's compliance staff monitor the activity of covered industries in the Territory and liaise with workers, employers and their representative associations to ensure that all eligible employers and employees are registered. ACT Leave also works cooperatively with other ACT Government organisations to assess compliance and promote awareness of portable long service leave arrangements and obligations with mutual client groups.

Financial performance

ACT Leave operates four defined benefit schemes. ACT Leave's main asset is investments in pooled vehicles holding listed shares and marketable fixed interest. The main source of income for ACT Leave is levy contributions from employers. However, the main balance sheet liability item 'Provision for Long Service Leave Benefits' and the main expense item 'Long Service Leave Benefit Expenses' reflect actuarial calculations of the present value of future payments (balance sheet liability) and changes in that present value plus actual long service leave claims paid to eligible employees (operating expense). See Note 15 of the Financial Statements for

details. Consequently, cash outlays by ACT Leave can vary significantly from expenses recorded in a particular year. The following financial information is based on the audited financial statements for 2022-23 and 2023-24 financial years, the original budget contained in the 2023-24 Statement of Intent, and future trends in the 2024-25 Statement of Intent.

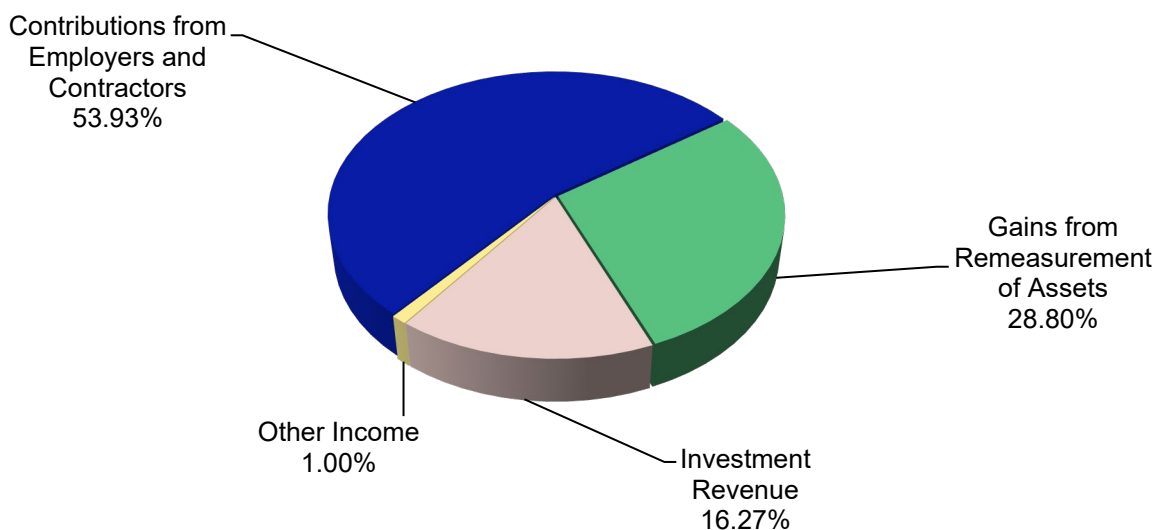
Total income

Components of income

ACT Leave’s consolidated total income in 2023-24 was \$72.54 million which included:

- \$39.12 million (53.93 per cent) contributions revenue
- \$20.89 million (28.80 per cent) gains from remeasurement of assets
- \$11.80 million (16.27 per cent) of total investment revenue including investment distributions of \$11.32 million and management fee rebates of \$0.48 million
- \$0.72 million (1.00 per cent) of other income, comprising \$0.35 million interest revenue, \$0.25 million of income from penalties, \$0.10 million of LeaveTrack licence fees, and the remaining \$0.02 million mainly relating to income from infringement notices and resources received free of charge.

Figure 1. Sources of income



Comparison to budget

Total income in 2023-24 was \$20.24 million (38.69 per cent) higher than the original budget.

In 2023-24 ACT Leave recognised gains from remeasurement of assets of \$20.89 million compared to the budgeted gains of \$8.89 million. ACT Leave made an average investment return of 12.38 per cent per annum in 2023-24 compared with 5.5 per cent per annum assumed in the Budget.

Investment Income was higher than budgeted by \$5.52 million (87.99 per cent) mainly due to higher than expected quarterly investment distributions in 2023-24.

Contributions from employers and contractors exceeded budget by \$2.97 million (8.21 per cent) mainly due to a higher than budgeted wage indexation in 2023-24.

Comparison to 2022-23 actual income

Total income in 2023-24 increased by \$10.25 million (16.46 per cent) from the 2022-23 actual.

In 2023-24 ACT Leave achieved an average investment return of 12.38 per cent per annum compared with 11.71 per cent per annum in 2022-23. This, combined with higher investments base, contributed to higher gains from remeasurement of assets by \$4.25 million (25.56 per cent).

Investment Income increased by \$3.18 million (36.91 per cent) due to higher quarterly investment distributions.

Levy contributions from employers and contractors increased by \$3.17 million (8.80 per cent). This is due to a combination of Building and Construction Industry employer levy rate increase from 1 October 2023 and wage indexation in 2023-24.

Future trends

Total Income for 2024-25 is budgeted to decrease by \$5.74 million (7.91 per cent).

Gains from remeasurement of assets are expected to decrease by \$10.81 million (51.75 per cent) as ACT Leave expects the average full year investment return to be at 6.00 per cent per annum, compared to the actual return of 12.38 per cent in 2023-24.

This is partially offset by \$7.54 million (19.28 per cent) higher expected contributions revenue from a moderate growth of all four covered industries in the ACT and levy increases in the Community (0.25 per cent from 1 July 2024), Security (0.40 per cent from 1 July 2024) and Building and Construction (0.25 per cent from 1 October 2024) Industry schemes.

Total expenses

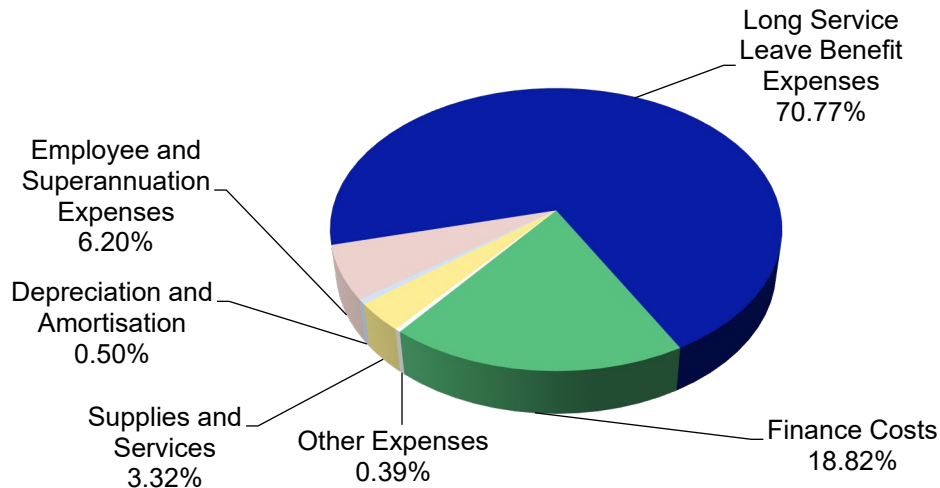
Components of expenses

ACT Leave's 2023-24 expenses include the long service leave benefit expenses of the four administered schemes combined, and the general administration expenses for ACT Leave's daily operations.

Figure 2 shows the components of ACT Leave's expenses for 2023-24 including:

- \$43.72 million (70.77 per cent) of long service leave benefit expenses
- \$11.63 million (18.82 per cent) of finance costs, comprising mostly of the unwinding of discount rate used for assessing the long service leave liability provision
- \$3.83 million (6.20 per cent) of employee and superannuation expenses
- \$2.05 million (3.32 per cent) of supplies and services costs
- \$0.31 million (0.50 per cent) of depreciation and amortisation costs
- \$0.24 million (0.39 per cent) of other expenses, including impairment losses, penalty waivers, etc.

Figure 2. Components of expenses



Comparison to budget

Total expenses in 2023-24 were \$8.53 million (16.01 per cent) higher than budget primarily due to higher long service leave benefit expenses as a result of the actuarial review of the present value of the long-term long service leave liability for the four administered schemes. The key factors contributing to the increase include increases in leave taken, exits and service-based wage inflation.

Comparison to 2022-23 actual expenses

Total expenses increased by \$30.49 million (97.32 per cent) compared to the 2022-23 actual.

Long service leave benefit expenses increased by \$26.51 million (154.05 per cent) and finance costs increased by \$2.11 million (22.21 per cent) largely due to the actuarial review of the present value of the long-term long service leave liability for the four administered schemes. All four schemes' long service leave expenses increased, with the growth mainly from the Community Sector Industry scheme (\$20.62 million) and the Building and Construction Industry scheme (\$6.68 million). The key factors contributing to the increase include increases in leave taken, exits and service-based wage inflation.

Employee expenses increased by \$1.24 million (47.89 per cent) due to increase in number of full-time equivalent employees in preparation to upcoming portable leave schemes expansion to additional industries in 2024-25. Average staffing level in 2023-24 was 28.1 full-time equivalent employees, comparing to 20.5 in 2022-23.

Future trends

Total expenses in the 2024-25 budget are expected to increase by \$11.33 million (18.32 per cent) mainly due to higher long service leave benefit expenses in accordance with actuarial projections. The growth is mainly attributed to the Building and Construction Industry scheme and is slightly offset by a decrease in the Community Sector Industry scheme.

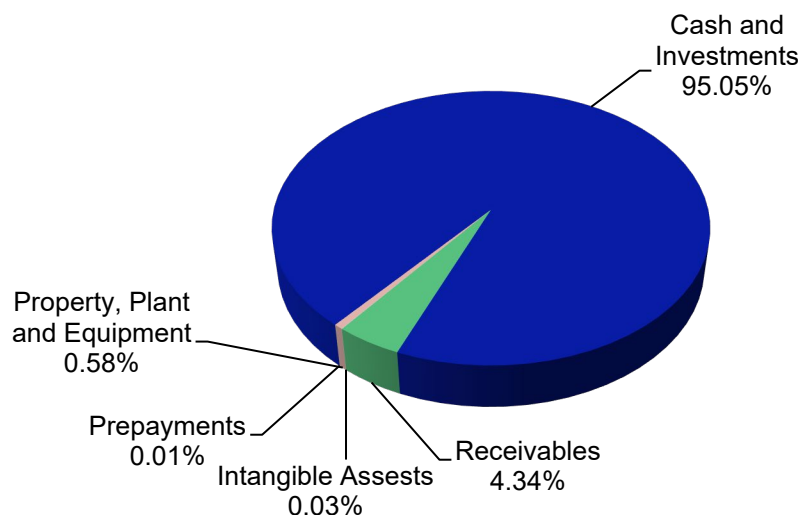
Financial position

Total assets

Components of assets

Figure 3 below shows that ACT Leave's assets comprise cash and investments of \$308.15 million (95.05 per cent), receivables of \$14.06 million (4.34 per cent), property, plant and equipment of \$1.88 million (0.58 per cent), intangible assets of \$0.82 million (0.03 per cent), and prepayments of \$0.02 million (0.01 per cent).

Figure 3. Components of assets



Comparison to budget

The total asset position of \$324.20 million as at 30 June 2024 was \$26.54 million (8.92 per cent) higher than the original budget mainly due to higher than anticipated return on investments and investment distributions that ACT Leave reinvested for additional units.

Comparison to 2022-23 actuals

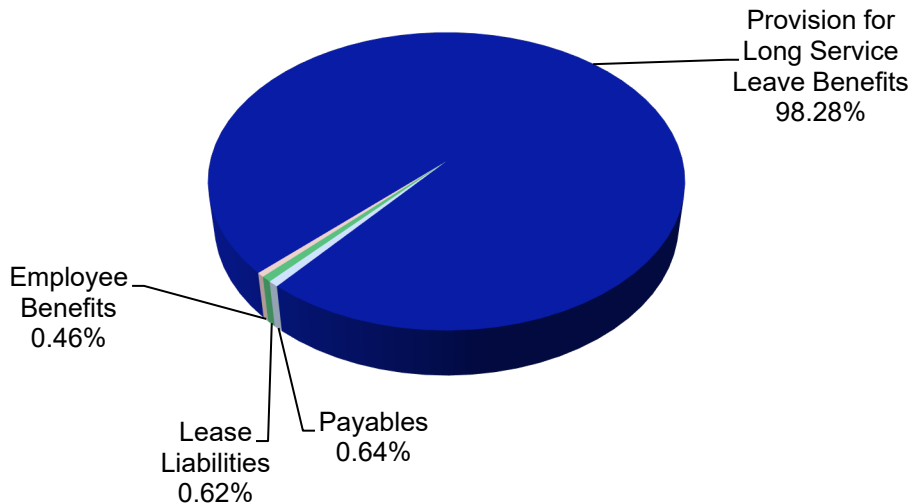
ACT Leave's total asset position at 30 June 2024 was higher than at 30 June 2023 by \$39.27 million (13.78 per cent) primarily as a result of an increase in the value of investments due to the positive investment return of 12.38 per cent in 2023-24 and investment distributions that ACT Leave reinvested for additional units.

Total liabilities

Components of liabilities

Figure 4 below indicates that the majority of ACT Leave's liabilities are provisions for long service leave benefits of \$252.62 million (98.28 per cent).

Figure 4. Components of liabilities



Comparison to Budget

The total liabilities position as at 30 June 2024 was higher than the budget expectation by \$9.65 million (3.90 per cent) mainly due to higher than anticipated long service leave expenses accrued as a result of the revised actuarial valuation, based on the projected number of workers, wage growth, and other actuarial demographic assumptions, for all administered schemes.

Comparison to 2022-23 Actuals

The total liabilities position as at 30 June 2024 was \$28.48 million (12.46 per cent) higher than the position as at 30 June 2023 primarily due to the actuarial review of the present value of the long service leave liability for the four administered schemes. All four schemes' long service leave liability increased, with the growth mainly from the Community Sector Industry scheme (\$19.76 million) and the Building and Construction Industry scheme (\$6.67 million). The key factors contributing to the increase include increases in leave taken, exits and service-based wage inflation.

Liquidity

Liquidity is the ability of ACT Leave to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. As funds are quarantined within each scheme, the tables below indicate the liquidity position of each of the administered schemes.

Building and Construction Industry Scheme

Description	Prior Year Actual 2023 \$'000s	Current Year Budget 2024 \$'000s	Current Year Actual 2024 \$'000s	Forward Year Budget 2025 \$'000s	Forward Year Budget 2026 \$'000s	Forward Year Budget 2027 \$'000s
At 30 June						
Current Assets	167,264	169,547	188,263	204,858	225,080	245,875
Current Liabilities	124,450	119,485	130,641	154,080	172,282	193,619
Current Ratio	1.34:1	1.42:1	1.44:1	1.33:1	1.31:1	1.27:1

ACT Leave classified the current long service leave liabilities in accordance with the *Australian Accounting Standard AASB 101: 'Presentation of Financial Statements'*, which includes the liabilities that ACT Leave has no unconditional right to defer within the 12 months after the end of the reporting period. The rest of the long service leave liability is then classified as non-current.

The Building and Construction Industry scheme's current ratio at 30 June 2024 is 1.42:1, which is higher than the actual current ratio at 30 June 2023, and higher than the budgeted ratio at 30 June 2024. The scheme's liquidity ratio is expected to decrease over the next three years. The Building and Construction Industry scheme has sufficient assets to cover liabilities in the short term and future years.

Contract Cleaning/Services Industry Scheme

Description	Prior Year Actual 2023 \$'000s	Current Year Budget 2024 \$'000s	Current Year Actual 2024 \$'000s	Forward Year Budget 2025 \$'000s	Forward Year Budget 2026 \$'000s	Forward Year Budget 2027 \$'000s
At 30 June						
Current Assets	20,440	20,263	22,522	24,574	28,358	35,204
Current Liabilities	10,706	12,178	11,661	14,159	16,037	18,600
Current Ratio	1.91:1	1.66:1	1.93:1	1.74:1	1.77:1	1.89:1

The Contract Cleaning Industry scheme's liquidity ratio remains high. It is expected to decrease in the next year, and to increase again in the two following years as a result of contribution levy inflows from the new Services Industry scheme employers and before the workers reach entitlement. The Contract Cleaning scheme has sufficient assets to cover the short-term liabilities at 30 June 2024 and the future years.

Community Sector Industry Scheme

Description	Prior Year Actual 2023 \$'000s	Current Year Budget 2024 \$'000s	Current Year Actual 2024 \$'000s	Forward Year Budget 2025 \$'000s	Forward Year Budget 2026 \$'000s	Forward Year Budget 2027 \$'000s
At 30 June						
Current Assets	87,191	97,818	102,864	117,250	133,936	150,955
Current Liabilities	59,963	75,895	67,381	89,066	110,076	139,168
Current Ratio	1.45:1	1.29:1	1.53:1	1.32:1	1.22:1	1.08:1

The Community Sector Industry scheme has sufficient assets to meet its short-term debts at 30 June 2024. The current ratio remains sound but is expected to decline in the next three years as the scheme progressively grows and matures.

Security Industry Scheme

Description	Prior Year Actual 2023 \$'000s	Current Year Budget 2024 \$'000s	Current Year Actual 2024 \$'000s	Forward Year Budget 2025 \$'000s	Forward Year Budget 2026 \$'000s	Forward Year Budget 2027 \$'000s
At 30 June						
Current Assets	7,997	8,384	8,980	10,048	11,200	12,366
Current Liabilities	4,790	6,441	7,093	8,481	9,831	11,507
Current Ratio	1.67:1	1.30:1	1.27:1	1.18:1	1.14:1	1.07:1

The Security Industry scheme, which commenced in January 2013, has sufficient assets to meet its short-term debts at 30 June 2024. The current ratio remains strong but is expected to decline in the next three years as the scheme matures.

Impact of gains from remeasurement of assets on the operating result

The extract below does not represent the full Financial Statements and notes in accordance with the Australian Accounting Standards. For full understanding of ACT Leave's financial performance, this extract should be read in conjunction with the notes and disclosures presented in the audited Financial Statements.

ACT Leave is required to prudently invest long service leave employer contributions to ensure that there are sufficient assets to meet long service leave liabilities. The investments are managed by an independent professional investment manager (Vanguard Australia) in accordance with the Investment Plan approved by the Treasurer. ACT Leave's investment objective is to achieve a target return after fees of Australian Weekly Ordinary Times Earnings (AWOTE) plus 2.5 per cent over rolling five-year periods.

Investment returns may fluctuate significantly from year to year due to reasonably foreseeable movement in markets. Such fluctuations have a material impact on ACT Leave's operating result. The extract below shows ACT Leave's operating result for 2022-23 and 2023-24 financial years before and after gains/losses on investments. For the year ended 30 June 2024 ACT Leave is showing operating result of \$10.76 million, however operating loss of \$10.13 million before Gains from Remeasurement of Assets (gains on investments).

Operating Statement for the Year Ended	30 June 2024 \$'000	30 June 2023 \$'000
Income		
Contributions from Employers and Contractors	39,123	35,957
Investment Revenue	11,804	8,622
Other Income	601	941
Sales of Services from Contracts with Customers	105	102
Grants and Contributions	17	27
Total Income (excluding return on investments)	51,650	45,649
Expenses		
Employee Expenses	3,829	2,589
Supplies and Services	2,051	1,568
Depreciation and Amortisation	308	245
Long Service Leave Benefits Expenses	43,720	17,209
Finance Costs	11,630	9,516
Other Expenses	243	201
Total Expenses	61,781	31,328
Operating Result before Gains from Remeasurement of Assets	(10,131)	14,321
Gains from Remeasurement of Assets	20,890	16,638
Operating Result	10,759	30,959

C2. Financial statements

FINANCIAL STATEMENTS LONG SERVICE LEAVE AUTHORITY

For the Year Ended

30 June 2024

Independent Auditor's report



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Long Service Leave Authority (Authority) for the year ended 30 June 2024 which comprise the operating statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Authority's financial position as at 30 June 2024, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

Basis for opinion

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

I am independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Authority for the financial statements

The Governing Board of the Authority is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Authority to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Authority.

My objective is 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

I communicated with the Governing Board of the Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



Rosa San Miguel
Audit Principal, Financial Audit
24 September 2024

LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Year Ended 30 June 2024

Statement of Responsibility

As the Chairperson of the Long Service Leave Authority (ACT Leave), I am responsible for the preparation of the annual financial report as well as the judgements exercised in preparing it. In my opinion, ACT Leave's financial statements fairly reflect the financial operations for the year ended 30 June 2024 and the financial position on that date.



Anne O'Donnell
Chairperson
Long Service Leave Authority
24 September 2024

LONG SERVICE LEAVE AUTHORITY
Financial Statements
For the Year Ended 30 June 2024

Statement by the Chief Finance Officer

In my opinion, ACT Leave's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2024 and the financial position on that date.



Elena Agrizko
Chief Finance Officer
Long Service Leave Authority
24 September 2024

LONG SERVICE LEAVE AUTHORITY

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Long Service Leave Authority
Operating Statement
For the Year Ended 30 June 2024

	Note No.	Actual 2024 \$'000	Original Budget 2024 \$'000	Actual 2023 \$'000
Income				
Contributions from Employers and Contractors	5	39,123	36,156	35,957
Gains from Remeasurement of Assets	6	20,890	8,891	16,638
Investment Revenue	7	11,804	6,279	8,622
Sales of Services from Contracts with Customers		105	105	102
Grants and Contributions		17	-	27
Other Income		601	871	941
Total Income		72,540	52,302	62,287
Expenses				
Employee Expenses	8	3,829	3,204	2,589
Supplies and Services	9	2,051	1,660	1,603
Depreciation and Amortisation	13	308	298	245
Long Service Leave Benefits Expenses	15	43,720	36,665	17,209
Finance Costs ¹		11,630	10,940	9,516
Other Expenses ²		243	520	201
Total Expenses		61,781	53,287	31,363
Operating Result		10,759	(985)	30,924
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit and loss</i>				
Increase in the Asset Revaluation Surplus		30	-	-
Total Other Comprehensive Result		30	-	-
Total Comprehensive Result		10,789	(985)	30,924

The above Operating Statement is to be read in conjunction with the accompanying notes.

¹ Finance Costs include \$11.597m (\$9.481m in 2022-23) unwinding of discount rate for the long service leave liability estimate (see Note 15 – Provision for Long Service Leave Benefits) and the remaining corresponds to interest expense incurred for ACT Leave's leases under AASB 16 Leases.

² Other Expenses include \$0.174m (\$0.137m in 2022-23) related to waivers, impairment losses and write offs – see Note 10 – Waivers, Impairment Losses and Write Offs for further detail.

Long Service Leave Authority
Balance Sheet
As at 30 June 2024

	Note No.	Actual 2024 \$'000	Original Budget 2024 \$'000	Actual 2023 \$'000
Current Assets				
Cash	11	6,586	5,396	6,997
Investments	11	301,564	279,388	264,127
Receivables	12	14,059	11,228	11,744
Prepayments		23	-	24
Total Current Assets		322,232	296,012	282,892
Non-Current Assets				
Intangible Assets		82	10	136
Property, Plant and Equipment	13	1,882	1,633	1,900
Total Non-Current Assets		1,964	1,643	2,036
Total Assets		324,196	297,655	284,928
Current Liabilities				
Payables	14	1,649	1,302	1,532
Lease Liabilities		133	165	127
Provision for Long Service Leave Benefits	15			
- Expected to be Settled Within 12 months		23,439	24,162	22,223
- Expected to be Settled After 12 months		190,044	187,416	175,263
Employee Benefits	16	1,113	954	764
Total Current Liabilities		216,378	213,999	199,909
Non-Current Liabilities				
Lease Liabilities		1,462	1,029	1,595
Provision for Long Service Leave Benefits	15	39,136	32,304	26,956
Employee Benefits	16	64	62	101
Total Non-Current Liabilities		40,662	33,395	28,652
Total Liabilities		257,040	247,394	228,561
Net Assets		67,156	50,261	56,367
Equity				
Accumulated Funds		66,976	50,261	56,217
Asset Revaluation Surplus		180	-	150
Total Equity		67,156	50,261	56,367

The above Balance Sheet is to be read in conjunction with the accompanying notes.

In 2022-23 financial statements Cash was included in the Cash and Investments line item. However, in 2023-24 Cash has been disclosed as a separate item in the balance sheet, in order to better assist users of the financial statements.

Long Service Leave Authority
Statement of Changes in Equity
For the Year Ended 30 June 2024

	Accumulated Funds	Asset Revaluation Surplus	Total Equity	Original Budget
Note No.	Actual 2024 \$'000	Actual 2024 \$'000	Actual 2024 \$'000	2024 \$'000
Balance at 1 July 2023	56,217	150	56,367	51,246
Comprehensive Income				
Operating Result	10,759	-	10,759	(985)
Increase in the Asset Revaluation Surplus	-	30	30	-
Total Comprehensive Result	10,759	30	10,789	(985)
Balance at 30 June 2024	66,976	180	67,156	50,261

	Accumulated Funds	Asset Revaluation Surplus	Total Equity
Note No.	Actual 2023 \$'000	Actual 2023 \$'000	Actual 2023 \$'000
Balance at 1 July 2022	25,649	150	25,799
Net Effect of Corrections of Prior Period Errors ³	(356)	-	(356)
Restated Balance at 1 July 2022	25,293	150	25,443
Comprehensive Income			
Operating Result	30,924	-	30,924
Total Comprehensive Result	30,924	-	30,924
Balance at 30 June 2023	56,217	150	56,367

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

³ In 2022-23 ACT Leave corrected several immaterial prior period errors in its accounts, including reversing old accrued revenue balances that had not been reversed in previous years and recalculating lease liability for the office accommodation. The impact of these corrections on the prior periods was recognised in Accumulated Funds.

Long Service Leave Authority
Statement of Cash Flows
For the Year Ended 30 June 2024

	Note	Actual	Original	Actual
	No.	2024	Budget	2023
		\$'000	\$'000	\$'000
Cash Flows from Operating Activities				
Receipts				
Contributions from Employers and Contractors		37,444	36,039	34,173
Interest Received		349	268	315
Revenue from Other Sources		174	543	601
Sales of Services from Contracts with Customers		58	99	56
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		201	137	157
Goods and Services Tax Collected from Customers		140	75	98
Total Receipts from Operating Activities		38,366	37,161	35,400
Payments				
Payments of Long Service Leave Benefits		(27,149)	(22,223)	(25,452)
Payments to Suppliers and Employees		(5,432)	(5,031)	(4,289)
Goods and Services Tax Paid to Suppliers		(350)	(461)	(251)
Repayment of Lease Liabilities - Interest		(33)	(34)	(35)
Total Payments from Operating Activities		(32,964)	(27,749)	(30,027)
Net Cash Inflows from Operating Activities	11	5,402	9,412	5,373
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Investments		200	350	-
Total Receipts from Investing Activities		200	350	-
Payments				
Purchase of Investments		(5,700)	(10,500)	(5,360)
Purchase of Property, Plant and Equipment		(166)	(100)	(4)
Purchase of Intangibles		(19)	-	-
Total Payments from Investing Activities		(5,885)	(10,600)	(5,364)
Net Cash (Outflows) from Investing Activities		(5,685)	(10,250)	(5,364)
Cash Flows from Financing Activities				
Payments				
Repayment of Lease Liabilities - Principal		(127)	(128)	(120)
Total Payments from Financing Activities		(127)	(128)	(120)
Net Cash (Outflows) from Financing Activities		(127)	(128)	(120)
Net (Decrease) in Cash		(410)	(966)	(111)
Cash at the Beginning of the Reporting Period		6,996	6,362	7,107
Cash at the End of the Reporting Period	11	6,586	5,396	6,996

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

In 2023-24, ACT Leave directly reinvested Investment distributions and Management fee rebate for additional units. Reinvestment does not result in cash inflows or outflows. The reinvestment is reported as a non-cash item in Note 11 – *Cash and Investments*.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1. OBJECTIVES OF THE LONG SERVICE LEAVE AUTHORITY

The Long Service Leave Authority (ACT Leave) is a not-for-profit ACT Government Territory Authority established under the *Long Service Leave (Portable Schemes) Act 2009* (the Act) and commenced operations on 1 January 2010. ACT Leave administers four schemes which provide portability of long service leave benefits for registered workers in the Building and Construction Industry (Construction), Contract Cleaning Industry (Cleaning), the Community Sector Industry (Community), and the Security Industry (Security) in the ACT. On 29 March 2023, the ACT Legislative Assembly passed the *Long Service Leave (Portable Schemes) Amendment Act 2023*, which expands portable long service leave schemes in the ACT to additional industries. The new Services Industry Scheme, incorporating the existing Contract Cleaning Scheme, is due to commence on 1 April 2025, and will cover Contract Cleaning, Hairdressing and Beauty, and Accommodation and Food services.

ACT Leave makes payments and keeps registers of employers and workers for the covered industries in accordance with the Act. ACT Leave's primary stakeholders are the employers, employees and independent contractors engaged in the industries covered in the ACT. ACT Leave's financial statements are a consolidation of financial statements of the administered schemes. ACT Leave established separate funds for each of the administered schemes and funds are not cross-subsidised. See Note 17 – *Operating Statement and Balance Sheet for Long Service Leave Schemes* for further details.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Legislative Requirements

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government Territory Authorities. The FMA and the *Financial Management Guidelines* issued under the Act, require a territory authority's financial statements to include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Statement of Cash Flows for the year; and
- (v) other statements as necessary to fairly reflect the financial operations of the agency during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared in accordance with:

- (i) Australian Accounting Standards (as required by the FMA); and
- (ii) ACT Accounting and Disclosure Policies.

Accrual Accounting

The financial statements have been prepared using the accrual basis of accounting. The financial statements are prepared according to historical cost convention, except for non-current assets held for sale, property, plant and equipment and financial instruments which are valued at fair value in accordance with (re)valuation policies applicable to ACT Leave during the reporting period.

Currency

These financial statements are presented in Australian dollars.

Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of ACT Leave for the year ended 30 June 2024 together with the financial position of ACT Leave as at 30 June 2024.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - CONTINUED

Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2023-24 has been presented in the financial statements. Budget estimates in the financial statements are the original budget estimates that are reported in the Statement of Intent.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of "-" represents zero amounts or amounts rounded down to zero.

Going Concern

The 2023-24 financial statements have been prepared on a going concern basis as the ongoing functions, activities and funding of the Long Service Leave Authority are set out in the 2024-25 Statement of Intent. The Statement of Intent includes forward estimates for ACT Leave. There are reasonable grounds to believe that ACT Leave will be able to pay its liabilities as and when these amounts fall due.

Taxation

ACT Leave is an exempt organisation under income tax legislation and therefore is not subject to Income Tax under section 50-25 of the *Income Tax Assessment Act 1997*. ACT Leave is liable to pay Fringe Benefits Tax and Goods and Services Tax.

COVID-19 Impact

ACT Leave has assessed the impact of the COVID-19 pandemic on its financial statements. From this assessment, ACT Leave has concluded that the COVID-19 pandemic has not had a material impact on its operations.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

All Australian Accounting Standards and Interpretations issued but yet to be applied are applicable to future reporting periods and will be adopted from their application date.

Standards and Interpretations issued but yet to be applied have been assessed as not being relevant to ACT Leave or will have an immaterial financial impact on ACT Leave. However, AASB 18 Presentation and Disclosure in Financial Statements (applicable 1 January 2027 for for-profit public sector entities or applicable 1 January 2028 for not-for-profit public sector entities) does contain some major presentation/disclosure changes that will impact on ACT Leave including:

- that operating, investing and financing categories as well as additional subtotals have to be included in ACT Leave's operating statement;
- the disclosure of management-defined performance measures and reconciliations of these measures with the subtotals required by AASB Standards; and

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

- enhanced requirements for the grouping (aggregation and disaggregation) of information in the financial statements and in the notes.

NOTE 4. CHANGE IN ACCOUNTING ESTIMATES

ACT Leave recognises a total liability for accrued long service leave benefits based on an assessment performed by an independent actuary – PricewaterhouseCoopers Securities Ltd. The actuary estimates the liability using a complex model and a large number of assumptions that are based on historical information and the current profile of the registered participants. For the detail of assumptions used and changes in 2023-24 see Note 15 – *Provision for Long Service Leave Benefits*.

INCOME NOTES

Material Accounting Policies - Income

Income Recognition

The following material accounting policies relate to each income note unless stated otherwise in the individual disclosure note. Revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers* where the contract is enforceable and contains sufficiently specific performance obligations, otherwise revenue is in the scope of AASB 1058 *Income of not-for-profit entities*.

AASB 15

None of the material revenue items are recognised under AASB 15.

AASB 1058

Where revenue streams are in the scope of AASB 1058 *Income of Not-for-Profit entities*, ACT Leave recognises the asset received (generally cash or other financial asset) at fair value, recognises any related amount (e.g. liability or equity) in accordance with an accounting standard and recognises revenue as the residual between the fair value of the asset and the related amount on receipt of the asset.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 5. CONTRIBUTIONS FROM EMPLOYERS AND CONTRACTORS

Description and Material Accounting Policies Relating to Contributions from Employers and Contractors

Contribution revenue is derived from employers and contractors (voluntary members) as part of ACT Leave's statutory role of providing portable long service leave benefits to registered employees and contractors. The contributions are paid by registered employers and contractors in accordance with the Act.

The Act relating to Contributions from Employers and Contractors does not require ACT Leave to provide an equal amount in return for the consideration received. As such, AASB 1058 *Income of Not-for-Profit entities* has been applied for recognising contribution revenue. This revenue is recognised at the time when the quarterly contribution levy is payable from external employers and contractors.

	2024	2023
	\$'000	\$'000
Contributions from Employers and Contractors		
- Building and Construction Industry ⁴	19,388	17,610
- Contract Cleaning Industry	1,386	1,427
- Community Sector Industry ⁵	17,314	15,949
- Security Industry	1,035	971
Total Contributions from Employers and Contractors	39,123	35,957
	2024	2023
	\$'000	\$'000
Gross Contributions from Employers and Contractors	39,204	35,999
(Employer Levy Refunds)	(81)	(42)
Total Contributions from Employers and Contractors	39,123	35,957

⁴ Contributions from Employers and Contractors in Building and Construction Industry increased in 2023-24 due to a combination of an employer levy rate increase from 1 October 2023 and an increase in average weekly wages reported by 3.8%.

⁵ Community Sector Industry contributions increased compared to 2022-23 due to a higher number of active workers with service recorded in 2023-24 (3.7% increase compared to 2022-23) and an increase in average weekly wages reported by 5.9%.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 6. GAINS FROM REMEASUREMENT OF ASSETS

Description and Material Accounting Policies Relating to Gains from Remeasurement of Assets

Gains on investments are included in the operating statement for the period in which they arise, and represent the net change in value of investments excluding revenue from distributions and fee rebates.

	2024	2023
	\$'000	\$'000
Gains from Investments		
- Building and Construction Industry	12,452	10,108
- Contract Cleaning Industry	1,517	1,274
- Community Sector Industry	6,329	4,791
- Security Industry	592	465
Total Gains from Investments⁶	20,890	16,638

NOTE 7. INVESTMENT REVENUE

Description and Material Accounting Policies Relating to Investment Revenue

Investment revenue comprises quarterly investment distribution and management fee rebate. It is recognised by ACT Leave on an accrual basis and when ACT Leave's right to receive the payment is established.

	2024	2023
	\$'000	\$'000
Investment Distribution and Management Fee Rebate⁷		
- Building and Construction Industry	7,024	5,197
- Contract Cleaning Industry	864	651
- Community Sector Industry	3,583	2,527
- Security Industry	333	247
Total Investment Distribution and Management Fee Rebate	11,804	8,622
Total Investment Revenue⁸	11,804	8,622

⁶ ACT Leave achieved an average investment return of 12.4% per annum in 2023-24 compared with 11.7% per annum in 2022-23. This, combined with higher investments base, contributed to higher Gains from Investments across all four schemes.

⁷ Each scheme administered by ACT Leave can choose whether to take quarterly investment distributions in cash or as additional units. In 2023-24, ACT Leave opted to reinvest investment distributions and management fee rebate for additional units. Reinvestment does not result in cash inflows or outflows; therefore, it is not included in the Statement of Cash Flows. This income is reported as non-cash item in Note 11 *Cash & Investments*.

⁸ The increase in Investment Revenue was mainly due to higher quarterly investment distributions in 2023-24.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

EXPENSE NOTES

NOTE 8. EMPLOYEE EXPENSES

Description and Material Accounting Policies Relating to Employee Expenses

Employee benefits include:

- short-term employee benefits such as wages and salaries, superannuation, annual leave loading, non-monetary benefits (e.g. vehicles) and applicable on-costs, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, and other costs that are incurred when employees take annual leave and long service leave.

Employees of ACT Leave will have different superannuation arrangements due to the type of superannuation scheme available at the time of commencing employment, including both defined benefit and defined contribution superannuation scheme arrangements.

For employees who are members of the defined benefit Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS), ACT Leave makes employer superannuation contribution payments to the Territory Banking Account at a rate determined by the Chief Minister, Treasury and Economic Development Directorate. ACT Leave also makes productivity superannuation contribution payments on behalf of these employees to the Commonwealth Superannuation Corporation, which is responsible for administration of the schemes.

For employees who are members of defined contribution superannuation schemes (the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice), ACT Leave makes employer superannuation contribution payments directly to the employee's relevant superannuation fund.

All defined benefit employer superannuation contributions are recognised as expenses on the same basis as the employer superannuation contributions made to defined contribution schemes. The accruing superannuation liability obligations are expensed as they are incurred and extinguished as they are paid.

ACT Leave's employed staff are officers of the ACT Public Service.

	2024	2023
	\$'000	\$'000
Employee Expenses		
Wages and Salaries	3,012	2,214
Superannuation Expense	492	362
Annual Leave Expense	122	-
Long Service Leave Expense	203	13
Total Employee Expenses⁹	3,829	2,589
	Number	Number
Average Staffing Levels	28.1	20.5

⁹ Higher employee expenses in 2023-24 are consistent with increase in number of Full-Time Equivalent Employees in response to an increase in business-as-usual activities and in preparation for upcoming portable long service leave schemes expansion to additional industries in 2024-25. Overall, in 2023-24 ACT Leave's staffing level increased by 11 Full-Time Equivalent Employees (3 in 2022-23).

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 9. SUPPLIES AND SERVICES

Description and Material Accounting Policies Relating to Supplies and Services

General – Supplies and Services

Purchases of Supplies and Services generally represent the day-to-day running costs incurred in normal operations, recognised in the reporting period in which these expenses are incurred.

Consultants and Contractors

Consultants and Contractors relate to internal audit activities carried out by external consultants, and business improvement projects.

Computer Consumables and Programming

Computer Consumables and Programming relate to maintenance of LeaveTrack and other computer software and support.

Administration System Implementation

In July 2023 ACT Leave entered into an agreement for the provision of a new system used for administration of long service leave schemes under Software as a Service (SaaS) arrangement. System implementation costs are associated with customisation, enhancement and data migration to the new system, that is scheduled to go live in 2024-25.

Auditors Service Fees

Audit Fees are included in the Consultants and Contractors line item below. Auditor's remuneration consists of financial audit services provided to ACT Leave by the ACT Audit Office. ACT Leave's audit fee for the audit of its 2023-24 financial statements was \$80,311 (\$73,448 in 2022-23). No other services were provided by the ACT Audit Office.

	2024	2023
	\$'000	\$'000
Supplies and Services		
Actuarial Charges	127	88
Board Members Fees	84	59
Consultants and Contractors ¹⁰	792	737
Computer Consumables and Programming ¹¹	254	200
Debt Collection	26	30
Electricity and Cleaning	43	42
Insurance	35	43
Legal Fees	108	60
LeaveTrack Replacement Project Costs ¹²	-	124
Administration System Implementation	315	-
Postage	57	51
Staff Training	29	14
Subscriptions	53	32
Shared Services	26	18
Other	102	105
Total Supplies and Services	2,051	1,603

¹⁰ The increase in Consultants and Contractors is associated with continuing work on business improvement projects, such as management of implementation of the new administration system and brand refresh, undertaken in 2023-24.

¹¹ Increase in Computer Consumables and Programming is associated with additional software licences, subscriptions, equipment, and support to accommodate the increase in staff.

¹² ACT Leave stopped the LeaveTrack Replacement Project in early 2022-23 with funds reallocated to other business improvement projects.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 10. WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

Description and Material Accounting Policies Relating to Waivers, Impairment Losses and Write-Offs

Waivers

A waiver is the relinquishment of a legal claim to a debt over which ACT Leave has control. Under section 49A(3) of the Act, the Registrar may waive late fees (penalties) associated with the failure to lodge quarterly returns.

Infringement Notices are served in accordance with the *Magistrates Court (Long Service Leave Portable Schemes Infringement Notices) Regulation 2020*. Section 126 of the *Magistrates Court Act 1930* provides for the waiver of infringement notice penalties by the administering authority (the Registrar).

Impairment Losses – Accounts Receivable

The impairment loss and write-off of a debt is the accounting action taken to remove a debt from the financial accounts but does not relinquish the legal right of ACT Leave to recover the amount. An assessment matrix is used to calculate the amount of lifetime expected credit loss which factors practical and justifiable forward-looking information, including forecast economic changes expected to impact ACT Leave's receivables (See Note 12 - *Receivables*). This method is based on the possibility of default events occurring over the lifetime of the loans.

Impairment Losses – Non-Financial Assets

Impairment loss expenses are recognised for both property, plant and equipment, and intangible assets when their carrying amount is higher than their recoverable amount, with the difference between the two estimates being the amount of the impairment loss. Impairment losses for plant and equipment, and intangible assets are recognised as an expense in the Operating Statement.

The waivers, impairment losses and write-off amounts listed below have occurred during the reporting period for ACT Leave. Waivers, impairment losses and write-offs are included in Other Expenses.

	2024	2023
	\$'000	\$'000
Waivers		
Waivers of Penalty Payment	40	38
Waivers of Infringement Notices ¹³	19	40
Total Waivers	59	78
 Impairment Losses from Receivables		
Expected Credit Loss Expense ¹⁴	102	59
Total Impairment Losses from Receivables	102	59
 Impairment Losses from Non-Financial Assets		
Property, Plant and Equipment	7	-
Intangible assets	6	-
Total Impairment Losses from Non-Financial Assets	13	-
 Total Waivers, Impairment Losses and Write-Offs	174	137

¹³ In 2023-24 ACT Leave changed its policy in relation to infringements. An infringement notice does not give a rise to a legally enforceable liability to pay the penalty and therefore infringement is not considered a debt. Following this change ACT Leave does not recognise an asset when an infringement is served. This resulted in fewer waivers in 2023-24 compared to 2022-23.

¹⁴ Expected Credit Loss Expense increased in 2023-24 due to an increasing number of Building and Construction Industry employers being placed into administration or liquidation in recent years, resulting in debts that could not be recovered.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

ASSET NOTES

Material Accounting Policies – Assets

Assets – Current and Non-Current

Assets are classified as current where these assets are expected to be realised within 12 months after the reporting date. Assets which do not fall within the current classification are classified as non-current.

NOTE 11. CASH AND INVESTMENTS

Description and Material Accounting Policies Relating to Cash and Investments

Cash

Cash includes Cash at Bank. ACT Leave holds four bank accounts with Westpac Banking Corporation, one for each administered scheme. The bank accounts earned a floating interest rate between 4.55% and 4.80% in 2023-24 (between 2.20% and 4.95% in 2022-23).

Investments

Investments made by ACT Leave are in accordance with the ACT Leave Investment Plan approved by the Treasurer. The Investment Plan sets a strategic asset allocation to meet ACT Leave's investment return objective. The investment return objective for ACT Leave's financial investments is Australian Average Weekly Ordinary Time Earnings (AWOTE) + 2.5% per annum.

Investments are held as units in wholesale pooled funds managed by an independent investment manager, with the underlying portfolio including fixed interest investments, property securities, and equity investments which are valued by the fund manager based on the market value of these asset classes. Investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on quoted market prices as at the reporting date. The quoted market price used is the current bid price.

Subsequent to initial measurement, investments are re-measured to fair value with changes in their fair value (gains/loss) recognised in the Operating Statement (Note 6 *Gains from Remeasurement of Assets*). Distributions earned on these investments are disclosed in Note 7 *Investment Revenue*.

(a) Cash and Investment Balances

	2024	2023
	\$'000	\$'000
Cash and Investments		
<i>Cash</i>		
Building and Construction Industry	4,128	4,284
Contract Cleaning Industry	88	205
Community Sector Industry	2,268	2,433
Security Industry	101	74
Total Cash	6,586	6,996
<i>Investments</i>		
Building and Construction Industry	176,278	156,841
Contract Cleaning Industry	21,801	19,665
Community Sector Industry	94,977	80,019
Security Industry	8,508	7,603
Total Investments¹⁵	301,564	264,128
Total Cash and Investments	308,150	271,124

¹⁵ The Investments balance increased from 2022-23 due to a positive return on investments and new investments purchased during the year, including reinvestment of distributions and management fee rebates.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 11. CASH AND INVESTMENTS - CONTINUED

(b) Reconciliation of Cash at the End of the Reporting Period in the Statement of Cash Flows to the Equivalent Items in the Balance Sheet.

	2024	2023
	\$'000	\$'000
Total Cash Recorded in the Balance Sheet	6,586	6,996
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows	6,586	6,996

(c) Reconciliation of the Operating Result to Net Cash Inflows from Operating Activities

Operating Result	10,759	30,924
Add/(Less) Non-Cash Items		
Gain on Investment	(20,890)	(16,638)
Investment Income	(11,044)	(9,333)
Depreciation and Amortisation	308	245
Waivers and Impairment Losses	174	137
Other Non-Cash Items	(95)	(564)
Cash Before Changes in Operating Assets and Liabilities	(31,547)	(26,153)
Changes in Operating Assets and Liabilities		
(Increase) in Trade or Other Receivables	(2,417)	(289)
Decrease/(Increase) in Other Assets	1	(24)
Increase in Accrued Long Service Leave Liability	28,177	814
Increase in Other Payables	117	115
Increase/(Decrease) in Other Liabilities	312	(14)
Net Changes in Operating Assets and Liabilities	26,190	602
Net Cash Inflows from Operating Activities	5,402	5,373

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 11. CASH AND INVESTMENTS - CONTINUED

(d) Reconciliation of liabilities arising from financing activities

	Lease Liabilities \$'000
2024	
Carrying Amount at the Beginning of the Reporting Period	1,722
Cash Flow Changes	
Cash Paid	(159)
Non-Cash Changes	
Other Movements	32
Carrying Amount at the End of the Reporting Period	<u>1,595</u>
2023	
Carrying Amount at the Beginning of the Reporting Period	1,884
Net Effect of Corrections of Prior Period Errors	(52)
Cash Flow Changes	
Cash Paid	(155)
Non-Cash Changes	
Other Movements	45
Carrying Amount at the End of the Reporting Period	<u>1,722</u>

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12. RECEIVABLES

Description and Material Accounting Policies Relating to Receivables

Accounts Receivable

Accounts Receivable (including employer and contractor contribution receivables and other receivables) are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. Employer and contractor contributions are received on a quarterly basis.

Expected Credit Losses – Accounts Receivable

Accounts Receivable are assessed for impairment at balance date using an expected credit loss provision assessment matrix. Where there is objective evidence that a receivable may not be collected, an assessment of the likelihood of the recovery of a receivable has been performed to determine to what extent, if any, an allowance for impairment loss must be recognised.

The allowance for expected credit loss represents the amount of employer and contractor receivables, trade receivables and other receivables ACT Leave estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. ACT Leave measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of the expected credit loss is recognised in the Operating Statement (see Note 10 – *Waivers, Impairment Losses and Write-Off's*). Where ACT Leave has no reasonable expectation of recovering an amount owed by a debtor and ceases action to collect the debt as the cost to recover the debt is more than the debt is worth, the debt is written off by directly reducing the receivable against the loss allowance.

ACT Leave applied the simplified approach under AASB 9 *Financial Instruments*, to calculate the allowance for expected credit loss, which uses a lifetime expected loss for all receivables. A provision matrix is used to calculate the expected credit loss based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. Loss rates are calculated separately for each administered scheme.

ACT Leave has reviewed the registered employers' pattern of levy payment history and applied the estimated rates of non-payment for measuring expected credit losses. The calculations reflect historical observed default rates calculated using credit losses experienced on past submitted quarterly returns during the last three years preceding 30 June 2024. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12. RECEIVABLES - CONTINUED

	2024	2023
	\$'000	\$'000
Current Receivables		
Employer and Contractor Contributions Receivable	1,252	1,151
Less: Expected Credit Loss Allowance	(363)	(365)
Accrued Industry Contributions ¹⁶	9,170	7,745
Accrued Investment Income ¹⁷	3,975	3,213
GST Receivable	23	-
Other Current Receivables	<u>2</u>	<u>-</u>
Total Current Receivables	<u>14,059</u>	<u>11,744</u>
Reconciliation of the Expected Credit Loss Allowance		
Allowance at the Beginning of the Reporting Period	365	235
Net Effect of Corrections of Prior Period Errors	-	83
Less: Reduction in Allowance from Amounts Written Off During the Reporting Period	(100)	(20)
Less: Reduction in Allowance from Amounts Recovered During the Reporting Period	(5)	-
Add: Expected Credit Loss Expense	<u>102</u>	<u>67</u>
Allowance for Expected Credit Losses at the End of the Reporting Period	<u>363</u>	<u>365</u>

¹⁶ Increase in Accrued Industry Contributions is in line with higher Contributions from Employers and Contractors in 2023-24.

¹⁷ Increase in Accrued Investment Income is consistent with higher Investment Distributions for the fourth quarter of 2023-24 comparing to 2022-23.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12. RECEIVABLES - CONTINUED

Expected Credit Loss Allowance Provision Matrix

Ageing of Receivables	Days Past Due					
	Total	Not Overdue	1-30 days	31-60 Days	61-90 Days	>91days
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2024	14,072	13,181	495	74	67	254
Construction						
Expected credit loss rate		0%	5%	30%	26%	33%
Estimated total gross carrying amount at risk of default	7,766	6,856	292	71	20	527
Expected credit loss allowance	(352)	-	(15)	(21)	(5)	(311)
Cleaning						
Expected credit loss rate		0%	0%	2%	0%	60%
Estimated total gross carrying amount at risk of default	647	622	17	0	0	8
Expected credit loss allowance	(5)	-	-	-	-	(5)
Community						
Expected credit loss rate		0%	0%	2%	0%	1%
Estimated total gross carrying amount at risk of default	5,642	5,340	199	24	49	29
Expected credit loss allowance	(1)	-	(1)	-	-	-
Security						
Expected credit loss rate		0%	0%	33%	0%	43%
Estimated total gross carrying amount at risk of default	379	363	2	1	2	11
Expected credit loss allowance	(5)	-	-	-	-	(5)
30 June 2023	11,744	10,958	384	105	100	197
Construction						
Expected credit loss rate		-	2%	21%	20%	42%
Estimated total gross carrying amount at risk of default	6,467	5,621	223	103	47	473
Expected credit loss allowance	(352)	-	(4)	(22)	(9)	(317)
Cleaning						
Expected credit loss rate		-	-	-	-	69%
Estimated total gross carrying amount at risk of default	577	552	12	4	-	9
Expected credit loss allowance	(7)	-	-	-	-	(7)
Community						
Expected credit loss rate		-	-	2%	-	11%
Estimated total gross carrying amount at risk of default	4,744	4,468	153	19	61	43
Expected credit loss allowance	(5)	-	-	-	-	(5)
Security						
Expected credit loss rate		-	-	33%	-	40%
Estimated total gross carrying amount at risk of default	321	317	-	1	1	2
Expected credit loss allowance	(1)	-	-	-	-	(1)

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

Description and Material Accounting Policies Relating to Property, Plant and Equipment

Property, plant and equipment (PPE) includes the following classes of assets.

- Right-Of-Use Buildings includes the office building ACT Leave leases for its business operation.
- Leasehold improvements represent office accommodation fit-outs in leased buildings.
- Plant and equipment include office and computer equipment and other mechanical and electronic equipment, furniture and fittings.
- Right-Of-Use Plant and Equipment includes Corporate Motor Vehicle Lease and Leased Photocopiers.

Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment is initially measured at cost, which comprises its purchase price, any directly attributable costs and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. For right of use assets, cost comprises the initial amount of the lease liability and initial direct costs. Right-of-use building, right-of-use plant and equipment, and right-of-use motor vehicle are accounted for under AASB 16 *Leases* for three leases (office accommodation, two photocopiers, and one motor vehicle) held under the Building and Construction Industry scheme.

Property, Plant and Equipment items with a minimum value of \$300 are capitalised.

Measurement of Property, Plant and Equipment After Initial Recognition

Property, Plant and Equipment is valued using the cost or revaluation model of valuation. Leasehold improvements are measured at fair value with revaluations occurring every three years. The latest valuation was performed in 2023-24 by an independent valuer – Australian Valuations. Plant and Equipment are measured at cost. After the commencement date, all right of use assets are measured at cost less any accumulated depreciation and accumulated losses and adjusted for any re-measurement of the lease liability. Right-of-use assets are presented in Property, Plant and Equipment in their own separate asset class.

Impairment of assets

At each reporting date, ACT Leave assesses whether there is any indication of impairment for assets that are held at cost subsequent to initial recognition and for non-specialised PPE measured at fair value subsequent to initial recognition. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment losses for building, plant and equipment, furniture and fittings, and intangible assets are recorded in the Operating Statement as these assets are measured at cost subsequent to initial recognition (see Note 10 – *Waivers, Impairment Losses and Write Offs*). Also, the carrying amount of the asset is reduced to its recoverable amount.

Impairment losses for leasehold improvements are recognised as a decrease in the Asset Revaluation Surplus. This is because this asset class contains non-specialised assets that are measured at fair value and have an Asset Revaluation Surplus attached to them. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus, the accounting difference is expensed in the Operating Statement.

Non-financial assets which have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

Depreciation and Useful Life

Depreciation is the systematic allocation of the costs of an asset less its residual value over its useful life. Depreciation or amortisation commences when the asset is ready for its intended use.

Depreciation is applied to physical assets such as plant and equipment and buildings.

Right-of-use Buildings, leasehold improvements, and plant and equipment are depreciated over the estimated useful lives of each asset, or the unexpired period of the relevant lease, whichever is shorter.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Depreciation/amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation/Amortisation Method	Useful life/ Depreciation rate
Right-of-Use Buildings	Straight Line	17 Years
Right-of-Use Plant and Equipment	Straight Line	5 Years
Right-of-Use Motor Vehicle	Straight Line	5 Years
Leasehold Improvements	Diminishing Value	7.9%
Furniture and Fittings	Diminishing Value	14%
Plant and Equipment	Diminishing Value	14%-50%

ACT Leave has made a significant estimate in determining the useful lives of its Property, Plant and Equipment, and it is based on the historical experience of similar assets and in some cases has been based on valuations provided by an independent valuer - Australian Valuations. The useful lives of all assets are assessed on an annual basis and adjustments are made when necessary.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movements in Property, Plant and Equipment during 2023-24:

	Right-of-use Buildings \$'000	Plant and Equipment \$'000	Right-of-use Plant and Equipment \$'000	Right-of-use Motor Vehicle \$'000	Furniture and Fittings \$'000	Leasehold Improvements \$'000	Total \$'000
2024							
Carrying Amount at the Beginning of the Reporting Period	1,385	49	20	9	52	385	1,900
Additions	-	31	-	-	41	94	166
Depreciation	(130)	(20)	(5)	(6)	(10)	(36)	(207)
Disposals	-	(6)	-	-	(1)	-	(7)
Revaluation	-	-	-	-	-	30	30
Carrying Amount at the End of the Reporting Period	1,255	55	15	3	82	472	1,882
Carrying Amount at the End of the Reporting Period is represented by							
Gross Book Value	1,905	164	27	34	160	472	2,762
Accumulated Depreciation	(650)	(109)	(12)	(31)	(79)	-	(880)
Carrying Amount as at 30 June 2024	1,255	55	15	3	81	472	1,882

Reconciliation of Depreciation and Amortisation Amounts from the Notes to the Amount on the Face of the Operating Statement

Depreciation Expense (from Note 13 Property, Plant and Equipment above)
 Amortisation Expense applied to Intangible Assets

	2024 \$'000	2023 \$'000
	207	201
	101	44
Total Depreciation and Amortisation Expense on the Operating Statement	308	245

**LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE 13. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

The following table shows the movements in Property, Plant and Equipment during 2022-23:

	Right-of-use Buildings \$'000	Plant and Equipment \$'000	Right-of-use Plant and Equipment \$'000	Right-of-use Motor Vehicle \$'000	Furniture and Fittings \$'000	Leasehold Improvements \$'000	Total \$'000
2023							
Carrying Amount at the Beginning of the Reporting Period	1,438	67	24	3	61	417	2,010
Net Effect of Corrections of Prior Period Errors	77	-	1	-	-	-	78
Additions	-	4	-	11	-	-	15
Depreciation	(130)	(20)	(5)	(5)	(9)	(32)	(201)
Disposals	-	(2)	-	-	-	-	(2)
Carrying Amount at the End of the Reporting Period	1,385	49	20	9	52	385	1,900
Carrying Amount at the End of the Reporting Period is represented by							
Gross Book Value	1,905	174	26	35	122	453	2,715
Accumulated Depreciation	(520)	(125)	(6)	(26)	(70)	(68)	(815)
Carrying Amount as at 30 June 2023	1,385	49	20	9	52	385	1,900

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value Hierarchy

The Fair Value Hierarchy below reflects the significance of the inputs used in determining fair value. The Fair Value Hierarchy has three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the agency can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs that are unobservable for particular assets or liabilities.

Details of ACT Leave’s property, plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June is as follows:

	Classification According to Fair Value Hierarchy
	Level 3
	\$'000
2024	
Property, Plant and Equipment at Fair Value	
Leasehold Improvements	472
	472
2023	
Property, Plant and Equipment at Fair Value	
Leasehold Improvements	385
	385

Transfers Between Categories

There were no transfers between categories during the current or previous reporting period.

Valuation Techniques, Inputs and Processes

Level 3 Valuation Techniques and Significant Unobservable Inputs

Valuation Technique: Leasehold Improvements were considered specialised assets by the valuer – Australian Valuations, and were measured using the cost approach to fair value.

Significant Unobservable Inputs: Estimating the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. In determining the value of leasehold improvements, regard was given to the age and condition of the assets, their estimated replacement cost and current use. This required the use of data internal to ACT Leave.

There was no change to the above valuation techniques during the year.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

	Leasehold Improvements \$'000
2024	
Fair Value at the Beginning of the Reporting Period	385
Additions	94
Depreciation	(36)
Revaluation increments recognised in Other Comprehensive Income	30
Fair Value at the End of the Reporting Period	472
2023	
Fair Value at the Beginning of the Reporting Period	453
Depreciation	(68)
Fair Value at the End of the Reporting Period	385

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

LIABILITY NOTES

Material Accounting Policies – Liability

Liabilities - current and non-current

Liabilities are classified as current when these liabilities are due to be settled within 12 months after the reporting date or ACT Leave does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities which do not fall within the current classification are classified as non-current.

NOTE 14. PAYABLES

Description and Material Accounting Policies Relating to Payables

Payables include Long Service Leave Claims Owing to Registered Scheme Participants, Other Creditors and Accruals and Goods and Services Tax Payable.

Payables are initially recorded at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days from the date of receipt of the correctly rendered invoice.

	2024	2023
	\$'000	\$'000
Current Payables		
Long Service Leave Claims Owing to Registered Scheme Participants		
- Building and Construction Industry	634	602
- Contract Cleaning Industry	36	56
- Community Sector	419	441
- Security Industry	34	33
	1,123	1,132
Other Creditors and Accruals¹⁸		
- Building and Construction Industry	366	301
- Contract Cleaning Industry	61	32
- Community Sector	82	54
- Security Industry	16	7
	526	394
Goods and Services Tax Payable		
- Building and Construction Industry	-	6
Total Payables	1,649	1,532

No Payables are overdue.

¹⁸ Other Creditors and Accruals were higher in 2023-24 than in 2022-23 as the 2023-24 balance included PAYG withholding tax payable for the last payment of long service leave claims. In 2023 PAYG tax was paid on 30 June.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15. PROVISION FOR LONG SERVICE LEAVE BENEFITS

Description and Material Accounting Policies Relating to Provision for Long Service Leave Benefits

(i) Building and Construction Industry

Employees and contractors in the construction industry who are registered with ACT Leave accrue 13 weeks (i.e. 3 months) long service leave after 10 years of service in the building and construction industry for service after 1 January 1997. Prior to 1 January 1997, employees accrued 13 weeks leave after 15 years of service but payable as a pro-rata benefit after 10 years. Workers receive a credit of one year's service for each 220 days worked. Payment in lieu of leave may be claimed after 10 years of service or after 7 years (or 5 years for workers registered prior to 1 July 2012 and one year in the case of a contributing sub-contractor) if the worker ceases employment with the purpose of leaving the industry permanently. A benefit is also available upon accrual of 5 years (or 55 days for workers registered prior to 1 July 2012) of service in the scheme in certain cases of the employee leaving the industry due to illness, injury, reaching retirement age (55 years), or death.

(ii) Contract Cleaning Industry

Employees and contractors in the cleaning industry who are registered with ACT Leave accrue 8.67 weeks (i.e. 2 months) long service leave after 10 years of service in the cleaning industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating 7 years of service in the scheme or 5 years of service if the worker ceases employment with the purpose of leaving the industry permanently. A benefit is also available upon accrual of 5 years of service (or 55 days for workers registered prior to 1 July 2012) in the scheme in certain cases of the employee permanently leaving the industry due to illness, injury or at retirement age (55 years), or death.

(iii) Community Sector

Employees and contractors in the community sector who are registered with ACT Leave accrue 8.67 weeks (i.e. 2 months) long service leave after 10 years of service in the community sector industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating 5 years of service. A benefit is also available upon accrual of 5 years of service (or 55 days for workers registered prior to 1 July 2012) in the scheme in certain cases of the employee permanently leaving the industry due to illness, injury or at retirement age (55 years), or death.

(iv) Security Industry

Employees and contractors in the security industry who are registered with ACT Leave accrue 8.67 weeks (i.e. 2 months) long service leave after 10 years of service in the security industry. Employees receive a credit of one year's service for each 365 days of recognised service. Leave may be claimed on a pro-rata basis after accumulating 7 years of service or 5 years of service if the worker ceases employment with the purpose of leaving the industry permanently from 11 May 2023. A benefit is also available upon accrual of 5 years of service in the scheme in certain cases of the employee permanently leaving the industry due to illness, injury or at retirement age (55 years), or death.

(v) Accrued Long Service Leave Benefit Liability

The total provision for accrued long service leave benefits is estimated as the present value of all expected future payments which arise from the service of eligible workers up to the reporting date. The liability is calculated by ACT Leave's actuary PricewaterhouseCoopers Securities Ltd using an actuarial valuation method that takes into account assumptions of rates of departure from the industry, mortality rates, increases in wages and rates of return on investment. Accrued long service leave is classified as a current liability in the Balance Sheet where ACT Leave does not have an unconditional right to defer the settlement of the liability for at least 12 months (i.e. the vested benefit). The remaining balance of the liability is classified as non-current in the balance sheet. In the context of a statutory scheme, this means the current liability is calculated on a conservative basis assuming all workers who have sufficient service to receive long service leave benefits, leave the industry in which they are employed within the next 12 months and claim their entitlements.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 15. PROVISION FOR LONG SERVICE LEAVE BENEFITS - CONTINUED

ACT Leave recognises total liability for accrued long service leave benefits based on an assessment performed by an independent actuary PricewaterhouseCoopers Securities Ltd. The actuary estimates the liability using a complex model and a large number of assumptions that are based on historical information and the current profile of the registered participants. Following the triennial actuarial review in 2023-24, the discount rate increased to 6.0% p.a. from 5.5% p.a. in 2023 in line with ACT Leave's investment objective of 2.5% in excess of AWOTE. The demographic assumptions for each scheme have been updated as per the experience review conducted as part of the triennial review at 30 June 2023, report dated 22 November 2023 with the exception for participation rates, that have been updated following peer review of the triennial assumptions.

Previously, leaving the industry rates due to death, incapacity and retirement were developed separately from the service based leaving the industry rates. For the 2023 triennial review, separate rates for death, incapacity and retirement have not been developed, however it has been assumed that all members still remaining in the schemes at age 75 will leave the industry.

Following the triennial actuarial review in 2023-24 of the methodology and the actual experience during the past three years, leaving the industry rates are now combined for all clauses, but determined separately for three membership groups based on service as follows:

- Service in last year: those who have actively worked in the last year;
- No service in last year and vested: those who have not actively worked in the last year and are vested;
- No service in last year and not vested: those who have not actively worked in the last year and are not vested.

The 2024 assumptions in summary are:

(ii) Accrued Long Service Leave Benefits – Building and Construction Industry

- The rates at which workers of different membership groups might leave the scheme are based on past experience and are as follows:
 - Service in last year. These rates vary by years of service from 0% for workers with less than 3 years of service to 1% with 4 years of service to 7% with 7 to 10 years of service, and 4% with 11 or more years of service;
 - No service in last year and vested. These rates vary from 1% with less than 1 year of service to 2% with 1 year of service, 3% with 2-5 years of service, and 5% for workers with 6 or more years of service;
 - No service in last year and not vested. These rates vary from 27% for workers with 4 or less years of service to 21% for workers with 5 or more years of service.
- At 30 June 2023 the leaving the industry rates varied by years of service from 16% for workers with less than 1 year of service to 13% for workers with 10 or more years of service.
- The rates at which workers with different periods of service might take their benefit vary from 0% with 9 or less years of service, to 22% with 10 years of service, decreasing to 7% for workers with 14 or more years of service (30 June 2023: 3% with 10 years of service, to 5% with 11 years of service and to 9% for 26 or more years of service);
- The discount rate used to estimate the present value of long service leave provisions is the expected return on assets, which was also used in ACT Leave's triennial actuarial valuations to determine contribution levies. ACT Leave and its' actuary regarded the expected return on assets to be a reliable measure, according to AASB 137 *'Provisions, Contingent Assets and Contingent Liabilities'*, of the time value of money for the long service leave liabilities. The expected return on assets used as a discount rate, 6.0% per annum at 30 June 2024 (30 June 2023: 5.5% per annum), is based on the long term return rate of ACT Leave's investments, with funds invested in accordance with the strategic asset allocation prescribed in ACT Leave's Investment Plan, approved by the Treasurer. ACT Leave may from time to time vary the discount rate based on an assessment from the actuarial review and investment conditions;
- Increases in future wages due to inflation of 3.0% per annum at 30 June 2024 for the next year and 2.5% per annum thereafter (30 June 2023: 3.0% per annum at 30 June 2023 for the next year and 2.5% per annum thereafter);

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 15. PROVISION FOR LONG SERVICE LEAVE BENEFITS - CONTINUED

- Increases in future wages based on a service-based wage progression scale over and above inflation, of 5% per annum for 1 to 2 years of service, 8% per annum for 3 to 4 years of service, 5% per annum for 5 to 6 years of service, then 2% per annum from 7 to 16 years of service and reducing to nil for 17 years of service and above (30 June 2023: 6% per annum for 1 to 4 years of service, 4% per annum for 5 to 7 years of service, then 2% per annum from 8 to 15 years of service and reducing to nil for 16 years of service and above);
- That 10% of registered workers who do not have any service credits in the previous year will commence receiving service credits while the other 90% will be paid a pro-rata benefit where eligible at 30 June 2024 (30 June 2023: same assumption applied); and
- ACT Leave has also made an allowance for the cost of processing and settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to determine the estimated cost to process and pay a benefit as a percentage of average benefit paid and apply this percentage to the total long service leave liability to determine the liability for the cost of processing and settling the obligation. The percentage was 2.30% at 30 June 2024 (30 June 2023: 2.7%).

(iii) Accrued Long Service Leave Benefits – Contract Cleaning Industry

- The rates at which workers of different membership groups might leave the scheme are based on past experience and are as follows:
 - Service in last year. These rates vary by years of service from 0% for workers with less than 5 years of service to 4% with 5 years of service to 5% with 6 years of service, and 6% with 7 or more years of service;
 - No service in last year and vested. These rates vary from 1% with less than 2 years of service to 3% with 2 to 4 years of service, 4% with 5 years of service, and 5% for workers with 6 or more years of service;
 - No service in last year and not vested. This rate is 29% regardless of years of service.
- At 30 June 2023 the leaving the industry rates varied by years of service from 20% for workers with less than 1 year of service to 7% for workers with 16 or more years of service.
- The rates at which workers with different periods of service might take their benefit vary from 4% with 7 years of service, to 7% with 8 or more years of service (30 June 2023: 2% with 7 years of service, to 5% with 8 years of service and to 7% for 12 or more years of service);
- The discount rate used to estimate the present value of long service leave provisions is the expected return on assets, which was also used in ACT Leave's triennial actuarial valuations to determine contribution levies. ACT Leave and its actuary regarded the expected return on assets to be a reliable measure, according to AASB 137 *'Provisions, Contingent Assets and Contingent Liabilities'*, of the time value of money for the long service leave liabilities. The expected return on assets used as a discount rate, 6.0% per annum at 30 June 2024 (30 June 2023: 5.5% per annum), is based on the long term return rate of ACT Leave's investments, with funds invested in accordance with the strategic asset allocation prescribed in ACT Leave's Investment Plan, approved by the Treasurer. ACT Leave may from time to time vary the discount rate based on an assessment from the actuarial review and investment conditions;
- Increases in future wages due to inflation of 3.0% per annum at 30 June 2024 for the next year and 2.5% per annum thereafter (30 June 2023: 2.5% per annum at 30 June 2023 for the next year and 2.5% per annum thereafter);
- Increases in future wages based on a service-based wage progression scale over and above inflation, of 32% per annum during the first year of service, 15% per annum during the second year of service, 3% per annum for each subsequent year of service until 6 years of service are reached, 1% for each subsequent year of service until 12 years of service are reached, and 0% per annum each year thereafter (30 June 2023: 22% per annum during the first year of service, 17%, 7% and 4% per annum for each subsequent year until 4 years of service are reached and 0% per annum each year thereafter);

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15. PROVISION FOR LONG SERVICE LEAVE BENEFITS - CONTINUED

- That 0% of registered workers who do not have any service credits in the previous year will commence receiving service credits while the other 100% will be paid a pro-rata benefit where eligible at 30 June 2024 (30 June 2023: same assumption applied); and
- ACT Leave has also made an allowance for the cost of processing and settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to determine the estimated cost to process and pay a benefit as a percentage of average benefit paid and apply this percentage to the total long service leave liability to determine the liability for the cost of processing and settling the obligation. The percentage was 2.30% at 30 June 2024 (30 June 2023: 2.7%).

(iv) Accrued Long Service Leave Benefits – Community Sector

- The rates at which workers of different membership groups might leave the scheme are based on past experience and are as follows:
 - Service in last year. These rates vary by years of service from 0% for workers with less than 5 years of service to 5% with 5 to 6 years of service, and 6% with 7 or more years of service;
 - No service in last year and vested. These rates vary from 2% with less than 1 year of service to 3% with 1 to 2 years of service, 4% with 3 to 4 years of service, and 6% for workers with 5 or more years of service;
 - No service in last year and not vested. These rates vary from 29% for workers with less than 2 years of service to 25% for workers with 2 or more years of service.
- At 30 June 2023 the leaving the industry rates varied by years of service from 11% for workers with less than 1 year of service to 5% for workers with 5 or more years of service.
- The rates at which workers with different periods of service might take their benefit vary from 4% per annum with 5 years of service, to 6% per annum with 6 years of service, to 7% with 7 years of service, and 5% for workers with 8 or more years of service (30 June 2023: from 1% per annum with 5 years of service, to 2% per annum with 6 or more years of service);
- The discount rate used to estimate the present value of long service leave provisions is the expected return on assets, which was also used in ACT Leave's triennial actuarial valuations to determine contribution levies. ACT Leave and its actuary regarded the expected return on assets to be a reliable measure, according to AASB 137 *'Provisions, Contingent Assets and Contingent Liabilities'*, of the time value of money for the long service leave liabilities. The expected return on assets used as a discount rate, 6.0% per annum at 30 June 2024 (30 June 2023: 5.5% per annum), is based on the long term return rate of ACT Leave's investments, with funds invested in accordance with the strategic asset allocation prescribed in ACT Leave's Investment Plan, approved by the Treasurer. ACT Leave may from time to time vary the discount rate based on an assessment from the actuarial review and investment conditions;
- Increases in future wages due to inflation of 3.0% per annum at 30 June 2024 for the next year and 2.5% per annum thereafter (30 June 2023: 2.5% per annum at 30 June 2023 for the next year and 2.5% per annum thereafter);
- Increases in future wages based on a service based wage progression scale over and above inflation, of 25% during the first year of service, 15% for the second year of service, 8% per annum for the third year, 6% per annum for 3 to 4 years of service, 5% per annum from 5 to 8 years of service, 3% per annum from 9 to 11 years, and 0% per annum for 12 years of service and above (30 June 2023: 17% during the first year of service, 11% for the second year of service, 6% per annum for 3 to 5 years of service, 3% per annum from 6 to 9 years of service and 0% per annum for 10 years of service and above);
- That 10% of registered workers who do not have any service credits in the previous year will commence receiving service credits while the other 90% will be paid a pro-rata benefit where eligible at 30 June 2024 (30 June 2023: same assumption applied); and

LONG SERVICE LEAVE AUTHORITY
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NOTE 15. PROVISION FOR LONG SERVICE LEAVE BENEFITS - CONTINUED

- ACT Leave has also made an allowance for the cost of processing and settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to determine the estimated cost to process and pay a benefit as a percentage of average benefit paid and apply this percentage to the total long service leave liability to determine the liability for the cost of processing and settling the obligation. The percentage was 2.30% at 30 June 2024 (30 June 2023: 2.7%).

(v) Accrued Long Service Leave Benefits – Security Industry

- The rates at which workers of different membership groups might leave the scheme are based on past experience and are as follows:
 - Service in last year. These rates vary by years of service from 0% for workers with less than 5 years of service to 3% with 5 to 6 years of service, and 4% with 7 or more years of service;
 - No service in last year and vested. These rates vary from 1% with less than 2 years of service to 2% with 2 to 4 years of service, 3% with 5 to 6 years of service, and 4% for workers with 7 or more years of service;
 - No service in last year and not vested. These rates vary from 28% for workers with less than 1 year of service to 32% for workers with 1 or more years of service.
- At 30 June 2023 the leaving the industry rates varied by years of service from 20% for workers with less than 2 year of service to 10% with 2 to 3 years of service, and 3% for workers with 4 or more years of service.
- The rate at which workers might take their benefit is 6% per annum with 7 or more years of service (30 June 2023: 7% per annum with 7 or more years of service);
- The discount rate used to estimate the present value of long service leave provisions is the expected return on assets, which was also used in ACT Leave's triennial actuarial valuations to determine contribution levies. ACT Leave and its' actuary regarded the expected return on assets to be a reliable measure, according to AASB 137 'Provisions, Contingent Assets and Contingent Liabilities', of the time value of money for the long service leave liabilities. The expected return on assets used as a discount rate, 6.0% per annum at 30 June 2024 (30 June 2023: 5.5% per annum), is based on the long term return rate of ACT Leave's investments, with funds invested in accordance with the strategic asset allocation prescribed in ACT Leave's Investment Plan, approved by the Treasurer. ACT Leave may from time to time vary the discount rate based on an assessment from the actuarial review and investment conditions;
- Increases in future wages due to inflation of 3.0% per annum at 30 June 2024 for the next year and 2.5% per annum thereafter (30 June 2023: 2.5% per annum at 30 June 2023 for the next year and thereafter);
- Increases in future wages based on a service based wage progression scale over and above inflation of 24% per annum during the first year of service, 9% per annum in the second year of service, 5% per annum for years 2 to 3, 3% per annum for years 4 to 6, 1% per annum for years 7 to 10 and 0% per annum thereafter (30 June 2023: 17% per annum during the first year of service, 4% per annum in the second year of service, 2% per annum for years 3 to 5 and 0% per annum thereafter);
- That 0% of registered workers who do not have any service credits in the previous year will commence receiving service credits while the other 100% will be paid a pro-rata benefit where eligible at 30 June 2024 (30 June 2023: same assumption applied); and
- ACT Leave has also made an allowance for the cost of processing and settling the accrued liabilities in addition to the value of the liability determined by the actuary. The method used for this allowance was to determine the estimated cost to process and pay a benefit as a percentage of average benefit paid and apply this percentage to the total long service leave liability to determine the liability for the cost of processing and settling the obligation. The percentage was 2.30% at 30 June 2024 (30 June 2023: 2.7%).

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 15. PROVISION FOR LONG SERVICE LEAVE BENEFITS - CONTINUED

	2024 \$'000	2023 \$'000
Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	213,483	197,486
Total Current Provision for Long Service Leave Benefits	213,483	197,486
Non-Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	39,136	26,956
Total Non-Current Provision for Long Service Leave Benefits	39,136	26,956
Total Provision for Long Service Leave Benefits	252,619	224,442

Reconciliation of the Provision for Long Service Leave Benefits – 2023-24

The following tables show the movement of the provision for long service leave benefits from the beginning to the end of the reporting periods for each of the schemes.

	Construction \$'000	Cleaning \$'000	Community \$'000	Security \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	141,281	10,980	65,856	6,325	224,442
<i>Additional Provision Made During the Year</i>	19,600	1,156	13,263	907	34,926
<i>Change due to Unwinding of Discount Rate¹⁹</i>	7,328	574	3,367	328	11,597
<i>Change due to Valuation Assumptions</i>	(4,184)	183	12,396	399	8,794
Plus: Total Additional Accrued Long Service Leave Expense ²⁰	22,744	1,913	29,026	1,634	55,317
Less: Long Service Leave Benefit Claims	(16,076)	(1,089)	(9,262)	(713)	(27,140)
Carrying Amount at the End of the Reporting Period	147,949	11,804	85,620	7,246	252,619

This provision was estimated by PricewaterhouseCoopers Securities Ltd. From an assessment pattern of long service benefits, the estimated benefits that will be payable within the 12 months after 30 June 2024 are \$23.4 million, including \$14.0 million for construction, \$1.2 million for cleaning, \$7.6 million for community, and \$0.6 million for security, with the balance expected to be paid in later years. Refer to Note 17 - *Operating Statement and Balance Sheet for the Long Service Leave Schemes* for the short-term and long-term estimate split of the current provision for long service leave benefits for each scheme.

Reconciliation of the Provision for Long Service Leave Benefits – 2022-23

	Construction \$'000	Cleaning \$'000	Community \$'000	Security \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	140,831	10,859	65,885	6,053	223,628
<i>Additional Provision Made During the Year</i>	18,784	1,487	12,513	1,208	33,992
<i>Change due to Unwinding of Discount Rate</i>	5,986	463	2,775	257	9,481
<i>Change due to Change in Assumptions</i>	(8,705))	(6,882)	(520)	(16,783)
Plus: Total Additional Accrued Long Service Leave Expense	16,065	1,274	8,406	945	26,690
Less: Long Service Leave Benefit Claims	(15,615)	(1,153)	(8,435)	(673)	(25,876)
Carrying Amount at the End of the Reporting Period	141,281	10,980	65,856	6,325	224,442

¹⁹ As a discount rate is applied to a future cash payment to arrive at a present value at the reporting date, it is a requirement to unwind the discount rate applied for each successive year until ACT Leave eventually arrives at the date of payment. The increase of value due to unwinding the discount rate is to recognise that ACT Leave's liabilities are one year closer than last year.

²⁰ The change in the provision due to unwinding the discount rate (\$11.597m in total) is classified as a Finance Cost in the Operating Statement, while other movements (\$43.720m in total) are classified as a long service leave benefit expense.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 16. EMPLOYEE BENEFITS

Description and Material Accounting Policies Relating to Employee Benefits

Accrued Salaries and Superannuation

Accrued salaries and superannuation are measured at the amount that remains unpaid at the end of the reporting period.

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs, that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. Annual leave liabilities have been estimated on the assumption that these amounts will be wholly settled within three years. In 2023-24, the rate used to estimate the present value of future annual leave payments is 98.20% (98.20% in 2022-23) and the rate used to estimate the present value of future long service leave payments is 91.20% (93.0% in 2022-23).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs. The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the provision for long service leave and applicable on-costs.

Significant judgements have been applied in estimating the annual and long service leave liabilities, given that ACT Leave uses the Whole-of-Government present value, probability and on-cost factors. These factors are issued by ACT Treasury and apply to all ACT Government Agencies. ACT Treasury organises an actuarial review to be undertaken every three years by the Australian Government Actuary to estimate each of these factors. The latest assessment was undertaken in December 2021, with the next review expected to be undertaken by late 2024.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because ACT Leave has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

	2024	2023
	\$'000	\$'000
Current Employee Benefits		
Annual Leave	399	277
Long Service Leave	600	360
Accrued Salaries and Superannuation	114	127
Total Current Employee Benefits	1,113	764
Non-Current Employee Benefits		
Long Service Leave	64	101
Total Non-Current Employee Benefits	64	101
Total Employee Benefits	1,177	865

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 16. EMPLOYEE BENEFITS – CONTINUED

Estimate of When Leave is Payable:

	2024	2023
	\$'000	\$'000
Estimated Amount Payable within 12 Months		
Annual Leave	290	156
Long Service Leave	165	-
Accrued Salaries and Superannuation	114	127
Total Employee Benefits Payable within 12 Months	569	283
Estimated Amount Payable after 12 Months		
Annual Leave	109	121
Long Service Leave	499	461
Total Employee Benefits Payable after 12 Months	608	582
Total Employee Benefits	1,177	865

At 30 June 2024, ACT Leave employed 34.5 full time equivalent (FTE) staff. There were 23.0 FTE staff at 30 June 2023.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES

ACT Leave established separate funds for each of the administered schemes and funds are not cross-subsidised. Indirect costs are allocated to the schemes based on the percentage of active members in each scheme out of the total active members. In 2023-24 indirect costs, apart from capital expenditure related to the office accommodation fit out and furniture, were paid by the Construction Scheme first and reimbursement payments were made by the other schemes to Construction each month. Community Scheme paid for office accommodation fit out and furniture. Community Scheme invoices Construction, Cleaning, and Security schemes each month for their share of depreciation costs associated with the office fit out and furniture.

Building and Construction Industry Scheme – Operating Statement

	Actual 2024 \$'000	Original Budget 2024 \$'000	Actual 2023 \$'000
Income			
Contributions from Employers and Contractors	19,387	18,402	17,610
Gains from Remeasurement of Assets	12,452	5,123	10,108
Investment Revenue	7,025	3,678	5,197
Other Income	554	840	862
Sales of Services from Contracts with Customers	105	105	102
Grants and Contributions	12	-	27
Total Income	39,535	28,148	33,906
Expenses			
Employee Expenses	1,446	1,314	980
Supplies and Services	716	691	677
Depreciation and Amortisation	261	260	204
Long Service Leave Benefits Expense	15,416	20,097	10,079
Finance Costs	7,361	7,089	6,021
Other Expenses	227	468	183
Total Expenses	25,427	29,919	18,144
Operating Result	14,108	(1,771)	15,762
Total Comprehensive Result	14,108	(1,771)	15,762

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES - CONTINUED

Building and Construction Industry Scheme – Balance Sheet

	Actual 2024 \$'000	Original Budget 2024 \$'000	Actual 2023 \$'000
Current Assets			
Cash	4,128	2,785	4,284
Investments	176,278	161,325	156,841
Receivables	7,834	5,437	6,115
Prepayments	23	-	24
Total Current Assets	188,263	169,547	167,264
Non-Current Assets			
Intangible Assets	82	10	136
Property, Plant and Equipment	1,329	1,234	1,463
Total Non-Current Assets	1,411	1,244	1,599
Total Assets	189,674	170,791	168,863
Current Liabilities			
Payables	963	649	909
Lease Liabilities	133	165	127
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	13,983	16,604	15,930
- Expected to be Settled After 12 months	114,982	101,511	107,029
Employee Benefits	580	556	455
Total Current Liabilities	130,641	119,485	124,450
Non-Current Liabilities			
Lease Liabilities	1,462	1,029	1,595
Provision for Long Service Leave Benefits	18,984	30,000	18,322
Employee Benefits	27	29	42
Total Non-Current Liabilities	20,473	31,058	19,959
Total Liabilities	151,114	150,543	144,409
Net Assets	38,560	20,248	24,454
Equity			
Accumulated Funds	38,560	20,248	24,454
Total Equity	38,560	20,248	24,454

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES - CONTINUED

Contract Cleaning Industry Scheme – Operating Statement

	Actual	Original Budget	Actual
	2024	2024	2023
	\$'000	\$'000	\$'000
Income			
Contributions from Employers and Contractors	1,386	1,416	1,427
Gains from Remeasurement of Assets	1,517	612	1,274
Investment Revenue	864	456	651
Other Income	28	23	34
Grants and Contributions	5	-	-
Total Income	3,800	2,507	3,386
Expenses			
Employee Expenses	384	320	264
Supplies and Services	343	209	213
Long Service Leave Benefits Expense	1,338	1,932	811
Finance Costs	574	575	463
Other Expenses	4	9	2
Total Expenses	2,643	3,045	1,753
Operating Result	1,157	(538)	1,633
Total Comprehensive Result	1,157	(538)	1,633

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES - CONTINUED

Contract Cleaning Industry Scheme – Balance Sheet

	Actual 2024 \$'000	Original Budget 2024 \$'000	Actual 2023 \$'000
Current Assets			
Cash	88	111	205
Investments	21,801	19,680	19,665
Receivables	633	472	570
Total Current Assets	22,522	20,263	20,440
Total Assets	22,522	20,263	20,440
Current Liabilities			
Payables	157	47	88
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	1,203	1,429	1,293
- Expected to be Settled After 12 months	10,187	10,614	9,247
Employee Benefits	114	88	78
Total Current Liabilities	11,661	12,178	10,706
Non-Current Liabilities			
Provision for Long Service Leave Benefits	414	264	440
Employee Benefits	7	5	10
Total Non-Current Liabilities	421	269	450
Total Liabilities	12,082	12,447	11,156
Net Assets	10,441	7,816	9,284
Equity			
Accumulated Funds	10,441	7,816	9,284
Total Equity	10,441	7,816	9,284

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES - CONTINUED

Community Sector Industry Scheme – Operating Statement

	Actual	Original Budget	Actual
	2024	2024	2023
	\$'000	\$'000	\$'000
Income			
Contributions from Employers and Contractors	17,314	15,386	15,949
Gains from Remeasurement of Assets	6,329	2,906	4,791
Investment Revenue	3,583	1,963	2,527
Other Income	185	170	177
Total Income	27,411	20,425	23,444
Expenses			
Depreciation and Amortisation	47	38	41
Employee Expenses	1,806	1,415	1,213
Supplies and Services	1,033	819	773
Long Service Leave Benefits Expense	25,658	13,524	5,631
Finance Costs	3,367	2,935	2,775
Other Expenses	8	41	9
Total Expenses	31,919	18,772	10,442
Operating Result	(4,508)	1,653	13,002
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Increase in the Asset Revaluation Surplus	30	-	-
Total Other Comprehensive Result	30	-	-
Total Comprehensive Result	(4,478)	1,653	13,002

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES - CONTINUED

Community Sector Industry Scheme – Balance Sheet

	Actual 2024 \$'000	Original Budget 2024 \$'000	Actual 2023 \$'000
Current Assets			
Cash	2,268	2,218	2,433
Investment	94,977	90,589	80,019
Receivables	5,619	5,011	4,739
Total Current Assets	102,864	97,818	87,191
Non-Current Assets			
Property, Plant and Equipment	553	399	437
Total Non-Current Assets	533	399	437
Total Assets	103,417	98,217	87,628
Current Liabilities			
Payables	847	546	495
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	7,638	5,496	4,485
- Expected to be Settled After 12 months	58,509	69,561	54,765
Employee Benefits	388	292	218
Total Current Liabilities	67,381	75,895	59,963
Non-Current Liabilities			
Provision for Long Service Leave Benefits	19,472	1,010	6,606
Employee Benefits	27	25	44
Total Non-Current Liabilities	19,499	1,035	6,650
Total Liabilities	86,880	76,930	66,613
Net Assets	16,537	21,287	21,015
Equity			
Accumulated Funds	16,357	21,287	20,865
Asset Revaluation Surplus	180	-	150
Total Equity	16,537	21,287	21,015

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES - CONTINUED

Security Industry Scheme – Operating Statement

	Actual	Original	Actual
	2024	Budget	2023
	\$'000	\$'000	\$'000
Income			
Contributions from Employers and Contractors	1,035	952	971
Gains from Remeasurement of Assets	592	250	465
Investment Revenue	333	182	247
Other Income	13	13	21
Total Income	1,973	1,397	1,704
Expenses			
Employee Expenses	192	155	132
Supplies and Services	139	116	93
Long Service Leave Benefits Expense	1,306	1,112	688
Finance Costs	328	341	257
Other Expenses	4	2	7
Total Expenses	1,969	1,726	1,177
Operating Result	4	(329)	527
Total Comprehensive Result	4	(329)	527

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17. OPERATING STATEMENT AND BALANCE SHEET FOR LONG SERVICE LEAVE SCHEMES - CONTINUED

Security Industry Scheme – Balance Sheet

	Actual 2024 \$'000	Original Budget 2024 \$'000	Actual 2023 \$'000
Current Assets			
Cash	101	282	74
Investment	8,508	7,794	7,603
Receivables	371	308	320
Total Current Assets	8,980	8,384	7,997
Total Assets	8,980	8,384	7,997
Current Liabilities			
Payables	81	60	40
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	615	515	515
- Expected to be Settled After 12 months	6,366	5,848	4,222
Employee Benefits	31	18	13
Total Current Liabilities	7,093	6,441	4,790
Non-Current Liabilities			
Provision for Long Service Leave Benefits	266	1,030	1,588
Employee Benefits	3	3	5
Total Non-Current Liabilities	269	1,033	1,593
Total Liabilities	7,362	7,474	6,383
Net Assets	1,618	910	1,614
Equity			
Accumulated Funds	1,618	910	1,614
Total Equity	1,618	910	1,614

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18. FINANCIAL INSTRUMENTS

Material Accounting Policies Relating to Financial Instruments

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial assets and financial liabilities, are disclosed in the note to which these amounts relate. In addition, the following accounting policies also relate to the reporting of financial assets and liabilities.

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial assets.

Financial liabilities are measured at amortised cost.

The following are the classifications of ACT Leave's financial assets under AASB 9 *Financial Instruments*:

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)	Classification
Cash	Held to collect	Yes	Amortised cost
Receivables	Held to collect	Yes	Amortised cost
Accrued Revenue	Held to collect	Yes	Amortised cost
Investments	Held to collect /& sell	No	FVTPL

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

ACT Leave's exposure to interest rate risk is limited mainly to its cash which is subject to variable interest rates. ACT Leave's cash is minimal in comparison to other financial assets balances and any movements in interest rates would not have a material impact on the Operating Statement. The cash component in ACT Leave's funds under management is managed by the external fund manager, Vanguard Australia, by maintaining the fixed-term deposits and debt securities in high-quality, short-term money market and by continuously monitoring the market trends to produce a portfolio return broadly in line with that of the benchmark. As a result, interest rate risk is not actively managed by ACT Leave.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of ACT Leave as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is not financially material.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. ACT Leave's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment losses. A significant portion of the receivables are accrued industry contributions by employers. The employers are required by legislation to pay the contributions for employees working in the Australian Capital Territory. The receivables are generally spread over a large number of entities thereby reducing the concentration of credit risk. ACT Leave expects to collect all financial assets that are not past due or impaired. ACT Leave manages its overdue debtors by sending out reminder notices to all outstanding debtors before and after the due date for payment. Credit risk is managed by ACT Leave for investments by only investing surplus funds with the appointed external fund manager (Vanguard Australia), which has appropriate investment criteria to invest ACT Leave's surplus funds in accordance with ACT Leave's Investment Plan which has been approved by the Treasurer.

ACT Leave's exposure to credit risk and the management of this risk has not changed since the previous reporting period.

Receivables are measured at lifetime expected credit losses (the simplified approach) under AASB 9.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18. FINANCIAL INSTRUMENTS - CONTINUED

Liquidity Risk

Liquidity risk is the risk that ACT Leave will not be able to meet its financial obligations as and when these amounts fall due.

ACT Leave manages the liquidity risk related to financial liabilities by maintaining sufficient cash reserves and liquid investments to meet the obligations as and when these fall due. ACT Leave has sufficient investments that can be readily converted into cash in the short-term. ACT Leave's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer; or by factors affecting all similar financial instruments traded in the market. The price risk which ACT Leave is exposed to is significant and results from its investments. ACT Leave has investments which are managed by an independent investment manager and include exposure to listed and unlisted equities and property, fixed interest and other securities and instruments. ACT Leave's investments fluctuate in value. The price fluctuations are caused by movements in the underlying investments of the portfolio.

To limit price risk, the investments are managed by an independent professional investment manager (Vanguard Australia). ACT Leave targets a portfolio allocation of 65% to growth-oriented assets (shares and property securities) and 35% to income-oriented asset classes (cash and fixed interest securities). Actual allocations are permitted to deviate from the target allocation provided that these are within the set allocation ranges.

ACT Leave's investment funds seek to match the weighted average return of the target indexes of the relevant asset classes before taking into account fund fees and expenses.

The following table indicates ACT Leave's exposure to price risk, by estimating the operating impact on the profit/(loss) and equity of ACT Leave of a +/- 20% movement in unit price of the fund in which the schemes have invested and therefore a +/- 20% change in the value of the investments. ACT Leave considers a +/- 20% movement in markets to be reasonably foreseeable. There has been no change in the price risk from the prior financial year.

Sensitivity Analysis

	Carrying Amount	+20% Price Movement	-20% Price Movement
		Profit/Equity	Profit/Equity
	2024	2024	2024
	\$'000	\$'000	\$'000
Financial Assets			
Investments	301,564	60,313	(60,313)
	2023	2023	2023
	\$'000	\$'000	\$'000
Financial Assets			
Investments	264,128	52,826	(52,826)

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18. FINANCIAL INSTRUMENTS - CONTINUED

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes to foreign currency exchange rates. ACT Leave's transactions are carried out in Australian dollars and ACT Leave does not directly hold any foreign currency. ACT Leave's underlying investment holdings of international fixed interest and property securities are fully hedged by way of investing in wholesale managed funds, reducing exposure to foreign currency risk. ACT Leave's underlying international equity is not hedged with the fund measured in Australian dollars. Therefore, ACT Leave is exposed to currency risk, however, the currency risk is considered to be low as the portfolio is invested in a diversified pool of international equities with the currency allocation of up to 20 countries. ACT Leave's exposure to currency risk and the management of this risk has not changed since the previous reporting period.

Fair Value of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and liabilities at the end of the reporting period are:

	Note No.	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		2024	2024	2023	2023
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash	11	6,586	6,586	6,996	6,996
Investments	11	301,564	301,564	264,128	264,128
Receivables	12	14,059	14,059	11,744	11,744
Total Financial Assets		322,209	322,209	282,868	282,868
Financial Liabilities					
Payables	14	1,649	1,649	1,532	1,532
Lease Liabilities		1,595	1,595	1,722	1,722
Total Financial Liabilities		3,244	3,244	3,254	3,254

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18 - FINANCIAL INSTRUMENTS - CONTINUED

	2024	2023
	\$'000	\$'000
Carrying Amount of Each Category of Financial Assets and Financial Liability		
Financial Assets		
Financial Assets Measured at Fair Value through the Profit and Loss Designated upon Initial Recognition	301,564	264,128
Financial Assets Measured at Amortised Cost	14,059	11,744
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	1,649	1,532
Lease Liabilities Measured at Amortised Cost	1,595	1,722
Gains/(Losses) on Each Category of Financial Assets and Financial Liabilities		
Financial Assets		
Financial Assets at Fair Value through the Profit and Loss Designated upon Initial Recognition	20,890	16,638

Fair Value Hierarchy

ACT Leave is required to classify financial assets and financial liabilities into a Fair Value Hierarchy that reflects the significance of the inputs used in determining fair value. The Fair Value Hierarchy is made up of the following three levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either derived from prices directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table on the next page. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the above-mentioned table.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18. FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy – Continued

	<u>Classification According to the Fair Value Hierarchy</u>	
2024		Level 2
		\$'000
<hr/>		
Financial Assets at Fair Value through Profit and Loss		
Investments		301,564
		<hr/>
		301,564
		<hr/>

	<u>Classification According to the Fair Value Hierarchy</u>	
2023		Level 2
		\$'000
<hr/>		
Financial Assets at Fair Value through Profit and Loss		
Investments		264,128
		<hr/>
		264,128
		<hr/>

Note: The investments are wholesale managed funds with underlying assets including property securities and shares which seek to track the return of benchmarking indexes. While a large part of these underlying assets can be quoted in active markets, some assets may be subject to restrictions on redemptions. The fair value of these investments is based on the funds' unit prices determined by the fund manager.

NOTE 19. COMMITMENTS

Other Commitments

Other commitments to contractors (including GST) are as follows:

	2024	2023
	<u>\$'000</u>	<u>\$'000</u>
Within One Year	1,205	631
Later than One Year but no Later than Five Years	1,224	-
Total Other Commitments²¹	<u>2,429</u>	<u>631</u>

²¹ Commitments increased compared to 2022-23 mainly due to a contract for a new administration system implementation and the new contract for actuarial services signed in 2023-24.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Description and Material Accounting Policies Relating to Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet due to the uncertainty regarding any possible amount or timing of any underlying claim or obligation. Instead, they are disclosed and, if quantifiable, the best estimate is disclosed.

At 30 June 2024 ACT Leave had \$15,000 of contingent liabilities relating to matters being managed by the ACT Government Solicitor (\$20,000 at 30 June 2023), and no contingent assets (Nil at 30 June 2023).

NOTE 21. RELATED PARTY DISCLOSURES

Description and Material Accounting Policies Relating to Related Party Disclosures

A related party is a person that controls or has significant influence over the reporting entity or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity and includes their close family members and entities in which the KMP or/and their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

KMP of the Long Service Leave Authority (ACT Leave) are the Responsible Minister, Governing Board members, and certain members of the senior management team.

This note does not include typical citizen transactions between the KMP and ACT Leave that occur on terms and conditions no different to those applying to the general public.

(A) Controlling Entity

ACT Leave is an ACT Government controlled entity.

(B) Key Management Personnel

B.1 Compensation of Key management Personnel

Compensation of all Cabinet Ministers, including the Responsible Minister of ACT Leave, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2024.

The Governing Board (the Board) provides the overall governance of ACT Leave under the *Long Service Leave (Portable Schemes) Act 2009*. The remuneration for the Chair and Deputy Chair of the Board is set annually by the ACT Remuneration Tribunal. All other Board members are paid on the basis of a 'per diem' rate (i.e. per meeting attended) also determined by the ACT Remuneration Tribunal, except for the Chief Executive Officer/Registrar, who is a non-voting member of the Board and is remunerated in accordance with her senior executive contract with the ACT Government. A superannuation contribution of 11% of remuneration is paid to the Chair's and Deputy Chair's superannuation funds. The Deputy Registrar, the Chief Operations Officer and the Chief Finance Officer are also KMP of ACT Leave with their remuneration paid by ACT Leave according to the *ACT Public Service Administrative and Related Classifications Enterprise Agreement 2023-2026*. There are no other compensation or transactions paid directly to these KMP by ACT Leave.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 21. RELATED PARTY DISCLOSURES - CONTINUED

Compensation by ACT Leave to KMP is set out below:

	2024	2023
	\$'000	\$'000
Short-term employee benefits ²²	844	626
Other long-term benefits ²³	46	(43)
Board member fees	<u>83</u>	<u>59</u>
Total Compensation to KMP paid by ACT Leave	<u>973</u>	<u>642</u>

Governing Board

Ms Anne O'Donnell was appointed as Chair from 26 January 2022 as an independent member for a term of three years to 25 January 2025.

Ms Liesl Centenera was appointed as the Deputy Chair from 25 January 2019 as an independent member for a term of three years. Ms Centenera's appointment was renewed on 26 January 2022 for a further three years to 25 January 2025.

Ms Erryn Cresshull was appointed as a member representing employee organisations on 3 April 2015, for a term of four years to 2 April 2019. Ms Cresshull was re-appointed on 9 April 2019 for a term of two years to 8 April 2021. Ms Cresshull was re-appointed again for a term of four years from 6 May 2021 to 5 May 2025.

Mr Joshua Bolitho was appointed as a member representing employee organisations from 6 May 2023 for a term of four years to 5 May 2027.

Ms Anna Whitty was appointed as a member representing employer organisations effective from 9 April 2019 for a term of four years to 8 April 2023. Ms Whitty's appointment was renewed on 6 May 2023 for a term of further four years to 5 May 2027.

Ms Anne McGregor was appointed on 20 February 2018 as a member representing employer organisations for a term of four years to 19 February 2022. Ms McGregor's appointment was renewed on 20 February 2022 for a term of further two years to 19 February 2024. Ms McGregor ceased as a Governing Board member in February 2024.

Mr Michael Capezio was appointed on 19 March 2024 as a member representing employer organisations for a term of four years to 18 March 2028.

The Chief Executive Officer/Registrar is a non-voting member of the Governing Board. Ms Tracy Savage was appointed as Registrar/CEO in August 2015 for a term of three years, with her contract extended for a further five years term to August 2023, and subsequently for a further five years to August 2028.

B.2 Transactions with Key Management Personnel

There were no transactions with KMP that were material to the financial statements of ACT Leave.

B.3 Transactions with Parties Related to Key Management Personnel

There were no transactions with parties related to KMP, including transactions with KMP's close family members or other related entities that were material to the financial statements of ACT Leave.

²² Increase in the short-term employee benefits relates to creation of the Deputy Registrar position in 2023-24 and consequent growth of the executive team.

²³ Other long-term benefits include increase in long service leave provision.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 21. RELATED PARTY DISCLOSURES - CONTINUED

(C) Transactions with other ACT Government Controlled Entities

ACT Leave has entered into transactions with other ACT Government entities in 2023-24 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government Entities. Below is a summary of the Material transactions with Other ACT Government Entities.

Revenue

Grants and Contributions (Operating Statement) - Resources Received Free of Charge. In 2023-24 ACT Leave received free of charge \$0.017m in legal services from the ACT Government Solicitor's Office.

Expenses

Employee Expenses (Note 8) - ACT Leave paid Chief Minister, Treasury and Economic Development Directorate \$3.501m and ACT Health \$0.003m for reimbursement of salaries and superannuation for its staff.

Supplies and Services (Note 9) – ACT Leave paid \$0.080m to the ACT Audit Office for audit services, \$0.108m to the ACT Government Solicitor for legal services, \$0.035m in insurance premiums to the ACT Insurance Authority and \$0.026m to Shared Services for various services in 2023-24.

LONG SERVICE LEAVE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 22. BUDGETARY REPORTING

Significant Accounting Judgements and Estimates – Budgetary Reporting

Significant judgements have been applied in determining what variances are considered 'major variances'. Variances are considered major if both of the following criteria are met:

- The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% and \$500,000 of the budget for the financial statement line item.

Operating Statement Line Items	Actual 2023-24 \$'000	Original Budget²⁴ 2023-24 \$'000	Variance \$'000	Variance %	Variance Explanation
Gains from Remeasurement of Assets	20,890	8,891	11,999	135%	Higher Gains from Remeasurement of Assets were caused by the higher than expected return on investments. ACT Leave recorded an average investment return of 12.4% per annum in 2023-24 compared with 5.5% per annum assumed in the Budget.
Investment Revenue	11,804	6,279	5,525	88%	Investment Revenue is higher than budgeted mainly due to the increased quarterly investment distributions in 2023-24.
Long Service Leave Benefits Expenses	43,720	36,665	7,055	19%	Long Service Leave Benefits expenses were higher than budgeted mainly due to the actuarial review of the present value of the long-term long service leave liability for the four administered schemes. The key factors contributing to the increase included increases in scheme participants leave taken, exits and service-based wage inflation.
Statement of Changes in Equity					These line items are covered in other financial statements.
Cashflow Statement Line Items					
Payments of Long Service Leave Benefits	27,149	22,223	4,926	22%	ACT Leave experienced a higher than expected number of Long Service Leave Benefits claims in 2023-24, particularly in the Community Sector Scheme.
Purchase of Investments	5,700	10,500	(4,800)	-46%	During the year ACT Leave invested less funds than was budgeted as funding was required to pay for higher than expected volume of Long Service Leave Benefits claims.

²⁴ Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2023-24 Statement of Intent).

C3. Capital works

In 2023-24, ACT Leave completed a minor refurbishment of the existing office premises at Trevor Pearcey House (28-34 Thynne Street) in Bruce ACT, to accommodate existing and future staffing growth.

The office fit out project value was approximately \$0.14 million, including the project design and management fee, building works, fit out and compliance costs. This project was approved by the ACT Leave Governing Board.

There were no other capital projects or works undertaken during the year.

C4. Asset management

ACT Leave managed a total of \$324.20 million assets as at 30 June 2024. Within the total assets, \$301.56 million is invested in the wholesale managed funds with Vanguard Australia, achieving an average of 12.4% return per annum in 2023-24. Other assets were cash (\$6.59 million), receivables (\$14.06 million), intangible assets (\$0.08 million), property, plant and equipment (\$1.88 million) and prepayments (\$0.02 million).

Cash and cash equivalents

ACT Leave has four separate accounts for the four administered schemes with Westpac as part of the Whole of Government banking contract arrangement. Funds for each scheme are held separately in these accounts for the receipting and payment of the day-to-day operational income and expenses, including long service leave claims payments.

Funds under management

ACT Leave invests scheme assets in pooled funds managed by Vanguard Australia. Underlying asset allocation is structured in accordance with ACT Leave's Investment Plan, approved by the Treasurer, and available on the ACT Leave website at [ACT-Leave-Investment-Plan-2024.pdf](#).

Intangible assets - information technology and software

ACT Leave developed its own database system, Leave Track, in 2010 soon after ACT Leave was established under the *Long Service Leave (Portable Schemes) Act 2009*. Leave Track maintains long service leave benefits records of the registered employees and issues return statement and levy payment notices to registered employers and contractors of the administered schemes. A Leave Track licence is also leased to the New South Wales Long Service Corporation for \$25,000 per six-months and to the Northern Territory NT Build for \$45,000 plus CPI per year.

Property, plant, and equipment

ACT Leave's property, plant, and equipment comprises furniture and fittings, office fit out to its current leased office premises in Bruce ACT, and plant and equipment. ACT Leave also accounted for its leased assets (right-of-use assets) including the office building, one corporate vehicle, and two photo copiers in the total property, plant, and equipment in the balance sheet under the requirements of the Australian Accounting Standard AASB 16 Leases.

C5. Government contracting

In 2023-24, ACT Leave engaged external contractors/consultants to provide fund management, actuarial services, audit services, project management and business analysis services. ACT Leave's procurement and contracting activities are conducted in accordance with the provisions under the *Government Procurement Act 2001* and the *Government Procurement Regulation 2007*.

The ACT Government Contracts Register records ACT Government Contracts with suppliers of goods, services and works, with a value of \$25,000 or more. A full search of ACT Leave's contracts notified with an execution date from 1 July 2023 to 30 June 2024 can be made at <https://www.tenders.act.gov.au/contract/search>.

Secure local jobs code

There were no exemptions from the secure local jobs code requirements provided to ACT Leave during the reporting period under section 22G of the *Government Procurement Act 2001*.

Aboriginal and Torres Strait Islander procurement policy reporting

ACT Leave understands and fulfills its responsibilities under the ACT Government's Aboriginal and Torres Strait Islander Procurement Policy (ATSIPP) to monitor and report annually on ACT Leave's performance against the three performance measures and maintain an exemption register where applicable. One exemption from minimum quotation threshold was applied under ATSIPP during 2023-24 when quotation for a minor office refurbishment with the expected value of \$70,000-\$90,000 was sought from Salafia & Co Pty Ltd. The three performance measures and ACT Leave's performance against these measures in 2023-24 are outlined in the table below:

ATSIPP measures	ACT Leave's performance
The number of unique Aboriginal and Torres Strait Islander enterprises that respond to Territory tender and quotation opportunities	In 2023-24, one unique Aboriginal and Torres Strait Islander enterprise (Salafia & Co Pty Ltd) responded to ACT Leave's quotation request for a minor office refurbishment.
The number of unique Aboriginal and Torres Strait Islander enterprises attributed to a value of Addressable Spend in the financial year	Three unique Aboriginal and Torres Strait Islander enterprises attributed to a value of ACT Leave's Addressable Spend in the financial year: <ol style="list-style-type: none">1) Salafia & Co Pty Ltd was contracted by ACT Leave to undertake minor office refurbishment2) ACT Leave's office cleaning services have been provided by a unique Aboriginal and Torres Strait Islander enterprise, Kamberra Indigenous Cleaning, since October 20173) ACT Leave engaged Complete Office Services for stationary supplies under the Whole-of-Government procurement contract. These services included items listed under the Aboriginal and Torres Strait Islander Procurement Policy.
Percentage of the financial year's Addressable Spend that is spent with Aboriginal and Torres Strait Islander enterprises	The percentage of the ACT Leave's addressable spend that was spent with Aboriginal and Torres Strait Islander enterprises in 2023-24 was 5.8% (target for 2023-24: 2%).

C6. Statement of performance

INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Long Service Leave Authority (Authority) for the year ended 30 June 2024.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2024 are not in agreement with the Authority's records or do not fairly reflect, in all material respects, the performance of the Authority, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard 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*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

Responsibilities of the Authority for the statement of performance

The Governing Board of the Authority is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Authority.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Authority's records or do not fairly reflect, in all material respects, the performance of the Authority, in accordance with the *Financial Management Act 1996*.

In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Authority, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

Limitations on the scope

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Authority.



Rosa San Miguel
Audit Principal, Financial Audit
24 September 2024

**Long Service Leave Authority
Statement of Performance
For the Year Ended 30 June 2024**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Long Service Leave Authority's (ACT Leave) records and fairly reflects the service performance of ACT Leave for the year ended 30 June 2024 and also fairly reflects the judgements exercised in preparing it.



Anne O'Donnell
Chair
Long Service Leave Authority

24 September 2024

LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024

Objective	Accountability Indicator	2023-24 Target	2023-24 Result	% Variance from Target	Notes
1. Manage appropriate processes to identify and register employers and their employees under relevant schemes.	Percentage of employer registrations completed within 10 working days of receipt of a correctly completed and verified application form.	100%	100%	-	1
	Number of employers identified for registration as a result of ACT Leave's compliance activities.	120	135	12%	2
2. Ensure that employers' contribution levies are collected efficiently and effectively.	Percentage of employer returns and payments submitted by due date (five working days after the end of the month following the relevant quarter).	80%	81.8%	2%	3
3. Ensure that payments to employees and contractors are made in accordance with the Act.	Percentage of payments completed within 10 working days of receipt of a correctly completed and verified claim form.	98%	99.7%	2%	4
4. Ensure that long service leave administered schemes' funds are invested to ensure a long-term surplus of assets over liabilities.	Annual net return for each administered scheme on funds under management is in accordance with the Investment Plan.	2.5% above AWE ²⁵ average d over five years for each scheme	Construction: 7.94% Cleaning: 7.81% Community: 7.54% Security: 7.71%	Construction: 40% Cleaning: 38% Community: 33% Security: 36%	5
5. Ensure each scheme has adequate assets to meet its liabilities.	The ratio of total assets over total liabilities as at 30 June of the financial year for each administered scheme is maintained at least of the target.	110%	Construction: 125% Cleaning: 186% Community: 119% Security: 122%	Construction: 14% Cleaning: 69% Community: 8% Security: 11%	6

The above Statement of Performance should be read in conjunction with the accompanying notes.

The above accountability indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

²⁵ The measure of AWE used is Australian Average Weekly Ordinary Time Earnings (AWOTE) published by the Australian Bureau of Statistics.

Notes to the Statement of Performance

1. ACT Leave registered 352 new employers and re-registered 25 employers²⁶ across all schemes during the 2023-24 financial year. All 377 registrations were completed within 10 working days of receipt of a correctly completed registration form.
2. ACT Leave identified a total of 135 eligible employers (112 from the Building and Construction Industry scheme, 16 from the Community Sector Industry scheme, 4 from the Contract Cleaning Industry scheme, and 3 from the Security Industry scheme) after compliance activities were undertaken. These employers have subsequently submitted the required documentation to ACT Leave and their registrations were finalised during the 2023-24 financial year. Recruitment of two additional compliance officers to the team in 2023-24 contributed to achieving the higher result.
3. ACT Leave processed a total of 12,263 returns and payments for the 2023-24 financial year with 10,036 being received within 5 working days from the quarterly return due date.
4. ACT Leave processed 2,771 eligible long service leave claims during the reporting period, with only eight (8) claims not paid within 10 working days from receipt of a completed claim form.
5. ACT Leave invests the funds of its administered schemes in the investment portfolio according to its' investment plan, approved by the Treasurer. The investment plan prescribes a strategic asset allocation incorporating 65 per cent in growth-oriented assets, such as equity and property funds, and 35 per cent in other assets including cash and fixed interest investments, through Vanguard Australia. Investment return is net of management fees and includes reinvestment of all distributions. The target for this measure as at the reporting date (2.5% above AWE averaged over 5 years) is 5.66%. ACT Leave's investment return averaged over the last five years is higher than the target due to better than anticipated market return in the last five years.
6. At 30 June 2024, ACT Leave had adequate assets to meet its liabilities for all four administered schemes with the ratio of total assets over total liabilities exceeding the target of 110%. The main factor that contributed to high assets over liabilities ratios at 30 June 2024 was higher than expected return on investments.

²⁶ Employers' registration could be stopped temporarily due to having no employees and re-registered again when operations resume with eligible employees.

Part D. Whole of Government Annual Reporting

D1. Bushfire risk management

ACT Leave is exempt from the reporting requirement under the *Emergencies Act 2004* as ACT Leave is not a manager or owner of unleased Territory Land.

D2. Human rights

ACT Leave is guided by the intent of the *Human Rights Act 2004* (HRA) in all aspects of its operations. ACT Leave's staff are aware of the public information provided by the ACT Human Rights Commission and training opportunities offered. In 2023-24, ACT Leave developed a new Complaints Management Policy and Procedure, which considered Human Rights, particularly in relation to privacy and reputation, and freedom of expression.

ACT Leave ensures that human rights are considered throughout the development of new policy documents and in the review of existing policy documents. Policies and procedures that have been developed or subsequently reviewed with consideration of human rights include Extension of Time, Payment Plan, Waiver of Penalties, Infringement Notice and Penalty Interest (application and waiver), Notice of Inspection and Notice to Produce Information and procedures for referrals to the ACT Office of Director of Public Prosecutions and the ACT Civil and Administrative Tribunal. In 2023-24 ACT Leave consulted with the Justice and Community Safety Directorate regarding amendments to the *Magistrates Court Act 1930* and *Magistrates Court (Infringement Notice) Amendment Act 2020* and any changes required to ACT Leave's policies, procedures, forms and practices to support the amendments.

ACT Leave has developed checklists and other tools to guide good decision making in relation to recommendations to escalate matters to legal proceedings.

All ACT Leave staff involved in the procurement of goods and services must follow the purchasing principles and guidelines as stated in the *Government Procurement Act 2001*, Government Procurement Regulation 2007 and Government Procurement Amendment Regulation 2009 (No 1). ACT Leave utilises standardised ACT Government procurement and contract templates which require respondents to evidence their compliance with relevant legislation in connection with any engagement that they might have with ACT Leave, including compliance with the HRA.

There were no cabinet submissions or human rights issues identified or consultation with any human rights advisors or any litigation cases brought before courts or tribunals which have involved arguments concerning the HRA during 2023-24.

D3. Legal services directions

ACT Leave is aware of the requirements and the responsibilities under the *Law Officers Act 2011* and its directions such as the Law Officers (General) Legal Services Directions 2012 and Model Litigant Guidelines 2010. ACT Leave ensures these legal provisions are complied with throughout any litigation process.

There were no breaches of the legal services directions during the reporting period.

D4. Territory records

ACT Leave's records are managed in accordance with Records Management Program endorsed by Chief Executive Officer and Registrar, and the Disposal Schedule approved by the Territory Records Office. The Records Management Program establishes compliance with requirements specified in the *Territory Records Act 2002* and to provide guidance on the management of ACT Leave records. ACT Leave's Records Management Program is currently under review.

ACT Leave's records include the organisation's portable long service leave scheme register, entitlement claim applications and payments, corporate policies and procedures, financial transactions, and other records that are maintained to effectively administer the *Long Service Leave (Portable Schemes) Act 2009*. These electronic records are backed up daily and stored in a secure location in accordance with ACT Leave's business continuity plan and risk management practices.

ACT Leave is working with the Territory Records Office to finalise and implement an updated Records Disposal Schedule, undertake a maturity assessment of the organisation's records management practices, and develop a strategy for implementing an Electronic Document and Records Management System.

Records Disposal Schedule	Effective	Year and no.
Territory Records (Records Disposal Schedule – Industry Long Service Leave Records) Approval 2006 (No 1)	14 July 2006	NI2006—256

Part E. State of the Service report

E1. Culture and behaviour

ACT Leave is committed to creating a positive, supportive and accountable work environment where employees are respected and valued and contribute to creating a productive and collaborative workplace. ACT Leave supports a diverse workforce with almost half of ACT Leave's staff identifying as being from a culturally and linguistically diverse background, with age ranges from under 25 to over 55 represented.

To support staff ACT Leave has in place a Performance and Development Framework which is aimed at providing all employees the opportunity to plan, discuss, understand and review performance expectation on a regular basis as well as providing opportunities to address the individual development needs of staff. In support of this framework, individual performance agreements describe expected staff outputs and deliverables, conduct and behaviours and the skills and knowledge that each employee should have, or is developing, to effectively meet work performance requirements.

E2. Public interest disclosure

During the reporting period, there were:

- no Public Interest Disclosure (PID) reports received or investigated
- no PIDs referred by other agencies
- no PIDs referred to other agencies.

To comply with the *Public Interest Disclosure Act 2012*, ACT Leave has adopted the ACT Government's Public Interest Disclosure Guidelines as ACT Leave's PID procedures to deal with any PID matters, and nominated the following officers as disclosure officers to receive PID submissions:

Tracy Savage

Chief Executive Officer

Phone: (02) 6247 3900

Email: tracy.savage@actleave.act.gov.au

Post: PO BOX 264 Jamison Centre ACT 2614

Cassandra Webeck

Deputy Registrar

Phone: (02) 6247 3900

Email: cassandra.webeck@actleave.act.gov.au

Post: PO BOX 264 Jamison Centre ACT 2614

Elena Agrizko

Chief Finance Officer

Phone: (02) 6247 3900

Email: elena.agrizko@actleave.act.gov.au

Post: PO BOX 264 Jamison Centre ACT 2614

E3. Workforce profile

ACT Leave's staff are employed under the *Public Sector Management Act 1994* and are officers of the ACT Public Service. The Registrar is also the Chief Executive Officer of ACT Leave and a non-voting member of ACT Leave's Governing Board. Under the *Long Service Leave (Portable Schemes) Act 2009*, members of the Governing Board are appointed by the responsible Minister, and currently comprise two independent members, two members representing employer organisations and two members representing employee organisations. Refer to B1. Organisational Review for ACT Leave's organisation structure.

Attraction and retention incentives (ARINS):

During 2023-24:

- No staff entered into or were terminated under the Attraction and Retention Incentives (ARins)
- No staff were transferred from Special Employment Arrangements (SEAs)
- No staff were provided with privately plated vehicles.

During 2023-24, there were no incidents or non-disclosure agreements in the ACT Public Service which pertain to the following:

- bullying and harassment
- sexual harassment
- gender-based incidents and violence.

Staff profile

ACT Leave employed 34.0 Full Time Equivalent (FTE) Permanent staff (with headcount of 35) as at 30 June 2024 with the staff profile as shown in the tables below:

Full time equivalent (FTE) & headcount by gender

	Female	Male	Non-binary	Total
FTE by gender	22.5	11.5	0.0	34
Headcount by gender	23	12	0	35
% of workforce	65.7%	34.3%	0.0%	100%

Headcount by classification and gender

Classification group	Female	Male	Non-binary	Total
Administrative Officers	17	11	0	28
Senior Officers	5	1	0	6
Executive Officers	1	0	0	1
Total	23	12	0	35

Headcount by employment category and gender

Employment category	Female	Male	Non-binary	Total
Casual	0	0	0	0
Permanent full time	16	9	0	25

Employment category	Female	Male	Non-binary	Total
Permanent part time	2	1	0	3
Temporary full time	5	2	0	7
Temporary part time	0	0	0	0
Total	23	12	0	35

Headcount by diversity group

	Headcount	% of Total Staff
Aboriginal and/or Torres Strait Islander	1	2.9%
Culturally & linguistically diverse	15	42.9%
People with a disability	2	5.7%

Headcount by age group and gender

Age group	Female	Male	Non-binary	Total
Under 25	1	0	0	1
25-34	7	3	0	10
35-44	7	3	0	10
45-54	6	5	0	11
55 and over	2	1	0	3

Average length of service by gender

	Female	Male	Non-binary	Total
Average years of service	5.3	7.8	0.0	6.2

Headcount by recruitment and separation rates

Classification group	Recruitment rate	Separation rate
Total	8.2%	0.0%

Gender pay gap

Classification group	Female	Male	Pay gap
Administrative Officers	93,157	94,240	1.1%
Senior Officers	140,285	133,053	-5.4%
Executive Officers	217,042	0	0.0%
Total	108,788	97,474	-11.6%

Compliance statement

The 2023-24 Long Service Leave Authority Annual Report must comply with the Annual Report Directions (the Directions) made under section 8 of the Annual Reports Act. The Directions are found at the ACT Legislation Register: www.legislation.act.gov.au.

The Compliance Statement indicates the subsections, under Parts 1 to 5 of the Directions, that are applicable to the Long Service Leave Authority (ACT Leave) and the location of information that satisfies these requirements:

Part 1 Directions overview

The requirements under Part 1 of the Directions relate to the purpose, timing and distribution, and records keeping of annual reports. The 2023-24 Long Service Leave Authority Annual Report complies with all subsections of Part 1 under the Directions.

To meet Section 15 Feedback, Part 1 of the Directions, contact details for ACT Leave are provided within the 2023-24 Long Service Leave Authority Annual Report to provide readers with the opportunity to provide feedback.

Part 2 Reporting entity annual report requirements

The requirements within Part 2 of the Directions are mandatory for all reporting entities and ACT Leave complies with all subsections. The information that satisfies the requirements of Part 2 is found in the 2023-24 Long Service Leave Authority Annual Report as follows:

- A. Transmittal Certificate, see page 5
- B. Organisational Overview and Performance, inclusive of all subsections, see pages 6-29
- C. Financial Management Reporting, inclusive of all subsections, see pages 30-102.

Part 3 Reporting by exception

ACT Leave has nil information to report by exception under Part 3 of the Directions for the 2023-24 reporting year.

Part 4 Directorate and public sector body specific annual report requirements

ACT Leave has nil information to report by exception under Part 3 of the Directions for the 2023-24 reporting year.

Part 5 Whole of Government annual reporting

All subsections of Part 5 of the Directions apply to ACT Leave. Consistent with the Directions, the information satisfying these requirements is reported in the one place for all ACT Public Service directorates, as follows:

- Bushfire Risk Management, see the annual report of the Justice and Community Safety Directorate
- Human Rights, see the annual report of the Justice and Community Safety Directorate
- Legal Services Directions, see the annual report of the Justice and Community Safety Directorate
- Public Sector Standards and Workforce Profile, see the annual State of the Service Report
- Territory Records, see the annual report of Chief Minister, Treasury and Economic, Development Directorate.

ACT Public Service Directorate annual reports are found at the following web address:

http://www.cmd.act.gov.au/open_government/report/annual_reports



ACT
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