CONTACTING THE LONG SERVICE LEAVE AUTHORITY

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Business Hours	8:30am – 4:30pm Monday to Friday

To speak to someone in a language other than English please telephone the Telephone Interpreter Service (TIS) 131 450.
Arabic: 13 14 50 :إذا كنت بحاجة إلى مترجم إتصل بالرقم
Chinese: 如果您需要翻譯，請致電： 13 14 50
Croatian: Ako trebate tumača, nazovite: 13 14 50
English: If you need a translator, call 13 14 50
Greek: Αν χρειάζεστε διερμηνέα, τηλεφωνήστε: 13 14 50
Italian: Se hai bisogno di un interprete, chiamate: 13 14 50
Maltese: Jekk għandek bżonn ta 'interpretu, sejħa: 13 14 50
Persian: 131 450 اگر شما لازم است, فراخوان
Polish: Jeśli potrzebujesz tłumacza, zadzwoń: 13 14 50
Portuguese: Se você precisar de um intérprete, ligue para: 13 14 50
Serbian: Ако треба тумача, назовите: 13 14 50
Spanish: Si usted necesita un intérprete, llame al: 13 14 50
Turkish: Eğer bir tercümana ihtiyacınız Arama: 13 14 50
Vietnamese: Nếu bạn cần một thông dịch viên, xin gọi: 13 14 50

Note: Feedback and Enquiries about the 2019-20 Long Service Leave Authority Annual Report should be directed to the contact above. A copy of this annual report is also published on the Long Service Leave Authority's website.

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TRANSMITTAL CERTIFICATE

LONG SERVICE LEAVE AUTHORITY

ACT Government

ACT LEAVE

TRANSMITTAL CERTIFICATE

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

Dear Minister

2019-20 ACT Long Service Leave Authority Annual Report

This report has been prepared under section 7 (2) of the *Annual Reports (Government Agencies) Act 2004* (the Annual Reports Act) and in accordance with the requirements under the *Annual Reports (Government Agencies) Directions 2019*.

I certify that the information in the attached report and information provided for whole of government reporting, is an honest and accurate account and that all material information on the operations of the ACT Long Service Leave Authority has been included for the period 1 July 2019 to 30 June 2020.

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. However, under section 14, the Chief Minister has granted an extension of the time when the report must be presented by you to the Legislative Assembly. The Chief Minister has granted the extension to 18 December 2020.

The annual report must be provided to the Speaker on 18 December 2020 for distribution to each Member of the Legislative Assembly. The annual report must then be tabled in the Legislative Assembly on the next sitting day.

Yours sincerely,

Howard Pender
Chair
5 November 2020

T. Savage
Tracy Savage
Chief Executive Officer
5 November 2020

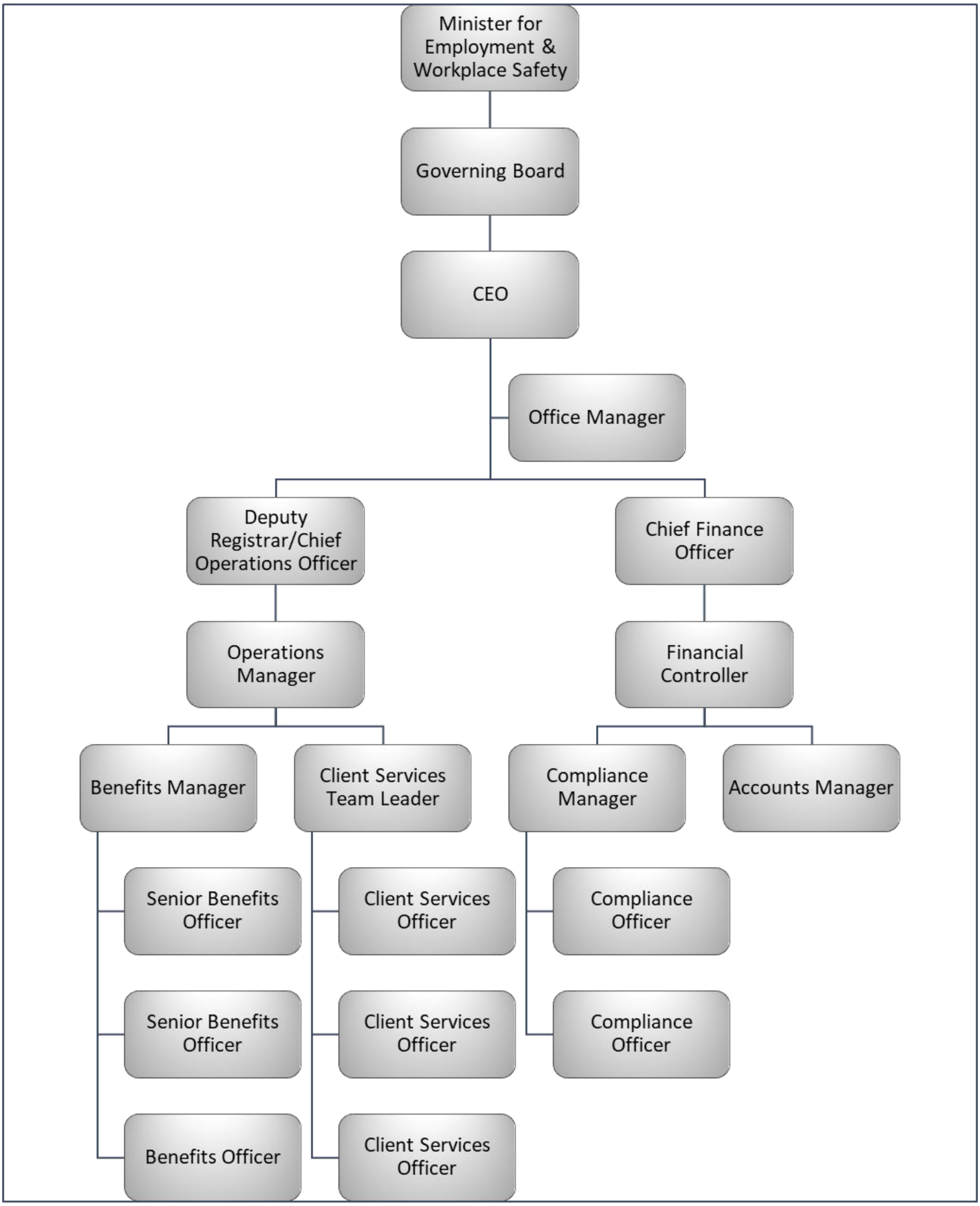
Trevor Pearcey House Unit 1, 28 Thynne Street, Bruce ACT 2617 | PO Box 234, Civic Square ACT 2608 | enquiry@actleave.act.gov.au

Office: (02) 6247 3900 Fax: (02) 6257 5058 | Open: Mon-Fri 8.30AM – 4.30PM | Website: www.actleave.act.gov.au

ORGANISATION OVERVIEW AND PERFORMANCE

A.1 ORGANISATIONAL OVERVIEW

ORGANISATION CHART



ROLE OF THE AUTHORITY

The Long Service Leave Authority (the Authority) 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. The primary objectives of the Authority are to ensure that:

- The maximum number of eligible employers and their employees are registered with the Authority;
- Long service leave payments to employees and contractors and reimbursements to employers are made in accordance with the Act;
- Employer contribution levies are collected efficiently and effectively;
- Long service leave funds are invested to ensure a long-term surplus of assets over liabilities; and
- Adequate liquidity exists to meet payment requirements as they arise.

2019-20 IN REVIEW

The final months of financial year 2020 were impacted by the serious health, social and economic consequences of the COVID-19 pandemic. The Long Service Leave Authority is responding to this extraordinary set of circumstances by ensuring the health and welfare of our people, supporting our clients and taking the necessary steps for the continuity of our operations.

We are proud of the way in which Authority staff have adapted to the changed operating environment, including all staff moving to work remotely, with limited interruption to their activities and to client service. We would also like to take this opportunity to thank our key clients, both employers and workers, who have shown extraordinary resilience in the face of these difficult circumstances and who have continued to work cooperatively with the Authority throughout the year.

Prior to the pandemic, the year 2019 had been marked by strong progress against all key performance indicators, however with the onset of the pandemic the Authority made the decision to suspend or defer some activities, including employer and site visits, employer seminars and apprentice presentations, which impacted final achievement against some indicators. Return on investments was also impacted by the market volatility associated with the pandemic, with an annualised average investment return of -0.35% for all schemes, down from 11.47% in 2018-19. Investment returns averaged over a five-year period, 6.45%, are still above the Authority's target of 4.88%[1].

Across 2019-20 the Authority completed work on a number of data quality initiatives commenced in 2018-19, aimed at improving the information held by the Authority for registered employers and workers, including additional improvements to the useability of the online worker portal which provides workers with a secure facility to login and update their personal information and a review of worker statuses recorded in the Authority's administration system to ensure that data accurately reflected ongoing worker employment arrangements. To support the Authority's ongoing commitment to improving employer and worker access to information, the Authority launched a new website early in the financial year. From May 2020 the Authority also commenced administering a new early release entitlement, introduced as part of the ACT Government's pandemic response.

[1] 2.5% above Australian average weekly ordinary time earnings (AWOTE) averaged over five years for each scheme.

General operations during 2019-20 maintained their busy pace with the Authority managing a range of activities in support of its stated objectives, the highlights of which include:

- The Authority registering 402 new employers across all schemes (2018-19: 382) during 2019-20. The Authority registered all of these employers within 10 working days of receipt of a correctly completed registration form;
- The Authority processing 9,832 levy returns and payments across 2019-20 (2018-19: 9,318); and
- The Authority processing 2,451 eligible entitlement claims (2018-19: 2,357) within the reporting period, with all of these claims paid within 10 working days from receipt of a completed claim form.

INTERNAL ACCOUNTABILITY

Under the *Financial Management Act 1996* and the Authority's enabling legislation, the *Long Service Leave (Portable Schemes) Act 2009* (the Act), the Governing Board provides the overall governance of the Authority. Members of the Governing Board are appointed by the Minister for Employment 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. The resources that are available to the Board members to assist them carry out their duties include access to training provided by the Authority and independent professional or legal advice.

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

Board composition during the reporting period is outlined in the Board Profile table below:

Board member	Position	Meetings Attended
Mr Howard Pender • Appointed as Independent Chair on 19 January 2019 for a period of three years to 18 January 2022; • Appointed to the Board on 25 May 2012 in the role of Independent Deputy Chair and served in this role until acting as Chair from February 2018; • Convenor, Australasian Centre for Corporate Responsibility; and • Previously director of three ASX listed public companies, Visiting Fellow, Centre for International and Public Law, Australian National University.	Independent Chair	6

Board member	Position	Meetings Attended
Ms Liesl Centenera • Appointed on 19 January 2019 for three year to 18 January 2022; and • Independent member and Deputy Chair.	Independent Deputy Chair	7
Ms Anne McGregor • Appointed on 20 February 2018 for a term of four years to 19 February 2022; and • Managing director of Contractor Compliance Australia.	Member representing employer organisations	4
Ms Erryn Cresshull • Appointed on 3 April 2015 for a term of four years to 2 April 2019. Re-appointed on 3 April 2019 for a further two years; and • Organiser, United Workers Union, ACT Branch.	Member representing employee organisations	4
Ms Shayne Hall • Appointed on 19 February 2014 for a term of four years. Re-appointed on 20 February 2018 for a further four years; and • General Manager of Construction Charitable Works ACT.	Member representing employee organisations	6
Ms Anna Whitty • Appointed on 3 April 2019 for a term of four years to 2 April 2023; and • Executive Director at Northside Community Services.	Member representing employer organisations	7
Ms Tracy Savage • Appointed as Registrar and CEO in August 2015 for a term of 3 years to 2 August 2018. Re-appointed on 3 August 2018 for a further five years; and • Non-voting member of the Board.	Registrar/CEO	7

The Authority's Audit Committee meets at least four times each year. The Audit Committee's responsibilities are to oversee the Authority's internal and external audits, risk management arrangements, legislative compliance, review the Authority's financial information presented by management and to determine the adequacy of the Authority's administrative, operating and accounting controls.

Prescribed in the *Financial Management Act 1996*, the Authority 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 the Authority'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 Authority's annual Financial Statements and Statement of Performance are reviewed by the Audit Committee, signed by the Chair of the Board and audited by the ACT Auditor-General. Refer to B.2 Financial Statements, page 32-90, and B.6 Statement of Performance for further information, page 94-99.

Membership of the Audit Committee is summarised in A.5 Internal Audit, page 20.

Under the supervision of the Chief Executive Officer, the Chief Operating Officer (Deputy Registrar) oversees the Authority's information technology, customer service and benefit payment functions and the Chief Finance Officer monitors the overall financial arrangements and manages the corporate service and compliance functions of the Authority.

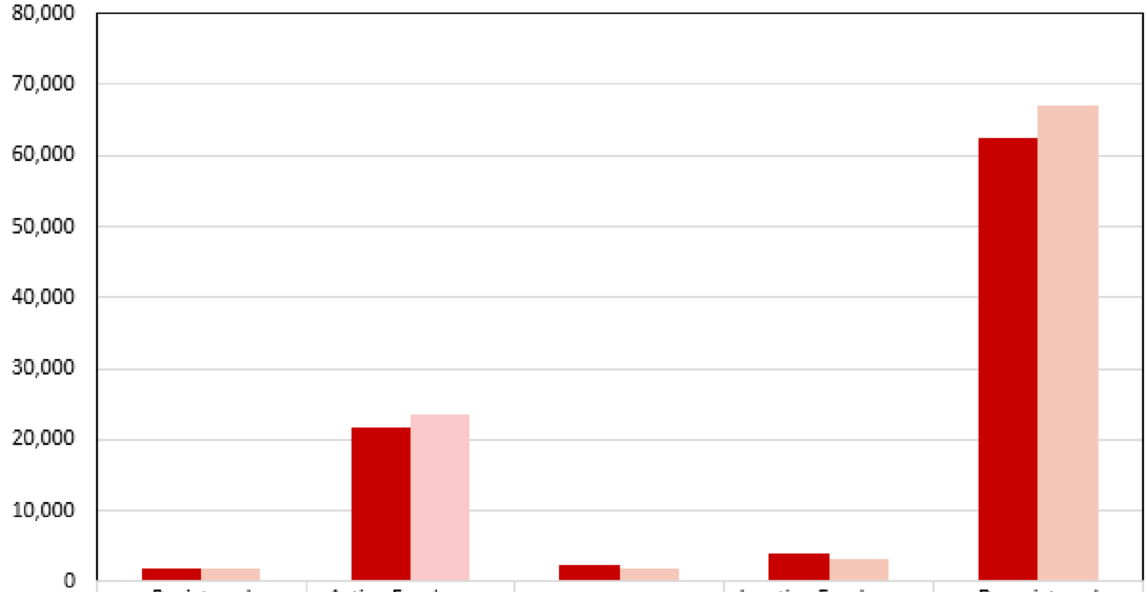
A.2 PERFORMANCE ANALYSIS

AUTHORITY PERFORMANCE

BUILDING AND CONSTRUCTION INDUSTRY SCHEME EMPLOYER AND EMPLOYEE STATISTICS

The overall number of registered active workers in the Building and Construction Industry Scheme increased by 5.51% during the reporting period, with a 7.67% increase in the number of active employees and contractors and a decrease of 15.00% in the number of registered apprentices. The decrease in registered apprentices can be partially attributed to data cleansing of worker statuses and reflects the change from apprentice (no levy payable) to worker. There was also an increase of 5.64% 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

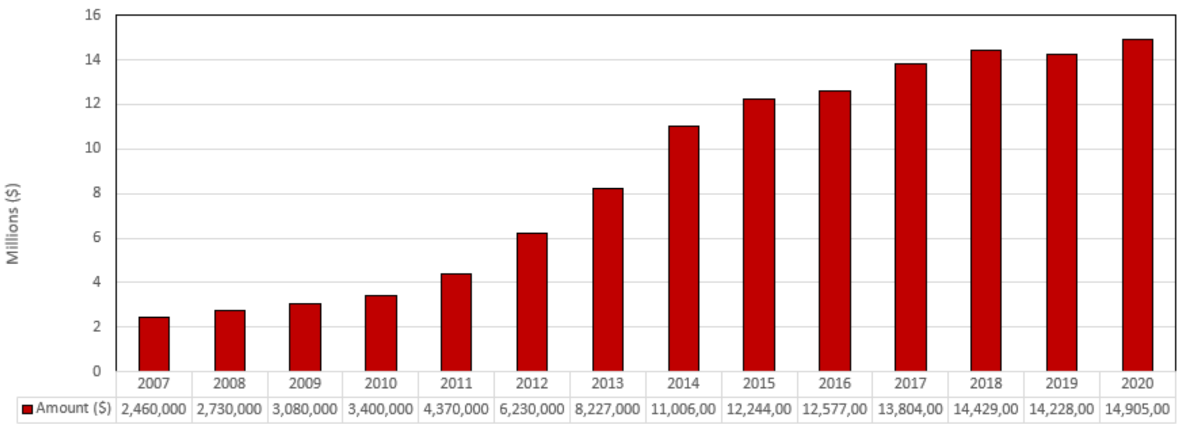


	Registered Employers	Active Employees and Contractors	Active Apprentices	Inactive Employees and Contractors	Deregistered Employees
2019	1,810	21,806	2,299	4,030	62,608
2020	1,912	23,478	1,954	3,122	66,971

BUILDING AND CONSTRUCTION INDUSTRY SCHEME LEVY CONTRIBUTIONS

In 2019-20, Building and Construction Industry employers paid a total of $14.905m in levy contributions (up from $14.228m in 2018-19) based on a levy rate of 2.10% of employee ordinary remuneration. The increase this year is attributed the increase in the overall number of active workers. The Authority had budgeted for $13.905m in contributions for the 2019-20 financial year.

Figure 2. Building and Construction Industry Levy Contribution Payments by Employers



BUILDING AND CONSTRUCTION INDUSTRY SCHEME BENEFIT PAYMENTS

There were 1,342 long service leave benefit payments made during the financial year (1,214 in 2018-19), representing a payment value of $13.985m ($12.528m in 2018-19). The Scheme has paid a total of $145.318m in long service leave benefits since its commencement in 1981.

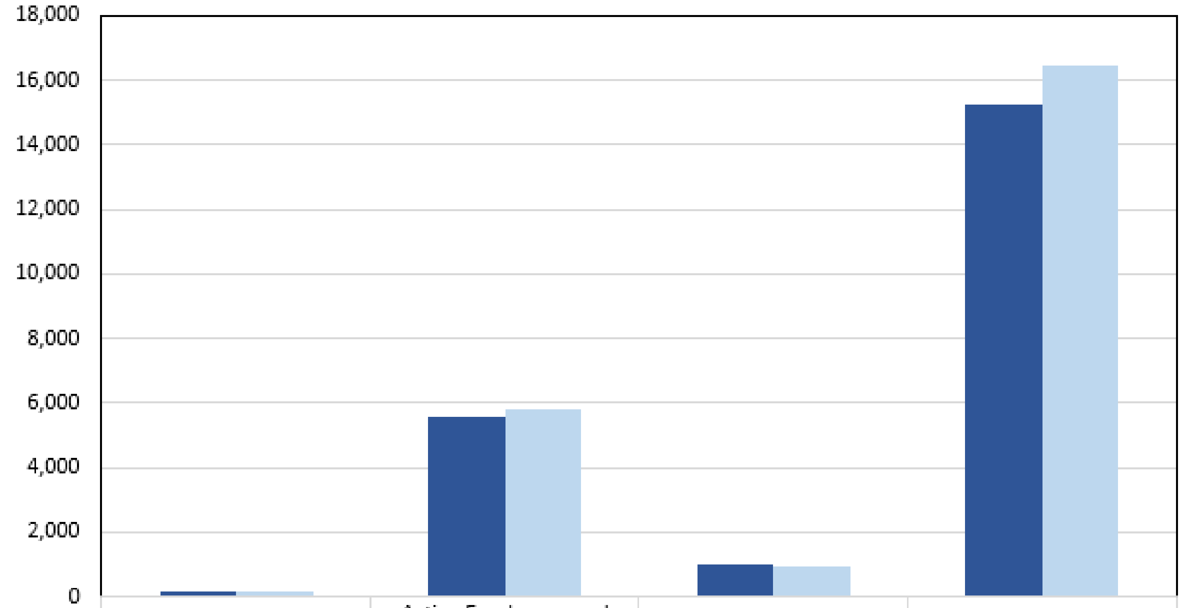
In 2019-20, the ACT Government introduced a new early release entitlement for eligible workers who are suffering hardship due to the Covid-19 Pandemic, allowing these workers to claim a benefit up to a maximum 2 weeks after 18 months of recorded service. As a result, there were 19 early release payments made in the Building and Construction Industry this financial year.

Claims lodged	**2019**	**2020**
• Total claims lodged	1,320	1,412
• Withdrawn, declined or duplicate	106	70
• Number of payments made	1,214	1,342
Criteria under which claims were lodged		
• More than 10 years' service	748	815
• Pro-rata (5 years but less than 10 years of credited service)	164	233
• Ill health, age retirement or death (55+ days service)	139	94
• Early release entitlement	0	19
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	2	5
• Payments to reciprocal state schemes	161	176

CONTRACT CLEANING INDUSTRY SCHEME EMPLOYER AND EMPLOYEE STATISTICS

The overall number of registered active workers in the Contract Cleaning Industry Scheme increased by 3.98% during the reporting period. There was also an increase of 18.52% in the number of employers registered in the scheme from the previous financial year.

Figure 3. Contract Cleaning Industry Employer and Employee Registration Statistics

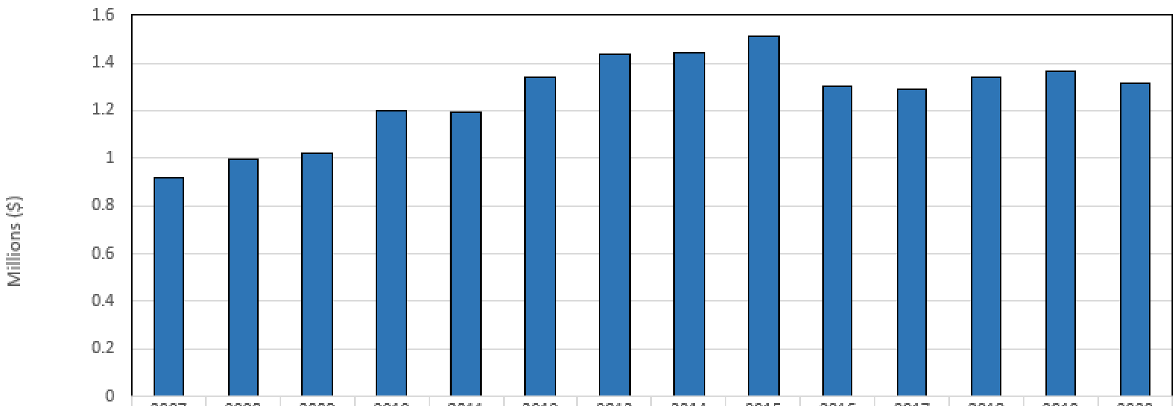


	Registered Employers	Active Employees and Contractors	Inactive Employees	Deregistered Employees
2019	128	5,564	979	15,266
2020	136	5,806	964	16,435

CONTRACT CLEANING INDUSTRY SCHEME LEVY CONTRIBUTIONS

In 2019-20, Contract Cleaning Industry employers paid a total of $1.316m in levy contributions (down from $1.364m in 2018-19) based on a levy rate of 1.20% of employee ordinary remuneration. The decrease in levy contributions for this financial year is considered marginal. The Authority had budgeted for $1.126m in contributions for the 2019-20 financial year.

Figure 4. Contract Cleaning Industry Scheme Levy Contribution Payments by Employers



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Amount ($)	920,000	998,000	1,020,00	1,200,00	1,196,00	1,341,00	1,436,00	1,439,00	1,514,00	1,301,00	1,290,00	1,337,00	1,364,00	1,316,00

CONTRACT CLEANING INDUSTRY SCHEME BENEFIT PAYMENTS

There were 238 long service leave benefit payments made during the financial year (238 in 2018-19), representing a payment value of $1.012m ($0.87m in 2018-19).

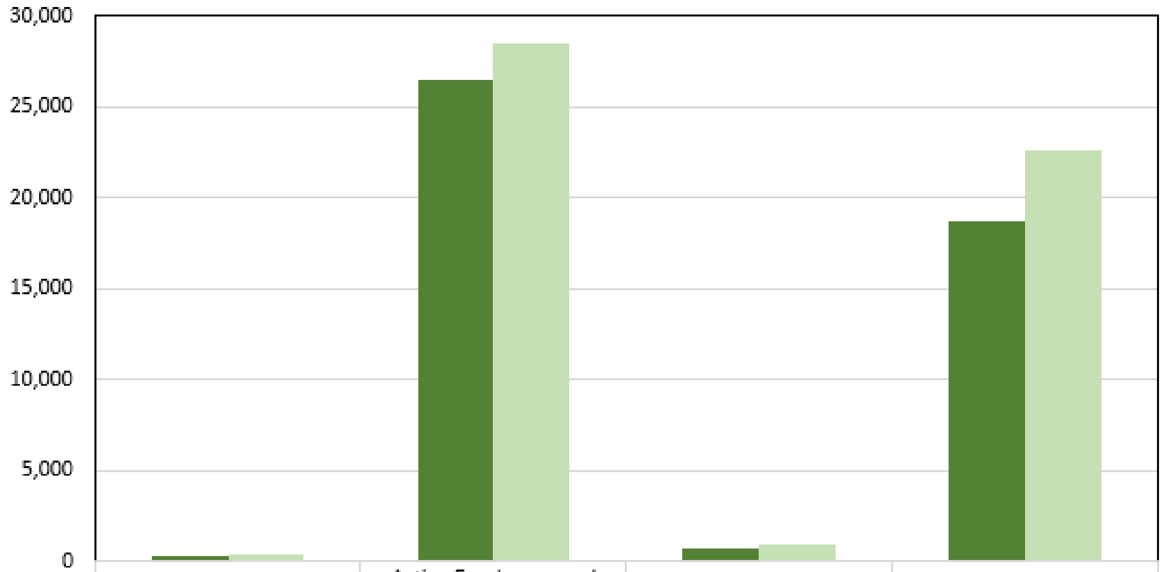
In 2019-20, the ACT Government introduced a new early release entitlement for eligible workers who are suffering hardship due to the Covid-19 Pandemic, allowing these workers to claim a benefit up to a maximum 2 weeks after 18 months of recorded service. As a result, there were 9 early release payments made in the Contract Cleaning Industry this financial year.

Claims lodged	**2019**	**2020**
• Total claims lodged	256	250
• Withdrawn, declined or duplicate	18	12
• Number of payments made	238	238
Criteria under which claims were lodged		
• More than 7 years' service	144	154
• Pro-rata (5 years but less than 7 years of credited service)	24	34
• Ill health, age retirement or death (55+ days service)	65	37
• Early release entitlement	0	9
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	4	3
• Payments to reciprocal state schemes	1	1

COMMUNITY SECTOR SCHEME EMPLOYER AND EMPLOYEE REGISTRATIONS

The overall number of registered active workers in the Community Sector Scheme increased by 7.72% during the reporting period. There was also an increase of 10.33% in the number of employers registered in the scheme from the previous financial year.

Figure 5. Community Sector Registration Statistics

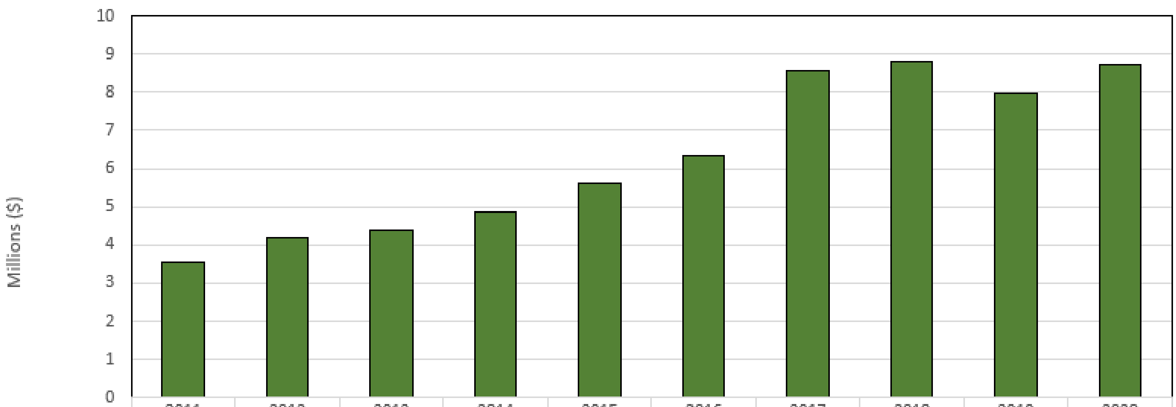


	Registered Employers	Active Employees and Contractors	Inactive Employees	Deregistered Employees
2019	329	26,498	767	18,673
2020	363	28,543	891	22,612

COMMUNITY SECTOR SCHEME LEVY CONTRIBUTIONS

In 2019-20, Community Sector employers paid a total of $8.722m in levy contributions (up from $7.967m in 2018-19) based on a levy rate of 1.20% of employee ordinary remuneration. The increase this year is attributed the increase in the overall number of active workers. The Authority had budgeted for $7.068m in contributions for the 2019-20 financial year.

Figure 6. Community Sector Levy Contribution Payments by Employers



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Amount ($)	3,546,000	4,188,000	4,371,000	4,880,000	5,612,000	6,359,000	8,584,000	8,801,000	7,967,000	8,722,000

COMMUNITY SECTOR SCHEME BENEFIT PAYMENTS

There were 828 long service leave benefit payments made during the financial year (866 in 2018-19), representing a payment value of $3.728m ($3.372m in 2018-19).

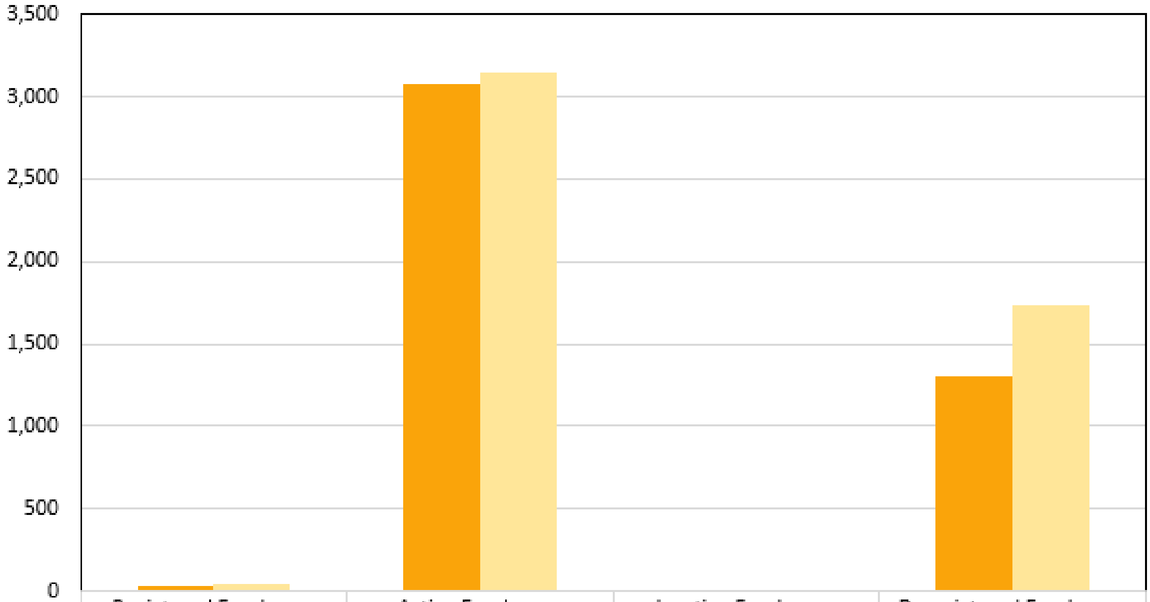
In 2019-20, the ACT Government introduced a new early release entitlement for eligible workers who are suffering hardship due to the Covid-19 Pandemic, allowing these workers to claim a benefit up to a maximum 2 weeks after 18 months of recorded service. As a result, there were 31 early release payments made in the Community Sector this financial year.

Claims lodged	**2019**	**2020**
• Total claims lodged	971	915
• Withdrawn, declined or duplicate	105	87
• Number of payments made	866	828
Criteria under which claims were lodged		
• More than 5 years' service	474	588
• Ill health, age retirement or death (55+ days service)	58	35
• Early release entitlement	0	31
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	334	174

SECURITY INDUSTRY SCHEME

The overall number of registered active workers in the Security Industry Scheme increased by 2.37% during the reporting period. There was also an increase of 17.65% in the number of employers registered in the scheme from the previous financial year.

Figure 7. Security Industry Registration Statistics

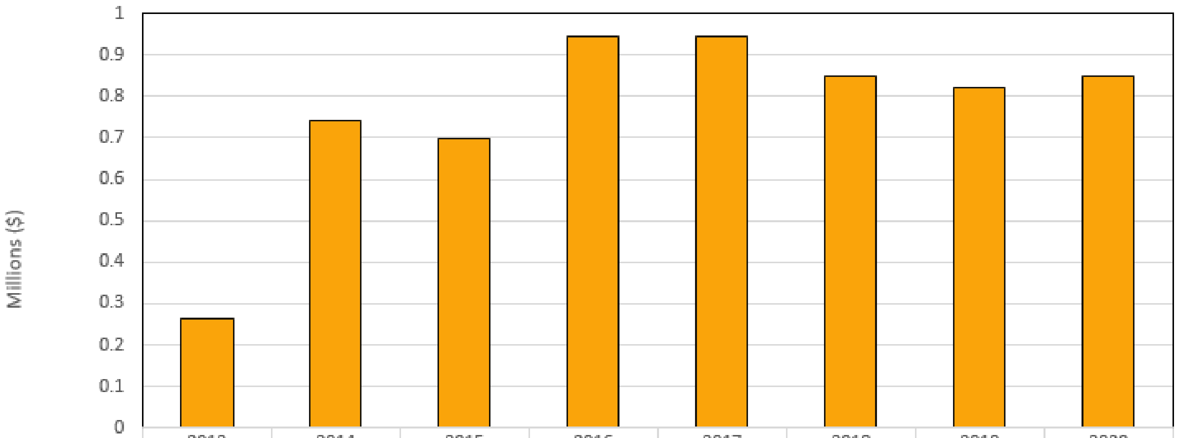


	Registered Employers	Active Employees	Inactive Employees	Deregistered Employees
2019	34	3,076	0	1,301
2020	40	3,149	0	1,733

SECURITY INDUSTRY SCHEME LEVY CONTRIBUTIONS

In 2019-20, Security Industry employers paid a total of $0.849m in levy contributions (up from $0.822m in 2018-19) based on a levy rate of 1.07% of employee ordinary remuneration. The increase this year is attributed the increase in the overall number of active workers. The Authority had budgeted for $0.766m in contributions for the 2019-20 financial year.

Figure 8. Security Industry Levy Contribution Payments by Employers



	2013	2014	2015	2016	2017	2018	2019	2020
Amount ($)	265,000	742,000	696,000	944,000	946,000	850,000	822,000	849,000

SECURITY INDUSTRY SCHEME BENEFIT PAYMENTS

The Security Sector scheme has reached maturity, meaning workers who joined the scheme when it was established on 1 January 2013 are now able to claim an entitlement directly from the Authority.

There were 43 long service leave benefit payments made during the financial year (39 in 2018-19), representing a payment value of $170k ($136k in 2018-19).

In 2019-20, the ACT Government introduced a new early release entitlement for eligible workers who are suffering hardship due to the Covid-19 Pandemic, allowing these workers to claim a benefit up to a maximum 2 weeks after 18 months of recorded service. As a result, there were 12 early release payments made in the Security Industry this financial year.

Claims lodged	**2019**	**2020**
• Total claims lodged	49	50
• Withdrawn, declined or duplicate	10	7
• Number of payments made	39	43
Criteria under which claims were lodged		
• More than 7 years' service	0	4
• Ill health, age retirement or death (Greater than 5 years' service)	5	9
• Early release entitlement	0	12
• Refunds to employers who paid their workers under the LSL Act 1976 or other Acts or Awards	34	18

COMPLIANCE AND EDUCATION

The Authority undertakes a range of compliance and education activities across all four administered schemes during each financial year. The compliance activities are risk-based and operate under the principles of assistance, education and ongoing follow up of outstanding matters. The activities include investigation and processing of employees' missing service claims, assistance and support to employers for the quarterly return and payment submission process, site and employer visits to explain scheme arrangements and to check registration details and follow-ups with identified non-complying employers to facilitate correct reporting and levy payment. The compliance team also undertake audits and debt management activities to ensure employers are complying with the requirements of the Act and fulfilling their obligations in relation to their employees' long service leave entitlements.

Specific education activities undertaken by the Authority include presentations to various Building and Construction Industry apprentices through relevant industry associations, training organisations and the Canberra Institute of Technology, where apprentices are provided with information regarding entitlements and overall scheme arrangements, regular employer and employee messages distributed through the quarterly returns generation, quarterly employer newsletters, employee annual statements and the Authority's website and employer seminars.

In support of the work the Authority undertakes to identify and register eligible employers and workers in the four industries which long service leave the Authority administers, the Authority works co-operatively with:

- Procurement and Capital Works, Prequalification Unit, to ensure that all tenderers for ACT government contracts related to the four administered industries are registered with the Authority;
- ACT Education Directorate, to ensure that all employers of apprentices registered with the ACT government as well as the education care services providers are in turn registered with the Authority; and
- Secure Local Jobs, to ensure that all employers requiring a Secure Local Jobs Code Certificate are meeting their obligations under the Act.

The Authority's compliance efforts also include reviewing a wide range of information to identify employers who may be required to be registered, such as:

- Job advertisements for workers in the four administered industries in the ACT;
- Registers of NDIS service providers who deliver welfare or disability services;
- Education and care service providers listed in the Australian Children's Education and Care Quality Authority (ACECQA) public register; and
- The ATO's ABR explorer portal.

The Authority's compliance and education activities are aimed at promoting high levels of voluntary compliance based on a solid understanding of the arrangements and obligations of the schemes and to generate strong working relationships with all stakeholders.

ACCOUNTABILITY INDICATORS

The Authority's annual Statement of Performance details its actual performance results against target, including an explanation of major variances for each performance measure. Refer to B.6 Statement of Performance, pages 94-99, for further information.

A.3 SCRUTINY

There were no reviews or reports from the ACT Auditor-General, the ACT Ombudsman, or any Legislative Assembly Committees in 2019-20 which required input from the Authority. The only other scrutiny from the Auditor-General during the reporting period was for the audit of the 2018-19 Financial Statements and the review of the 2018-19 Statement of Performance. The Audit Office issued an unqualified audit opinion in both reports and there were no audit findings from the review.

A.4 RISK MANAGEMENT

The Authority's risk management framework is overseen by the Audit Committee. The Audit Committee is composed of three Board members who are independent from management of the Authority's operation. The Authority's risk management plan has been developed to ensure adequate controls for Authority risks including operational risks, workplace health and safety issues and exposure to fraud. In response to the Authority's evolving operating environment, a risk register is maintained and is formally reviewed each year by the Audit Committee to ensure existing and emerging business risks are identified, monitored and appropriate controls are in place to mitigate these risks.

While the CEO and senior management hold regular meetings to examine the Authority's existing risk exposures and any emerging issues, all Authority staff also participate in annual risk workshops which provides front line staff the opportunity to contribute to and comment on risk identification as well as risk management strategies and actions. Risks are also monitored for opportunities for improvements and for business contingency consideration and succession planning. Through this rigorous process, the Authority aims to account for any changes in its operations and operating environment and to make well-informed decisions. Across 2019-20 particular emphasis was placed on reviewing existing risks and identifying new and emerging risks throughout the COVID-19 pandemic.

The Authority's business continuity management policy, business continuity plan, and ICT disaster recovery plan were developed and tested to ensure any disruptions to the continued provision of critical services to the Authority's clients and support functions are mitigated, properly managed, and can be restored efficiently.

A.5 INTERNAL AUDIT

The Authority has an Audit Committee Charter that established the audit function as part of its overall responsibilities for corporate governance. The Audit Committee, established under the Audit Committee Charter, meets at least four times a year and oversees the Authority's risk management and audit functions. Membership of the Committee in 2019-20 is summarised in the table below:

Name of Member	Position	Meetings Attended
Ms Liesl Centenera	Independent Chair	4
Mr Howard Pender	Independent member	4
Ms Anne McGregor	Independent member	3

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

During 2019-20, the Authority conducted an independent review of its compliance structure and function by an external consultant. The outcome of the review was positive, with several constructive and practical recommendations made by the consultant to improve the Authority's compliance function. The Authority agrees with all the review findings and is developing an action plan to address the review recommendations.

A.6 FRAUD PREVENTION

The Authority has in place a 'Risk Management and Fraud Prevention Plan[2]' to manage fraud risks and any associated fraud investigation and reporting. The Authority 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 all the operational and financial activities in the risk register and to provide the Board and Audit 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 2019-20.

The Authority also discusses fraud risk factors with staff regularly in staff meetings to promote awareness and prevention of fraud. Fraud awareness and prevention training was provided to all staff in November 2019 by a suitably qualified consultant specialised in fraud and probity investigations. In addition, the Authority minimises the opportunity for fraud by ensuring there is appropriate segregation of duties and financial authorisations amongst those who collect, and process monies received. The Authority 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 the Authority 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 2019-20.

The Authority's investment portfolios are held in pooled funds managed by Vanguard Australia. Vanguard Australia uses a separate custodian financial institution to hold these funds. The Authority 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.

A.7 FREEDOM OF INFORMATION (FOI)

There were no FOI applications made to the Authority in 2019-20.

A.8 COMMUNITY ENGAGEMENT AND SUPPORT

The Authority did not undertake any major or significant community engagement activities during the year and did not participate in any grants, assistance or sponsorship programs.

A.9 ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

The Authority 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 B.5 Government Contracting section for more information.

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[2] The Risk Management and Fraud Prevention Plan was revised in January 2019.

A.10 WORK HEALTH AND SAFETY

The Authority is bound by the provisions of the *Work Health and Safety Act 2011* (the Act) and receives support and advice from the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) for all injury management and work safety issues in relation to workplace health and safety.

There were no workplace accidents or significant incidents that required notices under the provisions of the Act during the reporting period. There were also no improvement, prohibition, or non-disturbance notices issued under Part 10 of the Act in 2019-20.

The Authority has an emergency evacuation plan in place and an evacuation drill is held at least once a year on site where the Authority's office is located. The Authority has staff trained as the Health and Safety employee representatives, fire wardens, and staff members who hold a current First Aid Certificate.

The Authority discusses all work health and safety matters at its monthly staff meetings, identifies potential risks and addresses them in a timely manner. Workplace health and safety reporting is also a standard agenda item for each Board meeting. Physical inspections of the safety of the Authority's office environment, including staff workstations, are held from time to time with assistance from the Injury Management and Safety team under the Chief Minister, Treasury, and Economic Development Directorate (CMTEDD).

The Authority is not required to report under the Australian Work Health and Safety Strategy 2012-2022 as it has less than 500 full time equivalent employees. However, the Authority is supportive of such initiatives and promotes a safe and healthy work environment for all its staff.

<u>COVID-19</u>

In March 2020 after the outbreak of COVID-19 and following from the declaration of the health emergency by the ACT government, the Authority moved all of its staff to working from home in order to keep all staff and customers safe during this unprecedent health crisis. A COVID-19 Business Continuity Plan was also developed in response to the pandemic to ensure business critical functions would continue while staff were working remotely.

A.11 HUMAN RESOURCES MANAGEMENT

The Authority's workforce comprised 17.6 full-time equivalent (FTE) staff during 2019-20. As a small agency, the Authority constantly monitors its workload and productivity to ensure there are adequate resources and staffing levels are appropriate to carry out required work and to meet performance targets.

The Chief Executive Officer/Registrar oversees the Authority's staff performance with ongoing performance reviews in place. On the job education and training is provided to staff to ensure the overall skill set meets the Authority's operational needs. Staff are encouraged to acquire broad operational capability and experience to fulfil succession planning requirements as well as any unexpected staff absences. The Authority's staff are recruited to satisfy the administration responsibilities of the *Long Service Leave (Portable Schemes) Act 2009*, including: general administration, customer services, information technology and computer related functions, inspection and field visits, public consultation and communication, financial management and reporting functions for the Authority.

During 2019-20, the Authority provided support for staff working from home including the provision of IT and office equipment and identifying and addressing learning and development needs in light of the new working arrangements. There were no staff on the Attraction and Retention Initiatives (ARins) during the reporting period. For information regarding staff profile and classification, refer to D.3 – Workforce Profile, pages 102-103.

A.12 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The Authority 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 paper products and toner cartridges are recycled;
- 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; and
- 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	48,556	53,561	-9%
Natural Gas Use	Megajoules	-	-	-
Diesel	Kilolitres	-	-	-
Transport fuel usage				
Electric vehicles	Number	-	-	-
Hybrid vehicles	Number	1	1	0%
Hydrogen vehicles	Number	-	-	-
Total number of vehicles	Number	1	1	0%
Fuel Use - Petrol	Kilolitres	0.44	0.56	-21%
Fuel Use - Diesel	Kilolitres	-	-	-
Fuel Use - Liquid Petroleum Gas (LPG)	Kilolitres	-	-	-
Fuel Use - Compressed Natural Gas (CNG)	Gigajoules	-	-	-
Water Usage				
Water Use	Kilolitres	132	194	-32%
Resource efficiency and waste				
Reams of paper purchased	Reams	200	235	-15%
Recycled content of paper purchased	Percentage	100%	73.4%	36%
Waste to landfill	Litres	24,742	31,110	-20%
Co-mingled material recycled	Litres	16,630	20,910	-20%
Paper & Cardboard recycled (including secure paper)	Litres	20,720	14,398	44%
Organic material recycled	Litres	-	-	-
Greenhouse gas emissions				
Emissions from electricity use	Tonnes Co2-e	-	13.66	-100%
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	1.05	1.33	-21%
Total emissions	Tonnes Co2-e	1.05	14.99	-93%

EXPLANATORY INFORMATION

Greenhouse gas emissions for electricity consumption have been calculated using the following emissions factors:

- a factor of 2.384 tonne CO2-e / Kilolitre for ULP transport fuel usage on both periods;
- a factor of 2.721 tonne CO2-e / Kilolitre for diesel transport fuel usage on both periods;
- a factor of 0.255 tonne CO2-e /megawatt hour for electricity emissions for the 2018-19 period;
- a factor of 0.0 tonne CO2-e /megawatt hour for electricity emissions for the 2019-20 period.

Note that no emissions have resulted from electricity usage across the whole of ACT Government due to the surrender of 100% renewable energy certificate since 1st July 2019.

FINANCIAL MANAGEMENT REPORTING

B.1 FINANCIAL MANAGEMENT ANALYSIS

Objectives of the Authority

The Authority 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.

The Authority's objectives, in accordance with relevant obligations, are to:

- make payments to the employees for their long service leave benefit claim;
- ensure eligible employers and employees of all administered schemes are registered with the Authority;
- efficiently and effectively collect contribution levies from the registered employers; and
- Invest funds to maintain long-term sustainability of all schemes.

Risk Management

The Authority's risk management is overseen by the Board and managed by the Audit Committee and the Chief Executive Officer. Several key risks are identified that may have an impact on the Authority's future financial position, including that:

- The Authority's investment fund reduces in value as a result of adverse market conditions. The risk is mitigated by the Authority undertaking ongoing investment reviews to ensure the investments of each administered scheme meet the investment objectives. The latest investment plan review was conducted in early 2020;
- Eligible employers do not register and declare service for their employees or pay the required contribution levy. This risk is mitigated by the Authority's on-going compliance programs; and
- The schemes have insufficient assets to cover scheme liabilities. The Authority manages this risk by closely monitoring the administered schemes' total assets and liabilities to ensure all debts can be met as and when they fall due. Scheme levy rates are reviewed by an independent actuary and may be varied to maintain long-term sustainability. The latest actuarial triennial review was conducted in October 2017 with recommendations made (and subsequently approved by the Governing Board of the Authority) to reduce the Building and Construction scheme levy from 2.5% to 2.1%, the Contract Cleaning scheme levy from 1.6% to 1.2%, the Community Sector scheme from 1.6% to 1.2%, and the Security Scheme from 1.47% to 1.07% effective 1 April 2018. The next triennial actuarial review is scheduled to be completed by October 2020 for all administered schemes.

Financial Performance

The Authority operates four defined benefit schemes. The Authority's main asset is investments in pooled vehicles holding listed shares and marketable fixed interest. The main source of income for the Authority 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 the eligible employees (operating expense). See Note 15 of the Financial Statements for details. As a consequence, cash outlays by the Authority can vary significantly from expenses recorded in a particular year. The following financial information is based on the audited financial statements for 2018-19 and 2019-20, and the original budget contained in the 2019-20 Statement of Intent.

The Authority has not experienced any significant financial impact as a result of the COVID-19 health emergency. Estimates presented below for 2020-21 through to 2022-23 are based on the 2019-20 Statement of Intent. The Legislative Assembly resolved on 18 June 2020 to delay the introduction of the Appropriation Bill 2020-21 and 2020-21 Budget until after the election has been held and the formation of a government.

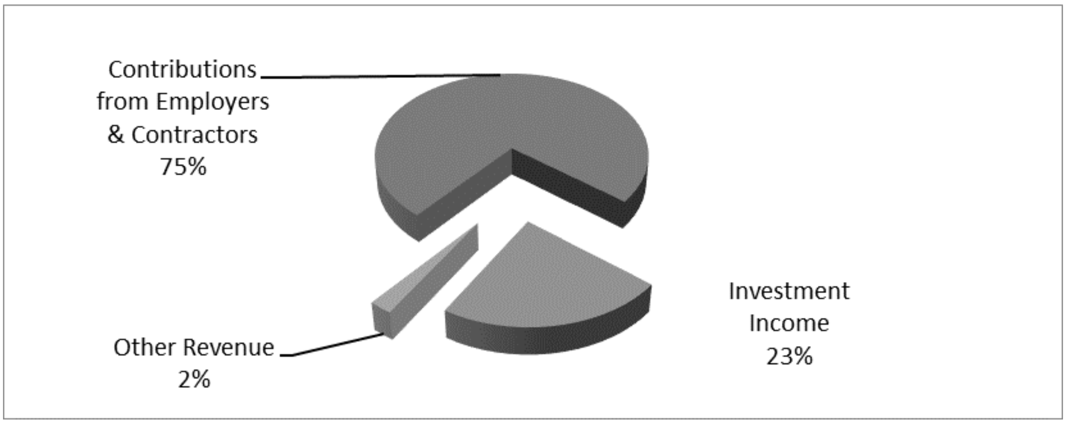
Total Income

1. Components of Income

The Authority's consolidated total income in 2019-20 was $34.60 million which included:

- $25.79 million (74.5 per cent) contribution revenue;
- $7.99 million (23.1 per cent) of total investment income including investment distribution of $7.57 million and management fee rebate of $0.42 million;
- $0.83 million of other revenue, comprising $0.36 million collected in relation to interstate long service leave claims under a Reciprocal Agreement, $0.18 million of income from penalties, $0.10 million of Leave Track licence fees, and the remaining $0.19 million mainly comprising interest revenue, and resources received free of charge.

Figure 9. Sources of Income



2. Comparison to Budget

Total income in 2019-20 was $0.86 million (2.4 per cent) lower than the original budget largely due to:

- lower than anticipated investment income ($1.22 million) and gains ($2.54 million) mainly due to lower than expected return than originally forecast for all four administered schemes; partially offset by
- higher than expected contribution revenue ($2.93 million) from all four administered schemes, particularly the Building and Construction scheme ($1.00 million) and the Community Sector scheme ($1.65 million).

3. Comparison to 2018-19 Actual Income

Overall, total income of the reporting year decreased by $9.20 million (21.0 per cent) from prior year largely because of a decline in gains from investment recognised of $11.65 million partially offset by an increase in contribution for employers and contractors of $1.41 million and an increase in investment income by $1.20 million.

4. Future Trends

Income for 2020-21 is budgeted to increase by $2.24 million (6.5 per cent) primarily because the Authority expects the average full year investment return to be at 4.5 per cent under the current investment portfolio compared to the actual return achieved at -0.35 per cent in 2019-20.

Total Expenses

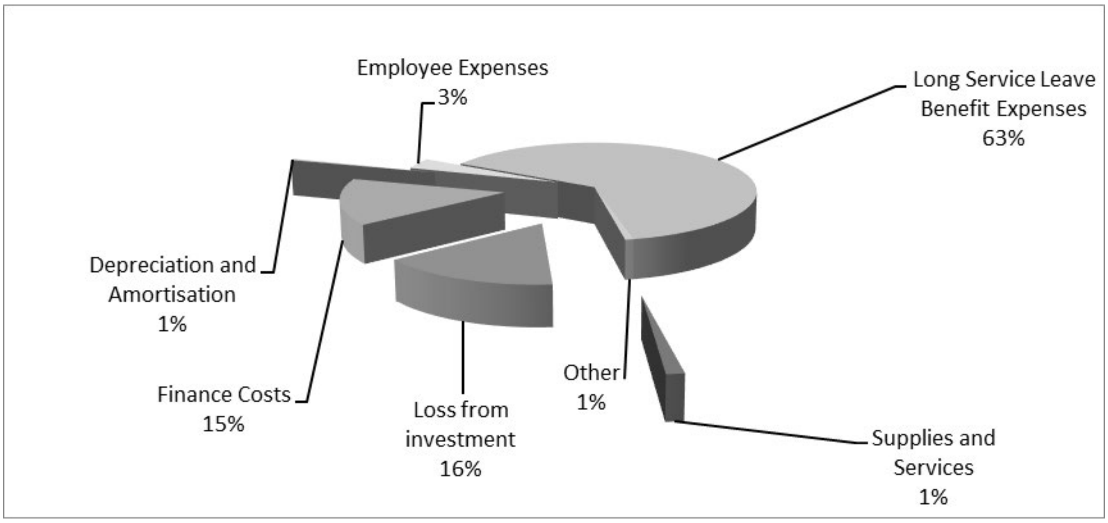
Components of Expenses

The Authority's expenses below include the long service leave benefits expenses of the four administered schemes combined and the general administration expenses for the Authority's daily operations.

Figure 10 shows the components of the Authority's expenses for 2019-20 with the largest expense being $38.68 million (63.1 per cent) of long service leave benefits expenses, with a remaining:

- $9.67 million (15.8 per cent) losses from investment value;
- $9.24 million (15.1 per cent) of finance costs, comprising mostly of the unwinding of discount rate used for assessing the long service leave liability provision;
- $2.10 million (3.4 per cent) of employee expenses;
- $0.87 million (1.4 per cent) of supplies and services costs;
- $0.31 million (0.01 per cent) depreciation and amortisation costs; and
- $0.48 million (0.8 per cent) of other expenses, including bad debt and impairment expenses, penalty waivers, etc.

Figure 10. Components of Expenses



1. Comparison to Budget

Total expenses in 2019-20 were $27.18 million (79.5 per cent) higher than budget. This was mainly a result of:

- lower than anticipated change in investment value ($9.67 million) compared to a $2.54 million gain expected in the budget;
- higher than expected long service leave benefit expenses ($16.27 million) due to additional long service leave provision included in the actuarial report at year end, plus entitlements paid during the year and the decrease of discount rate from 6.0% to 4.5%;
- higher than expected finance costs ($0.80 million) which is in proportion to the higher long service leave liability estimated by the actuary;
- higher than anticipated other expenses ($0.27 million) due mainly to higher than expected bad debts, and refund of incorrect levies paid by the Building and Construction Industry scheme

and Community Sector Industry scheme employers associated with scheme coverage issues from prior reporting periods; and

- higher than anticipated supplies and services expenses ($0.18 million) due to additional consultant fees, legal expenses, actuarial charges, and shared services costs incurred in 2019-20.

2. Comparison to 2018-19 Actual Expenses

As mentioned above, the expenses compared below include the combined long service leave benefits expenses of the four administered schemes and the general administration expenses for the Authority's' daily operations.

As discussed above, the reporting year's expenses include losses incurred from change in investment value of $9.67 million compared to a $11.65 million gain reported in 2018-19.

Long service leave benefit expenses have increased by $11.41 million (41.9 per cent) largely from the impact of a decrease in discount rate from 6.0% to 4.5%, and a general growth in scheme member numbers seen among all four schemes, in particular, the Building and Construction Industry scheme and Community Sector Industry scheme.

Employee expenses increased from prior year's result by $0.19 million (9.8 per cent) mainly due to an increase in FTE to 17.6 from 16.6 in 2018-19.

Supplies and services expenses decreased slightly by $0.07 million (7.8 per cent) mainly due to the decrease of office accommodation rent expenses from prior year because of the application of AASB16 *Leases* in 2019-20 (where right-of-use building assets and lease liability were recorded in the balance sheet instead). Depreciation and amortisation expenses increased by $0.14 million (78.4 per cent) also due to the application of AASB16 where right-of-use assets are required to be depreciated.

3. Future Trends

Total expenses in the 2020-21 budget are expected to decrease by $24.57 million (66.8 per cent) mainly due to:

- lower long service leave benefit expenses in accordance with the actuarial projections; and
- better investment return outlook with a positive gain anticipated in 2020-21.

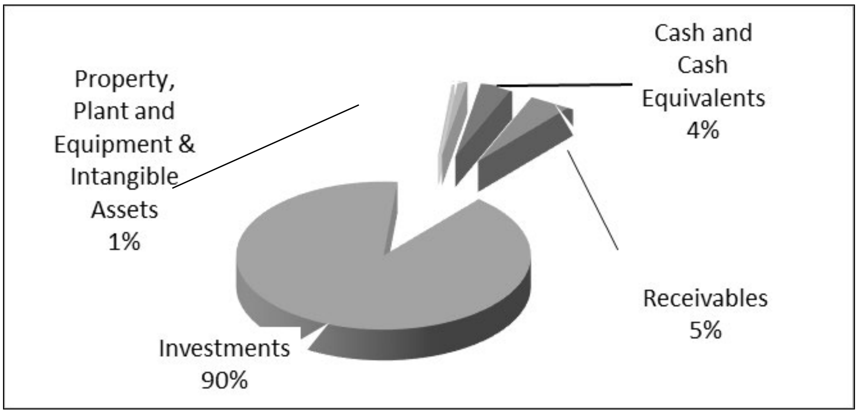
Financial Position

Total Assets

1. Components of Assets

Figure 11 below indicates that the Authority's assets comprise Investments, $192.82 million (90.3 per cent), receivables, $10.34 million (4.8 per cent), cash and cash equivalents, $7.59 million (3.6 per cent), property, plant and equipment $2.27 million (1.1 per cent) and intangible assets of $0.44 million (0.2 per cent).

Figure 11. Components of Assets



2. Comparison to Budget

The total asset position of $213.45 million as at 30 June 2020 was largely in line with the original budget of $213.96 million because of:

- higher than expected cash ($5.63 million) due to additional cash maintained in the last quarter of 2019-20 in preparation for an anticipated increase in long service leave claims mainly due to the Covid-19 pandemic outbreak;
- higher than expected receivables ($1.61 million) due to higher than expected April to June quarter accrued contribution revenue and investment income; largely offset by
- lower than anticipated investment value ($7.77 million) due to lower than expected return achieved in 2019-20 (-0.35%) compared to 6% in the original budget.

3. Comparison to 2018-19 Actuals

The Authority's total asset position at 30 June 2020 is stronger than at 30 June 2019 by $3.60 million (1.7 per cent) primarily as a result of the above-mentioned increase in cash and receivables which were mostly offset by a decrease in investments.

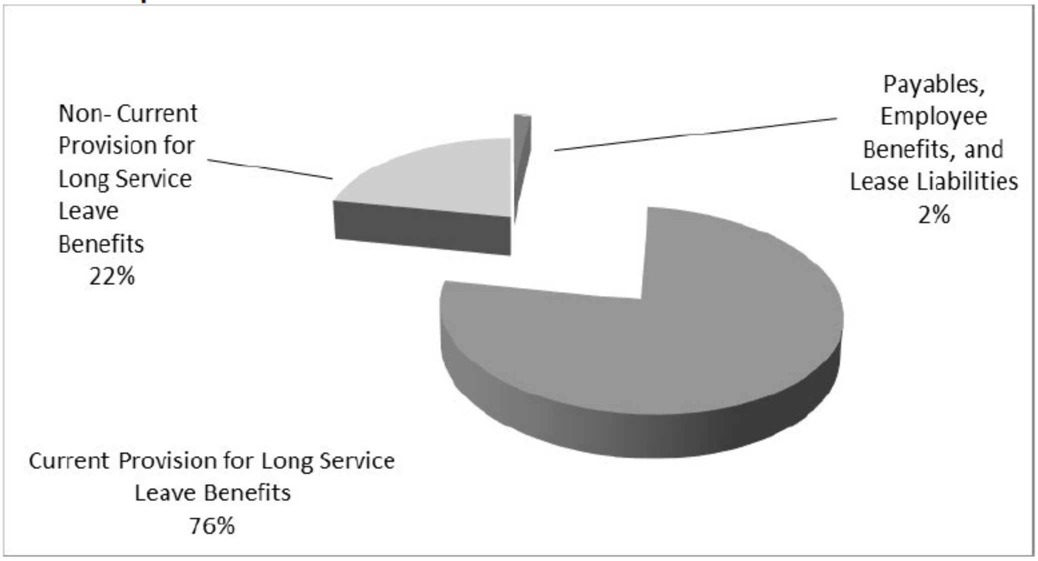
Total Liabilities

Figure 12 below indicates that majority of the Authority's liabilities are provisions for long service leave benefits of $191.78 million (98.1 per cent).

Liabilities were higher than budget expectation by $30.31 million (18.4 per cent) mainly due to higher than anticipated long service leave expenses accrued from the Building and Construction and the Community Sector Industry schemes and the impact of change of long service leave provision discount rate from 6.0% to 4.5%.

Total liabilities have increased by $30.59 million (18.6 per cent) from the prior year mainly as a result of additional long service leave provision estimated from the actuarial review as discussed above.

Figure 12. Components of Liabilities



Liquidity

Liquidity is the ability of the Authority 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 At 30 June	Prior Year Actual 2019 $'000s	*Current Year Budget 2020 $'000s*	Current Year Actual 2020 $'000s	*Forward Year Budget 2021 $'000s*	*Forward Year Budget 2022 $'000s*	*Forward Year Budget 2023 $'000s*
Current Assets	133,652	*136,775*	132,101	*145,733*	*154,834*	*163,798*
Current Liabilities	104,819	*97,834*	107,283	*100,599*	*104,601*	*109,922*
Current Ratio	**1.28:1**	***1.40:1***	**1.23:1**	***1.45:1***	***1.48:1***	***1.49:1***

The Authority classified the current long service leave liabilities in accordance with Australian Accounting Standard AASB 101 – 'Presentation of Financial Statements', which includes the liabilities where the Authority 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 2020 is 1.23:1, which is lower than the current ratio at 30 June 2019 and also lower than the budgeted ratio at 30 June 2020. The scheme's liquidity ratio is expected to improve over the next three out years. The Building and Construction Industry scheme has sufficient assets to cover liabilities in the short term and future years.

Contract Cleaning Industry Scheme

Description At 30 June	Prior Year Actual 2019 $'000s	*Current Year Budget 2020 $'000s*	Current Year Actual 2020 $'000s	*Forward Year Budget 2021 $'000s*	*Forward Year Budget 2022 $'000s*	*Forward Year Budget 2023 $'000s*
Current Assets	16,351	*16,037*	16,161	*16,652*	*17,203*	*17,666*
Total Current Liabilities	7,886	*8,673*	8,110	*9,546*	*10,237*	*10,810*
Current Ratio	**2.07:1**	***1.86:1***	**1.99:1**	***1.74:1***	***1.68:1***	***1.63:1***

The Contract Cleaning Industry scheme's liquidity ratio remains sound and is expected to gradually decrease in the next few years. The Contract Cleaning scheme has sufficient assets to cover the short-term liabilities at 30 June 2020 and the future years.

Community Sector Industry Scheme

Description At 30 June	Prior Year Actual 2019 $'000s	*Current Year Budget 2020 $'000s*	Current Year Actual 2020 $'000s	*Forward Year Budget 2021 $'000s*	*Forward Year Budget 2022 $'000s*	*Forward Year Budget 2023 $'000s*
Current Assets	53,795	52,802	56,553	*55,107*	*55,391*	*54,840*
Total Current Liabilities	27,801	28,369	32,566	*36,887*	*40,455*	*43,319*
Current Ratio	**1.94:1**	**1.86:1**	**1.74:1**	***1.49:1***	***1.37:1***	***1.27:1***

The Community Sector Industry scheme, which commenced in July 2010, has sufficient assets to meet its short-term debts at 30 June 2020. The current ratio remains strong but is expected to gradually decline in the out years as the scheme progressively grows and matures, with members able to access pro-rata payments after five years of service.

Security Industry Scheme

Description At 30 June	Prior Year Actual 2019 $'000s	*Current Year Budget 2020 $'000s*	Current Year Actual 2020 $'000s	*Forward Year Budget 2021 $'000s*	*Forward Year Budget 2022 $'000s*	*Forward Year Budget 2023 $'000s*
Current Assets	5,476	5,689	5,936	*6,370*	*6,697*	*7,035*
Total Current Liabilities	1,000	2,955	2,601	*4,096*	*4,685*	*5,551*
Current Ratio	**5.48:1**	**1.93:1**	**2.28:1**	***1.56:1***	***1.43:1***	***1.27:1***

The Security Industry scheme, which commenced in January 2013, also has sufficient assets to meet its short-term debts at 30 June 2020. The current ratio remains strong but is expected to also decline in the out years as the scheme matures, with members able to access pro-rata entitlement payments after seven years of service accrued in the scheme.

LONG SERVICE LEAVE AUTHORITY

Financial Statements

For the Year Ended 30 June 2020

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 2020 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 2020, 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 identify during my audit.

Ajay Sharma
Assistant Auditor-General, Financial Audit
11 September 2020

LONG SERVICE LEAVE AUTHORITY

Financial Statements

For the Year Ended 30 June 2020

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Long Service Leave Authority's accounts and records and fairly reflect the financial operations of the Long Service Leave Authority and the schemes it administers for the year ended 30 June 2020 and the financial position of the Long Service Leave Authority and the schemes it administers on that date.

Howard Pender
Chair
Long Service Leave Authority
27th August 2020

LONG SERVICE LEAVE AUTHORITY

Financial Statements

For the Year Ended 30 June 2020

Statement by the Chief Finance Officer

In my opinion, the financial statements of the Long Service Leave Authority (the Authority) have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority and the schemes it administers for the year ended 30 June 2020 and the financial position of the Authority and the schemes it administers on that date.

Catherine Shih
Chief Finance Officer
Long Service Leave Authority
27 August 2020

LONG SERVICE LEAVE AUTHORITY
Operating Statement
For the Year Ended 30 June 2020

	Note No.	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Income				
Contributions from Employers and Contractors	4	25,792	22,865	24,381
Gains from Remeasurement of Assets	5	-	2,540	11,646
Investment Income	6	7,985	9,206	6,788
Other Revenue		706	757	741
Sale of Services from Contracts with Customers[3]		98	98	97
Grants and Contributions[4]		21	-	144
Total Income		**34,602**	**35,466**	**43,797**
Expenses				
Losses from Remeasurement of Assets	5	9,669	-	-
Employee Expenses	7	2,098	2,168	1,910
Supplies and Services	8	870	686	943
Depreciation and Amortisation		307	303	172
Long Service Leave Benefits Expenses	15	38,678	22,408	27,264
Finance Costs[5]		9,240	8,439	8,787
Other Expenses		476	204	388
Total Expenses		**61,338**	**34,208**	**39,464**
Operating (Deficit)/Surplus		**(26,736)**	**1,258**	**4,333**
Items that will not be reclassified subsequently to profit and loss				
Other Comprehensive Income				
(Decrease) in the Asset Revaluation Surplus	18	-	-	(859)
Total Other Comprehensive (Deficit)		**-**	**-**	**(859)**
Total Comprehensive (Deficit)/Income		**(26,736)**	**1,258**	**3,474**

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

[3] Sale of services revenue relates to two contracts of Authority's LeaveTrack licence lease to the New South Wales Long Service Leave Corporation and NT Build respectively.

[4] Grants and contributions include legal services received free of charge from the ACT Government Solicitor's Office in 2019-20. In 2018-19, grants and contributions included gains derived from the sale of the Authority's units 5-8 of National Associations Centre in Campbell ($130,785) and legal services received free of charge from ACT Government Solicitor's Office ($13,042).

[5] Finance costs include unwinding of discount rate for the long service leave liability estimate (see Note 15 – Provision for Long Service Leave Benefits) and the interest expense incurred for the Authority's leases under AASB 16 *Leases* (see Note 17 – Lease Liabilities).

LONG SERVICE LEAVE AUTHORITY

Balance Sheet

As at 30 June 2020

	Note No.	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Current Assets				
Cash and Cash Equivalents	10	7,588	1,956	3,400
Receivables	11	10,339	8,734	8,560
Investments	12	192,824	200,596	196,809
Prepayments		-	17	3
Total Current Assets		**210,751**	**211,303**	**208,772**
Non-Current Assets				
Intangible Assets		435	558	462
Property, Plant and Equipment	13	2,268	2,102	609
Capital Works in Progress		-	-	10
Total Non-Current Assets		**2,703**	**2,660**	**1,081**
Total Assets		**213,454**	**213,963**	**209,853**
Current Liabilities				
Payables	14	886	944	1,423
Lease Liability	17	112	-	-
Provision for Long Service Leave Benefits	15			
- Expected to be Settled Within 12 months		19,281	21,107	19,267
- Expected to be Settled After 12 months		129,588	115,355	120,166
Employee Benefits	16	693	425	650
Total Current Liabilities		**150,560**	**137,831**	**141,506**
Non-Current Liabilities				
Lease Liability	17	1,970	1,958	-
Provision for Long Service Leave Benefits	15	42,909	25,355	23,362
Employee Benefits	16	39	24	21
Total Non-Current Liabilities		**44,918**	**27,337**	**23,383**
Total Liabilities		**195,478**	**165,168**	**164,889**
Net Assets		**17,976**	**48,795**	**44,964**
Equity				
Accumulated Funds		17,976	48,795	44,964
Asset Revaluation Surplus	18	-	-	-
Total Equity		**17,976**	**48,795**	**44,964**

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

LONG SERVICE LEAVE AUTHORITY

Statement of Changes in Equity

For the Year Ended 30 June 2020

	Note No.	Accumulated Funds Actual 2020 $'000	Total Equity Actual 2020 $'000	Original Budget 2020 $'000
Balance at 1 July 2019		**44,964**	**44,964**	**47,537**
Change in accounting policy	Appx C	(252)	(252)	-
Restated Balance at 1 July 2019		**44,712**	**44,712**	**-**
Comprehensive Income				
Operating (Deficit)/Surplus		(26,736)	(26,736)	1,258
Total Comprehensive (Deficit)/Income		**(26,736)**	**(26,736)**	**1,258**
Balance at 30 June 2020		**17,976**	**17,976**	**48,795**

	Note No.	Accumulated Funds Actual 2019 $'000	Asset Revaluation Surplus Actual 2019 $'000	Total Equity Actual 2019 $'000
Balance at 1 July 2018		**39,614**	**859**	**40,473**
Change in accounting policy		158	-	158
Restated Balance at 1 July 2018		**39,772**	**859**	**40,631**
Comprehensive Income				
Operating Surplus		4,333	-	4,333
Transfer of Asset Revaluation Surplus after Asset Sale		859		859
(Decrease) in Asset Revaluation Surplus	18	-	(859)	(859)
Total Comprehensive Income/(Deficit)		**5,192**	**(859)**	**4,333**
Balance at 30 June 2019		**44,964**	**-**	**44,964**

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

LONG SERVICE LEAVE AUTHORITY
Statement of Cash Flows
For the Year Ended 30 June 2020

	Note No.	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Cash Flows from Operating Activities				
Receipts				
Contributions from Employers and Contractors		24,942	22,424	23,632
Interest Received		59	-	66
Revenue from Other Sources		584	669	583
Sale of Services from Contracts with Customers		99	98	97
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		206	-	240
Goods and Services Tax Collected from Customers		147	-	162
Total Receipts from Operating Activities		**26,037**	**23,191**	**24,780**
Payments				
Payments of Long Service Leave Benefits		(19,249)	(19,267)	(16,487)
Payments to Suppliers and Employees		(2,959)	(2,867)	(2,667)
Goods and Services Tax Remitted to the Australian Taxation Office		(192)	-	-
Goods and Services Tax Paid to Suppliers		(242)	-	(402)
Repayment of Lease Liabilities - Interest		(40)	-	-
Total Payments from Operating Activities		**(22,682)**	**(22,134)**	**(19,556)**
Net Cash Inflows from Operating Activities	22	**3,355**	**1,057**	**5,224**
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Assets Held for Sale		-	-	1,177
Proceeds from Sale of Investments		4,420	190	3,800
Total Receipts from Investing Activities		**4,420**	**190**	**4,977**
Payments				
Purchase of Investments		(3,400)	(1,108)	(9,510)
Purchase of Property, Plant and Equipment		(34)	(5)	(10)
Purchase of Intangible Assets		(47)	(82)	(100)
Total Payments from Investing Activities		**(3,481)**	**(1,195)**	**(9,620)**
Net Cash Inflows/(Outflows) from Investing Activities		**939**	**(1,005)**	**(4,643)**
Cash Flows from Financing Activities				
Payments				
Repayment of Lease Liabilities - Principal		(106)	-	-
Total Payments from Financing Activities		**(106)**	-	-
Net Cash (Outflows) from Investing Activities		**(106)**	-	-
Net Increase in Cash and Cash Equivalents		**4,188**	**52**	**581**
Cash and Cash Equivalents at the Beginning of the Reporting Period		3,400	1,904	2,819
Cash and Cash Equivalent at the End of the Reporting Period	22	**7,588**	**1,956**	**3,400**

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

The Authority's investment distribution income and management rebate were directly reinvested into its investment portfolio and therefore these distributions have been recorded as non-cash transactions with no inflows or outflows of cash as a result. See Note 22 – Cash Flow Reconciliation.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

Note Index

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

Note 1. Objectives of the Long Service Leave Authority

Operation and Principal Activities

The Long Service Leave Authority (the Authority) is established under the *Long Service Leave (Portable Schemes) Act 2009* (the Act) and commenced operations on 1 January 2010. The Authority 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. The Authority makes payments and keeps registers of employers and workers for the covered industries in accordance with the Act.

The Authority's primary stakeholders are the employers, employees and independent contractors engaged in the Building and Construction, Contract Cleaning, Community Sector, and Security Industries in the ACT. The Authority's financial statements are a consolidation of financial statements of the administered schemes. The Authority established separate funds for each administered schemes and funds are not cross-subsidised.

Note 2. Significant Accounting Policies

Refer to the following appendices for the notes comprising significant accounting policies and other explanatory information.
Appendix A - Basis of Preparation of the Financial Statements
Appendix B - Significant Accounting Policies

Note 3. Change in Accounting Policy and Accounting Estimates

Refer to Appendix C – Change in Accounting Policy and Accounting Estimates

Note 4. Contributions from Employers and Contractors

Contribution revenue is derived from employers and contractors as part of the Authority's statutory role of providing long service leave benefits to registered employees and contractors. The contributions are paid by registered employers and

	2020 $'000	2019 $'000
Contributions from Employers and Contractors		
- Building and Construction Industry	14,905	14,228
- Contract Cleaning Industry	1,316	1,364
- Community Sector Industry	8,722	7,967
- Security Industry	849	822
Total Contributions from Employers and Contractors	**25,792**	**24,381**

contractors.

	2020 $'000	2019 $'000
Gross Contributions from Employers and Contractors	26,043	24,726
Minus: (Employer Levy Refunds)	(251)	(345)
Total Contributions from Employers and Contractors	**25,792**	**24,381**

Note 5. Losses/(Gains) from Remeasurement of Assets

This represents the net change in value of investments excluding revenue from distributions and fee rebates.

Losses/(Gains) from Investments	2020 $'000	2019 $'000
- Building and Construction Industry	6,302	(7,491)
- Contract Cleaning Industry	758	(924)
- Community Sector Industry	2,339	(2,929)
- Security Industry	270	(302)
Total Losses/(Gains) from Investments[4]	**9,669**	**(11,646)**

Note 6. Investment Income

	2020 $'000	2019 $'000
Investment Income and Management Fee Rebate[6]		
- Building and Construction Industry	5,040	4,402
- Contract Cleaning Industry	623	545
- Community Sector Industry	2,095	1,663
- Security Industry	227	178
Total Investment Income and Management Fee Rebate	7,985	6,788
Total Investment Income[7]	**7,985**	**6,788**

[6] Each scheme administered by the Authority can choose whether to take quarterly investment distributions in cash or as additional units. In 2019-20, the Authority reinvested directly the investment distribution and management fee rebate into its investment portfolio. As the reinvestment does not result in inflows or outflows of cash, they are not included in the Cash Flow Statement. Such investing activities do not require the use of cash and thus do not have a direct impact on current cash flows. This income is shown as non-cash items in Note 22 – *Cash Flow Reconciliation*.

[7] Total investment income comprises gains or losses from change of investment price and quarterly investment distribution and management fee rebate.

Note 7. Employee Expenses

	2020 $'000	2019 $'000
Wages and Salaries	2,053	1,839
Annual Leave Expense	38	18
Long Service Leave Expense	7	53
Total Employee Expenses	**2,098**	**1,910**
	Number	**Number**
Full-Time Equivalent Employees	**17.6**	**16.6**

The Authority's staff are officers of the ACT Public Service.

Wages and Salaries include employee superannuation costs and annual leave loading paid or payable during the reporting period.

Each of the employee expenses above include on-costs such as annual leave, long service leave, and superannuation contributions for the staff at varying rates depending upon which superannuation scheme the staff member joined.

Note 8. Supplies and Services

	2020 $'000	2019 $'000
Actuarial Charges	64	42
Audit Fees[8]	57	56
Body Corporate Fees	-	17
Board Member's Fees	56	44
Cleaning	17	17
Consultants and Contractors	166	121
Computer Consumables and Programming	157	154
Debt Collection	24	39
Insurance	9	8
Legal Fees	110	99
Light and Power	17	16
Operating Lease Payments	-	13
Printing and Stationery	14	17
Postage	48	42
Rates and Taxes	-	21
Records Management	11	10
Rent[9]	-	130
Repairs and Maintenance	2	13
Staff Training	21	17
Subscriptions	19	19
Telephone	6	6
Shared Services	19	-
Other	53	42
Total Supplies and Services	**870**	**943**

[8] Audit fees are fees paid to the ACT Audit Office for the audit of the financial statements and limited assurance engagement of the statement of performance. No other services were provided by the ACT Audit Office.

[9] There were no rent expenses in 2019-20 due to the application of AASB 16 *Leases* where the right-of-use building assets and lease liability associated with the office accommodation lease contract were accounted for in the balance sheet instead.

Note 9. Waivers, Impairment Losses and Write-Offs

A waiver is the relinquishment of a legal claim to a debt over which the Authority has control. Under section 52 (3) of the *Long Service Leave (Portable Schemes) Act 2009*, the Registrar may waive penalty payments associated with the failure to lodge quarterly returns or pay the Authority the levy payable.

The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Authority to recover the amount. The write-off of debts may occur for reasons other than waivers.

The waivers, impairment losses, and write-offs listed below have occurred during the reporting period for the Authority. Waivers, impairment losses and write-offs are included in other expenses.

		2020		**2019**
	No.	**$'000**	**No.**	**$'000**
Waivers of Penalty Payment	151	31	229	49
Total Waivers and Write-Offs	**151**	**31**	**229**	**49**
Impairment Losses from Receivables				
Expected Credit Loss Expense	371	190	325	141
Total Impairment Losses from Receivables	**371**	**190**	**325**	**141**
Impairment Losses from Property, Plant and Equipment				
Plant and Equipment	6	6	1	1
Total Impairment Losses from Property, Plant and Equipment	**6**	**6**	**1**	**1**
Total Waivers, Impairment Losses and Write-Offs	**528**	**227**	**555**	**191**

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

Note 10. Cash and Cash Equivalents

The Authority holds four bank accounts with the Westpac Bank for each administered scheme, choosing to participate in the whole-of-government banking arrangements. The bank accounts earned a floating interest rate between 1.10% and 2.10% in 2019-20 (between 2.10% and 2.35% in 2018-19).

	2020 $'000	2019 $'000
Cash at Bank		
- Building and Construction Industry	4,504	2,490
- Contract Cleaning Industry	330	80
- Community Sector Industry	2,482	756
- Security Industry	272	74
Total Cash and Cash Equivalents[10]	**7,588**	**3,400**

Note 11. Receivables

Employer and Contractor Contribution Receivables	2020 $'000	2019 $'000
Employer and Contractor Contribution Receivables	712	611
Less: Expected Credit Loss Allowance	(138)	(78)
Total Employer and Contractor Contribution Receivables	**574**	**533**
Other Receivables		
Trade Receivables	30	6
Net Goods and Services Tax Receivables	4	52
Total Other Receivables	**34**	**58**
Accrued Revenue		
Accrued Industry Contributions	6,122	5,646
Accrued Investment Income	3,609	2,323
Total Accrued Revenue	**9,731**	**7,969**
Total Receivables	**10,339**	**8,560**

Reconciliation of the Loss Allowance for Receivables

Allowance at the Beginning of the Reporting Period	78	71
Reduction in Allowance from Amounts Written Off During the Reporting Period	(113)	(107)
Expected Credit Loss Expense	173	114
Allowance for Expected Credit Losses at the End of the Reporting Period	**138**	**78**

Classification of Government/Non-Government Receivables

All receivables are with Non-Government entities.

[10] The Authority maintained higher cash reserve in the last quarter of 2019-20 in anticipation of higher demand for cash from long service leave benefit applications in light of the outbreak of the COVID-19 pandemic.

Note 11. Receivables – Continued

Expected Credit Loss Allowance Provision Matrix

Aging 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 2020	10,339	9,597	360	28	27	327
Construction						
Expected credit loss rate		0%	2%	27%	16%	39%
Estimated total gross carrying amount at risk of default	6,248	5651	293	20	25	259
Expected credit loss allowance		-	6	5	4	101
Cleaning						
Expected credit loss rate		0%	0%	2%	0%	0%
Estimated total gross carrying amount at risk of default	611	592	1	5	-	13
Expected credit loss allowance		-	-	-	-	-
Community						
Expected credit loss rate		0%	0%	2%	0%	0%
Estimated total gross carrying amount at risk of default	3,161	3053	64	-	-	44
Expected credit loss allowance		-	-	-	-	15
Security						
Expected credit loss rate		0%	0%	0%	0%	67%
Estimated total gross carrying amount at risk of default	319	301	2	3	2	11
Expected credit loss allowance		-	-	-	-	7
30 June 2019	8,560	7,953	295	45	57	210
Construction						
Expected credit loss rate		0%	5%	23%	9%	25%
Estimated total gross carrying amount at risk of default	5,199	4,729	203	36	57	174
Expected credit loss allowance		-	10	8	5	43
Cleaning						
Expected credit loss rate		0%	0%	2%	0%	0%
Estimated total gross carrying amount at risk of default	502	486	16	-	-	-
Expected credit loss allowance		-	-	-	-	-
Community						
Expected credit loss rate		0%	0%	2%	0%	0%
Estimated total gross carrying amount at risk of default	2,584	2,489	76	1	-	18
Expected credit loss allowance		-	-	-	-	-
Security						
Expected credit loss rate		0%	0%	0%	0%	64%
Estimated total gross carrying amount at risk of default	275	249	-	8	-	18
Expected credit loss allowance		-	-	-	-	12

Note 11. Receivables - Continued

The allowance for expected credit losses of receivables is measured at the lifetime expected credit losses at each reporting date. The Authority has established a provision matrix 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. The Authority 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 2020. 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. There is no material impact on the Authority's expected credit losses from the COVID-19 pandemic as at 30 June 2020.

Note 12. Investments

Investments	**2020 $'000**	**2019 $'000**
Investments at Fair Value		
- Building and Construction Industry	121,349	125,960
- Contract Cleaning Industry	15,220	15,769
- Community Sector Industry	50,910	49,953
- Security Industry	5,345	5,127
Total Investments[11]	**192,824**	**196,809**

The investment trusts are managed by Vanguard Investments Australia Limited. The investment manager allocates funds in the underlying trust portfolio amongst the asset classes below:

- Australian and International fixed interest;
- Australian and International shares;
- Australian and International properties; and
- Australian cash.

[11] The decrease of total investment from prior year is mainly due to investment loss of $9.67 million and net investment withdrawal of $1.02 million occurred in 2019-20 which was partially offset by the investment distribution and management fee rebate received during 2019-20 ($6.70 million) being re-invested.

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

Note 13. Property, Plant and Equipment

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

- Buildings include office buildings the Authority leases for its business operation.
- Leasehold improvements represent fit-outs in leased buildings.
- Plant and equipment includes office and computer equipment and other mechanical and electronic equipment, furniture and fittings.
- Motor vehicle includes one vehicle the Authority leases for its business use.
- Furniture and fittings include the office furniture the Authority acquired for its business use.

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 photo copiers, and one motor vehicle) held under the Building and Construction Industry scheme.

	2020 $'000	2019 $'000
Building		
Right-of-use Building at Cost	1,831	-
Less: Accumulated Depreciation Right-of-use Building	(131)	-
Total Building	**1,700**	**-**
Plant and Equipment		
Plant and Equipment at Cost	220	193
Less: Accumulated Depreciation	(106)	(86)
Right-of-use Plant and Equipment at Cost	12	-
Less: Accumulated Depreciation Right-of-use Plant and Equipment	(5)	-
Total Plant and Equipment	**121**	**107**
Right-of-use Motor Vehicle		
Right-of-use Motor Vehicle at Cost	21	-
Less: Accumulated Depreciation Right-of-use Motor Vehicle	(8)	-
Total Motor Vehicle	**13**	-
Furniture and Fittings		
Furniture and Fittings at Cost	121	116
Less: Accumulated Depreciation	(40)	(26)
Total Furniture and Fittings	**81**	**90**
Leasehold Improvements		
Leasehold Improvements at Cost	538	538
Less: Accumulated Depreciation	(185)	(126)
Total Leasehold Improvements	**353**	**412**
Total Property, Plant and Equipment	**2,268**	**609**

Note 13. Property, Plant and Equipment - Continued

Reconciliation of Property, Plant and Equipment

The following table shows the movements in Property, Plant and Equipment balance in 2019-20:

	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
2020							
Carrying Amount at the Beginning of the Reporting Period	**-**	**107**	**-**	**-**	**90**	**412**	**609**
Recognition of Right-of-use assets on initial application of AASB16	1,831	-	12	21	-	-	1,864
Adjusted Carrying Amount Beginning of Reporting Period	1,831	-	12	21	-	-	2,473
Additions	-	30	-	-	5	-	35
Depreciation	(131)	(20)	(5)	(8)	(14)	(59)	(237)
Disposals	-	(3)	-	-	-	-	(3)
Carrying Amount at the End of the Reporting Period	**1,700**	**114**	**7**	**13**	**81**	**353**	**2,268**

The following table shows the movements in Property, Plant and Equipment balance in 2018-19:

	Plant and Equipment $'000	Furniture and Fittings $'000	Leasehold Improvements $'000	Total $'000
2019				
Carrying Amount at the Beginning of the Reporting Period	**118**	**102**	**481**	**701**
Additions	8	2	-	10
Depreciation	(18)	(14)	(69)	(101)
Disposals	(1)	-	-	(1)
Carrying Amount at the End of the Reporting Period	**107**	**90**	**412**	**609**

Note 14. Payables

	2020 $'000	2019 $'000
Current Payables		
Long Service Leave Claims Owing to Registered Scheme Participants		
- Building and Construction Industry	438	626
- Contract Cleaning Industry	44	51
- Community Sector	97	167
	579	844
Other Creditors and Accruals		
- Building and Construction Industry	200	342
- Contract Cleaning Industry	1	16
- Community Sector	92	70
- Security Industry	4	9
	297	437
Goods and Services Tax Payable		
- Building and Construction Industry	10	142
Total Payables	**886**	**1,423**

No Payables are overdue.

Classification of Payables

	2020 $'000	2019 $'000
Payables with ACT Government Entities		
Other Creditors and Accruals	57	77
Total Payables with ACT Government Entities	**57**	**77**
Payables with Non-ACT Government Entities		
Long Service Leave Claims Owing to Registered Scheme Participants	579	844
Other Creditors and Accruals	240	360
Goods and Services Tax Payable	10	142
Total Payables with Non-ACT Government Entities	**829**	**1,346**
Total Payables	**886**	**1,423**

Note 15. Provision for Long Service Leave Benefits

	2020 $'000	2019 $'000
Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	148,869	139,433
Total Current Provision for Long Service Leave Benefits	**148,869**	**139,433**
Non-Current Provision for Long Service Leave Benefits		
Long Service Leave Benefits for Registered Scheme Participants	42,909	23,362
Total Non-Current Provision for Long Service Leave Benefits	**42,909**	**23,362**
Total Provision for Long Service Leave Benefits	**191,778**	**162,795**

Reconciliation of the Provision for Long Service Leave Benefits – 2019-20

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	**108,114**	**8,307**	**42,235**	**4,139**	**162,795**
Additional Provision Made During the Year	*13,771*	*995*	*9,255*	*652*	*24,673*
Change due to Unwinding of Discount Rate[12]	*6,067*	*468*	*2,422*	*243*	*9,200*
Change due to Change in Assumptions[13]	*9,465*	*613*	*3,665*	*262*	*14,005*
Plus: Total Additional Accrued Long Service Leave Expense	29,303	2,076	15,342	1,157	47,878
Less: Long Service Leave Benefit Claims	(13,985)	(1,012)	(3,728)	(170)	(18,895)
Carrying Amount at the End of the Reporting Period	**123,432**	**9,371**	**53,849**	**5,126**	**191,778**

This provision was estimated by PricewaterhouseCoopers Australia. From an assessment pattern of long service benefits, the estimated benefits that will be payable within the 12 months after 30 June 2020 are $19.2 million, split between $12.2 million for construction, $1.1 million for cleaning and $5.4 million for community, and $0.5 million for security, with the balance expected to be paid in later years. Refer to Note 19 - 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 – 2018-19

	Construction $'000	Cleaning $'000	Community $'000	Security $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	**97,553**	**7,364**	**35,491**	**3,243**	**143,651**
Additional Provision Made During the Year	*14,432*	*1,186*	*7,274*	*750*	*23,642*
Change due to Unwinding of Discount Rate	*5,934*	*450*	*2,197*	*206*	*8,787*
Change due to Change in Assumptions	*2,723*	*178*	*645*	*76*	*3,622*
Plus: Total Additional Accrued Long Service Leave Expense	23,089	1,814	10,116	1,032	36,051
Less: Long Service Leave Benefit Claims	(12,528)	(871)	(3,372)	(136)	(16,907)
Carrying Amount at the End of the Reporting Period	**108,114**	**8,307**	**42,235**	**4,139**	**162,795**

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

[13] Following the assessment of the Schemes' financial projections in April 2020, the expected investment return was reduced by 1.5% from 6.0% p.a. to 4.5% p.a. As a consequence, the assumed discount rate has been reduced from 6.0% p.a. to 4.5% p.a. The assumption for exit rate for the community scheme was also reduced by 30% to reflect 2019-20 experience. These are the only changes in the valuation assumptions from those used for the 2018-19 financial statements. In particular, the assumed future annual growth rate in wages in the Construction and Community sector schemes has been maintained at 3.5% per annum. See Appendix B.

Note 16. Employee Benefits

	2020	2019
Current Employee Benefits	**$'000**	**$'000**
Annual Leave	221	183
Long Service Leave	365	376
Accrued Salaries	107	91
Total Current Employee Benefits	**693**	**650**
Non-Current Employee Benefits		
Long Service Leave	39	21
Total Non-Current Employee Benefits	**39**	**21**
Total Employee Benefits	**732**	**671**

Estimate of When Leave is Payable:

	2020	2019
Estimated Amount Payable within 12 Months	**$'000**	**$'000**
Annual Leave	76	138
Long Service Leave	-	-
Accrued Salaries	107	91
Total Employee Benefits Payable within 12 Months	**183**	**229**
Estimated Amount Payable after 12 Months		
Annual Leave	145	45
Long Service Leave	404	397
Total Employee Benefits Payable after 12 Months	**549**	**442**
Total Employee Benefits	**732**	**671**

At 30 June 2020, the Authority employed 17.6 full time equivalent (FTE) staff. There were 16.6 FTE staff at 30 June 2019.

Note 17. Lease Liabilities

The Authority has applied AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations. The Authority has leases over a range of assets including office building, two photo copiers and one corporate vehicle held under the Building and Construction Industry scheme. Information relating to the leases in place and associated balances and transactions are provided below.

	2020
Current Lease Liabilities	**$'000**
Lease Liability	112
Total Current Employee Benefits	**112**
Non-Current Lease Liabilities	
Lease Liability	1,970
Total Non-Current Lease Liabilities	**1,970**
Total Lease Liabilities	**2,082**

Terms and Conditions of Leases

Office Building Lease	The Authority has one non-cancellable lease for office buildings. The leases will expire in February 2024. The Authority was entitled to seven months rent-free period and there are no conditions in the lease agreement requiring the Authority to restore the office space leased within the building. The office leases contain an annual pricing increase of 3.5% at each anniversary of the lease inception. The building lease agreement gives the Authority the right to renew the lease for up to 10 years (two 5-year options). The Agency assessed that it is reasonably certain that the extension options will be exercised.
Photocopy Machines	The Authority has one lease for two photocopy machines with a term of 5 years and the contract will expire in January 2022. The photocopier lease has variable lease payments which are dependent on the number of copies made, the usage-based payments are recognised as variable lease expenses in the operating statement as incurred. The fixed payment component is not subject to increases throughout the lease term.
Motor Vehicle	The Authority holds one motor vehicle lease. The term is 4 years and the contract will expire in February 2022. The lease allows for extensions, but has no terms of renewal or purchase options, nor escalation clauses.

Right of Use Assets

	Buildings **$'000**	Photocopy Machines **$'000**	Motor Vehicle **$'000**	Total **$'000**
Balance at 1 July 2019	1,831	12	21	1,864
Depreciation charge	131	5	8	144
Balance at 30 June 2020	1,700	7	13	1,720

Note 17. Lease Liabilities – Continued

Lease Liabilities

	Buildings **$'000**	Photocopy Machines **$'000**	Motor Vehicle **$'000**	Total **$'000**
Balance at 1 July 2019	2,155	12	21	2,188
Interest expense	40	-	-	40
Total net payment	(133)	(5)	(8)	(146)
Balance at 30 June 2020	2,062	7	13	2,082

The maturity analysis of lease liabilities at 30 June 2020 based on contractual undiscounted cash flows is shown in the table below.

< 1 year $'000	**1 – 5 years $'000**	**> 5 years $'000**	**Total undiscounted lease liabilities $'000**	**Lease liabilities included in the Balance Sheet $'000**
150	608	1,614	2,372	2,082

Operating Statement

The amounts recognised in the operating statement relating to leases where the Agency is a lessee are shown below.

	$'000
Depreciation of right-of-use assets	144
Interest on lease liabilities	40
Variable lease payments based on usage not included in the lease liability	5

Statement of Cash Flows

	$'000
Total cash outflow of leases	146

Note 18. Equity

Asset Revaluation Surplus

The Asset Revaluation Surplus is used to record the increments and decrements in the value of Property, Plant and Equipment.

	2020 $'000	**2019 $'000**
Balance at the Beginning of the Reporting Period	**-**	**859**
Decrement from Sale of Land and Buildings	-	(859)
Balance at the End of the Reporting Period	**-**	**-**

LONG SERVICE LEAVE AUTHORITY
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes

Building and Construction Industry Scheme – Operating Statement

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Income			
Contributions from Employers and Contractors	14,905	13,905	14,228
Gains from Remeasurement of Assets	-	1,610	7,491
Investment Income	5,040	6,019	4,402
Other Revenue	792	655	717
Sale of Services from Contracts with Customers	98	98	97
Grants and Contributions	10	-	138
Total Income	**20,845**	**22,287**	**27,073**
Expenses			
Losses from Remeasurement of Assets	6,302	-	-
Employee Expenses	885	954	820
Supplies and Services	358	298	452
Depreciation and Amortisation	235	232	89
Long Service Leave Benefits Expense	23,236	13,107	17,155
Finance Costs	6,107	5,684	5,934
Other Expenses	301	104	366
Total Expenses	**37,424**	**20,379**	**24,816**
Operating (Deficit)/Surplus	**(16,579)**	**1,908**	**2,257**
Other Comprehensive Income			
(Decrease) in the Asset Revaluation Surplus	-	-	(859)
Total Comprehensive (Deficit)/Income	**(16,579)**	**1,908**	**1,398**

LONG SERVICE LEAVE AUTHORITY

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Building and Construction Industry Scheme – Balance Sheet

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Current Assets			
Cash and Cash Equivalents	4,504	1,260	2,490
Receivables	6,248	5,568	5,199
Investments	121,349	129,930	125,960
Prepayments	-	17	3
Total Current Assets	**132,101**	**136,775**	**133,652**
Non-Current Assets			
Intangible Assets	435	558	462
Property, Plant and Equipment	1,834	1,669	107
Capital Works in Progress	-	-	10
Total Non-Current Assets	**2,269**	**2,227**	**579**
Total Assets	**134,370**	**139,002**	**134,231**
Current Liabilities			
Payables	648	719	1,111
Lease Liability	112	-	-
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	12,205	12,635	12,078
- Expected to be Settled After 12 months	93,904	84,293	91,243
Employee Benefits	414	187	387
Total Current Liabilities	**107,283**	**97,834**	**104,819**
Non-Current Liabilities			
Lease Liability	1,970	1,958	-
Provision for Long Service Leave Benefits	17,323	10,515	4,793
Employee Benefits	17	11	10
Total Non-Current Liabilities	**19,310**	**12,484**	**4,803**
Total Liabilities	**126,593**	**110,318**	**109,622**
Net Assets	**7,777**	**28,684**	**24,609**
Equity			
Accumulated Funds	7,777	28,684	24,609
Total Equity	**7,777**	**28,684**	**24,609**

LONG SERVICE LEAVE AUTHORITY

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2020

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Contract Cleaning Industry Scheme – Operating Statement

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Income			
Contributions from Employers and Contractors	1,316	1,126	1,364
Gains from Remeasurement of Assets	-	161	924
Investment Income	623	733	545
Other Revenue	9	17	17
Total Income	**1,948**	**2,037**	**2,850**
Expenses			
Losses from Remeasurement of Assets	758	-	-
Employee Expenses	209	217	191
Supplies and Services	139	76	105
Long Service Leave Benefits Expense	1,608	1,211	1,364
Finance Costs	468	464	450
Other Expenses	4	20	2
Total Expenses	**3,186**	**1,988**	**2,112**
Operating (Deficit)/Surplus	**(1,238)**	**49**	**738**
Total Comprehensive (Deficit)/Income	**(1,238)**	**49**	**738**

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Contract Cleaning Industry Scheme – Balance Sheet

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Current Assets			
Cash and Cash Equivalents	330	53	80
Receivables	611	488	502
Investments	15,220	15,496	15,769
Total Current Assets	**16,161**	**16,037**	**16,351**
Total Assets	**16,161**	**16,037**	**16,351**
Current Liabilities			
Payables	45	76	67
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	1,090	1,174	1,073
- Expected to be Settled After 12 months	6,902	7,380	6,676
Employee Benefits	73	43	70
Total Current Liabilities	**8,110**	**8,673**	**7,886**
Non-Current Liabilities			
Provision for Long Service Leave Benefits	1,379	319	558
Employee Benefits	4	2	2
Total Non-Current Liabilities	**1,383**	**321**	**560**
Total Liabilities	**9,493**	**8,994**	**8,446**
Net Assets	**6,668**	**7,043**	**7,905**
Equity			
Accumulated Funds	6,668	7,043	7,905
Total Equity	**6,668**	**7,043**	**7,905**

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Community Sector Industry Scheme – Operating Statement

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Income			
Contributions from Employers and Contractors	8,722	7,068	7,967
Gains from Remeasurement of Assets	-	690	2,929
Investment Income	2,095	2,217	1,663
Other Revenue	74	80	89
Grants and Contributions	11	-	6
Total Income	**10,902**	**10,055**	**12,654**
Expenses			
Losses from Remeasurement of Assets	2,339	-	-
Depreciation and Amortisation	72	71	83
Employee Expenses	899	889	803
Supplies and Services	472	269	411
Long Service Leave Benefits Expense	12,920	7,307	7,919
Finance Costs	2,422	2,069	2,197
Other Expenses	171	66	9
Total Expenses	**19,295**	**10,671**	**11,422**
Operating (Deficit)/Surplus	**(8,393)**	**(616)**	**1,232**
Total Comprehensive (Deficit)/Income	**(8,393)**	**(616)**	**1,232**

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Community Sector Industry Scheme – Balance Sheet

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Current Assets			
Cash and Cash Equivalents	2,482	541	756
Receivables	3,161	2,427	2,584
Investments	50,910	49,834	49,953
Total Current Assets	**56,553**	**52,802**	**53,293**
Non-Current Assets			
Property, Plant and Equipment	434	433	502
Total Non-Current Assets	**434**	**433**	**502**
Total Assets	**56,987**	**53,235**	**53,795**
Current Liabilities			
Payables	189	146	236
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	5,439	6,797	5,713
- Expected to be Settled After 12 months	26,742	21,252	21,668
Employee Benefits	196	174	184
Total Current Liabilities	**32,566**	**28,369**	**27,801**
Non-Current Liabilities			
Provision for Long Service Leave Benefits	21,668	12,955	14,854
Employee Benefits	16	10	8
Total Non-Current Liabilities	**21,684**	**12,965**	**14,862**
Total Liabilities	**54,250**	**41,334**	**42,663**
Net Assets	**2,737**	**11,901**	**11,132**
Equity			
Accumulated Funds	2,737	11,901	11,132
Total Equity	**2,737**	**11,901**	**11,132**

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Security Industry Scheme – Operating Statement

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Income			
Contributions from Employers and Contractors	849	766	822
Gains from Remeasurement of Assets	-	79	302
Investment Income	227	237	178
Other Revenue	5	5	4
Total Income	**1,081**	**1,087**	**1,306**
Expenses			
Losses from Remeasurement of Assets	270	-	-
Employee Expenses	105	108	96
Supplies and Services	75	43	61
Long Service Leave Benefits Expense	914	783	826
Finance Costs	243	222	206
Other Expenses	-	14	11
Total Expenses	**1,607**	**1,170**	**1,200**
Operating (Deficit)/Surplus	**(526)**	**(83)**	**106**
Total Comprehensive (Deficit)/Income	**(526)**	**(83)**	**106**

Note 19. Operating Statement and Balance Sheet for Long Service Leave Schemes – Continued

Security Industry Scheme – Balance Sheet

	Actual 2020 $'000	Original Budget 2020 $'000	Actual 2019 $'000
Current Assets			
Cash and Cash Equivalents	272	102	74
Receivables	319	251	275
Investments	5,345	5,336	5,127
Total Current Assets	**5,936**	**5,689**	**5,476**
Total Assets	**5,936**	**5,689**	**5,476**
Current Liabilities			
Payables	4	3	9
Provision for Long Service Leave Benefits			
- Expected to be Settled Within 12 months	547	501	403
- Expected to be Settled After 12 months	2,040	2,430	579
Employee Benefits	10	21	9
Total Current Liabilities	**2,601**	**2,955**	**1,000**
Non-Current Liabilities			
Provision for Long Service Leave Benefits	2,539	1,566	3,157
Employee Benefits	2	1	1
Total Non-Current Liabilities	**2,541**	**1,567**	**3,158**
Total Liabilities	**5,142**	**4,522**	**4,158**
Net Assets	**794**	**1,167**	**1,318**
Equity			
Accumulated Funds	794	1,167	1,318
Total Equity	**794**	**1,167**	**1,318**

Note 20. Financial Instruments

Details of the significant 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 asset and financial liability, are disclosed in Appendix B - *Significant Accounting Policies*.

Interest Rate Risk

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

The Authority's exposure to interest rate risk is limited mainly to its cash and cash equivalents which are subject to variable interest rates. The Authority's cash and cash equivalents are relatively immaterial in comparison to other financial assets and any movements in interest rates would not have a material impact on the Operating Statement. The cash component in the Authority's funds under management is managed by 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 the Authority.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on income and expense or total equity from fluctuations in interest rates is immaterial.

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. The Authority'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. The Authority expects to collect all financial assets that are not past due or impaired. The Authority manages its overdue debtors by sending out reminder notices to all outstanding debtors before and after the due date. Credit risk is managed by the Authority for investments by only investing surplus funds with the appointed external fund manager (Vanguard), which has appropriate investment criteria to invest the Authority's surplus funds in accordance with the Authority's approved investment strategy.

The Authority'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.

Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due.

The Authority manages the liquidity risk related to financial liabilities by maintaining sufficient cash reserves and liquid investments to meet the obligations as and when they fall due. The Authority has sufficient amount of investments that are readily convertible into cash in the short-term. The Authority's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

Note 20. Financial Instruments - Continued

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 the Authority is exposed to is significant and results from its investments. The Authority has investments which are managed by an independent investment manager and includes exposure to listed and unlisted equities and property, fixed interest and other securities and instruments. The Authority'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). The Authority targeted 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 they are within the set allocation ranges.

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

Sensitivity Analysis

	Carrying Amount	**+20% Price Movement**	**-20% Price Movement**
		Profit/Equity	**Profit/Equity**
	2020	**2020**	**2020**
	$'000	**$'000**	**$'000**
Financial Assets			
Investments	192,824	38,565	(38,565)
	2019	**2019**	**2019**
	$'000	**$'000**	**$'000**
Financial Assets			
Investments	196,809	39,362	(39,362)

Note 20. 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. The Authority's transactions are carried out in Australian dollars and does not directly hold any foreign currency. The Authority'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. The Authority's underlying international equity exposure is not hedged with the fund measured in Australian dollars and invested in a diversified pool of international equities with the currency allocation of up to 20 countries hence further reducing currency risk. The Authority's exposure to currency risk is therefore considered immaterial. The Authority'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:

		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		2020	2020	2019	2019
Financial Assets	**Note No.**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	10	7,588	7,588	3,400	3,400
Investments	12	192,824	192,824	196,809	196,809
Receivables	11	3,609	3,609	2,323	2,323
Total Financial Assets		**204,021**	**204,021**	**202,532**	**202,532**
Financial Liabilities					
Payables	14	886	886	1,423	1,423
Lease Liabilities	17	2,082	2,082	-	-
Total Financial Liabilities		**2,968**	**2,968**	**1,423**	**1,423**

Note 20. Financial Instruments - Continued

The following table sets out the Authority's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing in 1 Year or Less	Fixed Interest Maturing between 1 and 5 years	Non Interest Bearing	Total	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing in 1 Year or Less	Fixed Interest Maturing between 1 and 5 years	Non Interest Bearing	Total
			2020	2020	2020	2020	2020		2019	2019	2019	2019	2019
Financial Assets			$'000	$'000	$'000	$'000	$'000		$'000	$'000	$'000	$'000	$'000
Cash	10	1.3%	7,588	-	-	-	7,588	2.32%	3,400	-	-	-	3,400
Investments	12		-	-	-	192,824	192,824		-	-	-	196,809	196,809
Receivables	11		-	-	-	3,609	3,609		-	-	-	2,323	2,323
Total Financial Assets			**7,588**	**-**	**-**	**196,433**	**204,021**		**3,400**	**-**	**-**	**199,132**	**202,532**
Financial Liabilities													
Payables	14		-	-	-	886	886		-	-	-	1,423	1,423
Lease Liabilities	17	1.9%	2,082	-	-	-	2,082		-	-	-	-	-
Total Financial Liabilities			**2,082**	**-**	**-**	**886**	**2,968**		**-**	**-**	**-**	**1,423**	**1,423**
Net Financial Assets			**5,506**	**-**	**-**	**195,547**	**201,053**		**3,400**	**-**	**-**	**197,709**	**201,109**

Note 20. Financial Instruments - Continued

Carrying Amount of Each Category of Financial Assets and Financial Liability	2020 $'000	2019 $'000
Financial Assets		
Financial Assets Measured at Fair Value through the Profit and Loss Designated upon Initial Recognition	192,824	196,809
Financial Assets Measured at Amortised Cost	3,609	2,323
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	886	1,423
Lease Liabilities Measured at Amortised Cost	2,082	-

Losses/(Gains) on Each Category of Financial Assets and Financial Liability	2020 $'000	2019 $'000
Financial Assets		
Financial Assets at Fair Value through the Profit and Loss Designated upon Initial Recognition	9,669	(11,646)

Fair Value Hierarchy

The Authority 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 of 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.

Note 20. Financial Instruments - Continued

Fair Value Hierarchy - Continued

2020	**Classification According to the Fair Value Hierarchy** Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets at Fair Value through Profit and Loss				
Investments	-	192,824	-	192,824
	-	**192,824**	**-**	**192,824**

2019	**Classification According to the Fair Value Hierarchy** Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets at Fair Value through Profit and Loss				
Investments	-	196,809	-	196,809
	-	**196,809**	**-**	**196,809**

Note: The investments are wholesale managed funds with underlying assets including property securities, shares, diversified bonds, 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 21. Commitments

Operating Lease Commitments (2019 only – refer to Note 17 for Lease Information for 2020)

Non-cancellable operating lease commitments are payable as follows:

	2019
	$'000
Within One Year	157
Later than One Year but no Later than Five Years	591
Later than Five years	-
Total Operating Lease Commitments	**748**

Other Commitments

Other commitments to contractors including GST are as follows:

	2020	**2019**
	$'000	**$'000**
Within One Year	130	190
Later than One Year but no Later than Five Years	-	175
Total Other Commitments	**130**	**365**

All amounts shown in the commitment note are inclusive of GST.

Note 22. Cash Flow Reconciliation

(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period in the Statement of Cash Flows to the equivalent items in the Balance Sheet.

	2020 $'000	2019 $'000
Total Cash and Cash Equivalents Recorded in the Balance Sheet	7,588	3,400
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	**7,588**	**3,400**

(b) Reconciliation of the Operating Surplus to the Net Cash Inflows from Operating Activities

	2020 $'000	2019 $'000
Operating (Deficit)/Surplus	(26,736)	4,333
Add/(Less) Items Classified as Investing or Financing		
Losses/(Gain) on Investment	9,669	(11,646)
(Gain) from Sale of Assets	-	(131)
Investment Income	(7,985)	(6,788)
Add/(Less) Non-Cash Items		
Accrued Long Service Leave Liability	28,983	19,144
Depreciation and Amortisation	307	172
Waivers and Impairment Losses	37	50
Other Non-Cash Items	46	172
Cash before Changes in Operating Assets and Liabilities	**4,321**	**5,306**
Changes in Operating Assets and Liabilities		
(Increase) in Trade and Other Receivables	(493)	(100)
Decrease in Other Assets	3	15
(Decrease)/Increase in Other Payables	(537)	3
Increase in Other Liabilities	61	-
Net Changes in Operating Assets and Liabilities	**(966)**	**(82)**
Net Cash Inflows from Operating Activities	**3,355**	**5,224**

(c) Non-Cash Financing and Investing Activities

There was no non-cash financing activities during the reporting period.

(d) Reconciliation of liabilities arising from financing activities

	2019 $'000	Cash Flows	Non-Cash Changes	2020 $'000
Lease Liabilities (2020)	2,188	(146)	40	2,082

Note 23. 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 (the Authority) 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 the Authority that occur on terms and conditions no different to those applying to the general public.

KEY MANAGEMENT PERSONNEL (KMP)

(I) Compensation of Key management Personnel

Compensation of all Cabinet Ministers, including the Responsible Minister of the Authority, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2020.

The Governing Board (the Board) provides the overall governance of the Authority 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. A superannuation contribution of 9.50% of remuneration is paid to the Chair's and Deputy Chair's superannuation funds. The Chief Executive Officer/Registrar is a non-voting member of the Board. The Registrar's remuneration is in accordance with her senior executive contract with the ACT Government. The Chief Operating Officer/Deputy Registrar and the Chief Finance Officer are also KMP of the Authority with their remuneration paid by the Authority according to the *ACT Public Service Administrative and Related Classifications Enterprise Agreement 2018-2021*. There are no other compensation or transactions paid directly to these KMP by the Authority.

Compensation by the Authority to KMP is set out below:

	2020 $'000	2019 $'000
Short-term employee benefits	628	591
Board member fees	56	44
Total Compensation to KMP paid by the Authority	**684**	**635**

Note 23. Related Party Disclosures - Continued

GOVERNING BOARD

Mr Howard Pender was appointed as the Deputy Chair from 25 May 2012 as an independent member for a term of four years. Mr Pender's appointment was renewed on 24 May 2016 for a further four years to 23 May 2020. Mr Pender commenced as Acting Chair of the Board on 9 February 2018 and was later appointed as Chair for a term of three years from 25 January 2019 to 24 January 2022.

Ms Liesl Centenera was appointed as the Deputy Chair from 25 January 2019 as an independent member for a term of three years.

Ms Erryn Cresshull's appointment took effect 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 Shayne Hall was appointed as the employees' representative on 19 February 2014 for a term of four years to 18 February 2018, and she was re-appointed as the employees' representative on 20 February 2018 for a further four years to 19 February 2022.

Ms Anna Whitty was appointed as a member representing employer organisations on the governing board effective from 9 April 2019 for a term of four years to 8 April 2023.

Ms Anne McGregor was appointed on 20 February 2018 representing employer organisations for a term of four years to 19 February 2022.

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 to August 2023.

(ii) Transactions with Key Management Personnel

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

(iii) 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 the Authority.

TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES

All transactions with ACT Government controlled entities are disclosed in the relevant notes to the financial statements of the Authority. There were no transactions with other ACT Government agencies that are financially material.

Note 24. 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 (-) 2.5% and $500,000 of the budget for the financial statement line item.

Operating Statement Line Items	Actual 2019-20 $'000	Original Budget[14] 2019-20 $'000	Variance $'000	Variance %	Variance Explanation
Contributions from Employers and Contractors	25,792	22,865	2,927	13	Contributions revenue is higher than budget expectation mainly due to the growth of active workers registered across all four administered schemes being higher than anticipated.
Losses/(Gains) from Investments	9,669	(2,540)	12,209	480	The total investment return includes losses or (gains) and investment income. The total investment losses and income (-$1.7 million) in 2019-20 is lower than anticipated in budget ($11.7 million) by $13.4 million or -114%. This outcome is largely due to a return of -0.35% per annum concluded in 2019-20 compared to 6.0% per annum anticipated in the budget.
Investment Income	7,985	9,206	(1,221)	(13)	See the variance explanation above.
Long Service Leave Benefits Expenses	38,678	19,061	19,617	103	Long service leave benefit expenses are higher than budget estimate largely due to the decrease of discount rate from 6.0% to 4.5% and higher than expected accrued long service leave expenses as a result of the growth in the four administered schemes from the annual actuarial long service leave liability evaluation.
Finance Costs	9,240	8,439	801	9	Finance costs include unwinding of discount rate from the annual long service leave liability estimate by the Authority's actuary and the interest expense incurred from the Authority's leases from application of AASB 16 *Leases*. Finance costs are higher than anticipated in proportion to the higher than expected long service leave liabilities anticipated in the budget.

[14] Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2019-20 Statement of Intent).

Note 24. Budgetary Reporting - Continued

Balance Sheet Line Items	**Actual 2019-20 $'000**	**Original Budget 2019-20 $'000**	**Variance $'000**	**Variance %**	**Variance Explanation**
Investments	192,824	200,596	(7,772)	(4)	Investments balance is lower than anticipated in the budget mainly because of the lower than expected investment return achieved in 2019-20 at -0.35% per annum as opposed to the expected investment return rate of 6.0% per annum in the budget.
Provision for Long Service Leave Benefits	191,778	161,817	29,961	19	Provision for long service leave benefits is higher than the budget mainly due to the reduction of discount rate from 6% in the budget to 4.5% applied in the 2019-20 long service leave liability estimate, and the growth in the four administered schemes as assessed in the annual actuarial evaluation.
Statement of Changes in Equity					**These line items are covered in other financial statements**

Statement of Cash Flows Line Items	**Actual 2019-20 $'000**	**Original Budget 2019-20 $'000**	**Variance $'000**	**Variance %**	**Variance Explanation**
Contributions from Employers and Contractors	24,942	22,424	2,518	11	The higher than expected contribution revenue is mainly due to growth across all four administered schemes since the budget was prepared in April 2019. The growth of the schemes was contributed by the increase of registered members in all four schemes. There was no change of levy rates in 2019-20.
Proceeds from Sale of Investments	4,420	190	4,230	2,226	The net investment outcome (proceeds from sale of investments less cost of purchase of investments) of -$1.02 million was lower than the anticipated net investment outcome of $0.91 million in the budget by $1.93 million mainly due to an increased need for cash in bank in the last quarter of 2019-20. The Authority anticipated there might be a rising demand for cash from an anticipated increase of long service leave claim applications due to the outbreak of Covid-19 pandemic from late March 2020. Regulations were also introduced to permit early access hardship benefit payments subject to certain conditions. The Authority monitored the cash flow situation very closely and withdrew funds from investments accordingly to ensure there is sufficient cash to pay for long service claims and other corporate expenses.
Purchase of Investments	3,400	1,108	2,292	207	See comments above.

Note 25. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets at 30 June 2020 ($60,000 at 30 June 2019).

LONG SERVICE LEAVE AUTHORITY
APPENDIX A – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

LEGISLATIVE REQUIREMENT

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

(i) an Operating Statement for the reporting period;
(ii) a Balance Sheet at the end of the reporting period;
(iii) a Statement of Changes in Equity for the reporting period;
(iv) a Statement of Cash Flows for the reporting period;
(v) the significant accounting policies adopted for the reporting period; and
(vi) such other statements as necessary to fairly reflect the financial operations of the Authority during the year and its financial position at the end of the reporting period.

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 have also been prepared according to the historical cost convention, except for assets such as financial instruments which were valued at fair value in accordance with the valuation policies applicable to the Authority during the reporting period.

CURRENCY

These financial statements are presented in Australian dollars.

INDIVIDUAL NON-FOR-PROFIT REPORTING ENTITY

The Authority is an individual non-for-profit reporting entity.

BUDGET FIGURES

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Statement of Intent. The budget numbers are as per the 2019-20 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. The Authority has applied the modified retrospective approach to the adoption of AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases and comparative information is not restated. Changes from the adoption of these standards have been recognised against the opening equity at 1 July 2019.

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 2019-20 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 2020-21 Statement of Intent which is expected to be tabled in late 2020 or early 2021.

TAXATION

The Authority 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*. The Authority is liable to pay Fringe Benefits Tax and Goods and Services Tax.

SIGNIFICANT ACCOUNTING POLICIES – INCOME

REVENUE RECOGNITION

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.

Investment income is recognised by the Authority on an accrual basis and where the right to receive the payment is established.

Gain/losses on investment are included in the operating statement for the period in which they arise.

AASB 15

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. identify the contract with the customer;
2. identify the performance obligations;
3. determine the transaction price;
4. allocate the transaction price; and
5. recognise revenue as or when control of the performance obligation is transferred to the customer.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability. None of the revenue streams of the Authority have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

SALE OF SERVICES FROM CONTRACTS WITH CUSTOMERS

Revenue from the sale of services is recognised when the services are physically passed to the customer as control is transferred at this point in time. Payments are generally required within 14 days of transfer of the services. The Authority earns revenue from provision of LeaveTrack software licence services. Revenue is recognised when the Authority satisfies the performance obligations are fulfilled at the time when the LeaveTrack software licence is provided for customer use. A receivable in relation to these services is recognised when invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment.

AASB 1058

Where revenue streams are in the scope of AASB 1058, the Authority 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.

Employer and Contractor Contributions - Revenue from employer and contractor contributions is recognised in the period to which the contributions relate. Employers and contractors registered with the Authority under a covered industry must submit a quarterly return and pay the Authority the levy payable for that quarter.

Resources received free of charge are recorded as a revenue and expense in the Operating Statement at fair value. The revenue is separately disclosed under resources received free of charge, with the expense being recorded in the line item to which it relates. Services that are received free of charge are only recorded in the Operating Statement if they can be reliably measured and would have been purchased if not provided to the Authority free of charge.

SIGNIFICANT ACCOUNTING POLICIES – EXPENSES

EMPLOYEE EXPENSES

Employee benefits include:

- Short-term employee benefits such as wages and salaries, superannuation, annual leave loading, and applicable on-costs, if expected to be settled wholly before twelve months (see Appendix B - Employee Benefits if longer than 12 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, superannuation and other costs that are incurred when employees take annual leave and long service leave.

(See Appendix B – Employee Benefits for accrued wages and salaries, and annual and long service leave).

SUPERANNUATION

Employees of the Authority 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), the Authority makes employer superannuation contribution payments to the Territory Banking Account at a rate determined by the Chief Minister, Treasury and Economic Development Directorate. The Authority 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), the Authority makes employer superannuation contribution payments directly to the employees' 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 expenses as they are incurred and extinguished as they are paid.

SUPERANNUATION LIABILITY RECOGNITION

For Authority employees who are members of the defined benefit CSS or PSS, the employer superannuation liabilities for superannuation benefits payable upon retirement are recognised in the financial statements of the Superannuation Provision Account.

DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS

Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as plant and equipment and buildings. Land has an unlimited useful life and is therefore not depreciated. Depreciation/amortisation is calculated after first deducting any residual value which remains for each asset.

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

Class of Asset	Depreciation/Amortisation Method	Depreciation Rate Useful life
Buildings	Straight Line	17 Years
Furniture and Fittings	Diminishing Value	7.5%-30%
Plant and Equipment	Diminishing Value	7.5%-50%
Intangibles	Diminishing Value	14%-50%

The useful lives of all assets are reassessed on an annual basis.

FINANCE COSTS

Finance costs are expensed in the period in which they are incurred.

SIGNIFICANT ACCOUNTING POLICIES – ASSETS

CURRENT AND NON-CURRENT ITEMS

Assets are classified as current where they are expected to be realised within 12 months after the reporting date or where they are required to meet the liabilities of which the Authority have no unconditional rights to defer settlement for at least 12 months after the reporting date. Assets, which do not fall within the current classification, are classified as non-current.

CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows and the Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

RECEIVABLES

Receivables (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.

The allowance for expected credit losses represents the amount of employer and contractor and trade receivables and other receivables the Authority estimates will not be repaid. The amount of the expected credit loss is recognised in the Operating Statement.

The Authority applied the simplified approach under AASB 9 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. Where the Authority 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 directly reducing the receivable against the loss allowance.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – ALLOWANCE FOR EXPECTED CREDIT LOSSES

Receivables are assessed for impairment at balance date using an expected credit loss provision 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.

INVESTMENTS

Investments are held as units in wholesale pooled funds managed by an independent investment manager and the underlying portfolio includes cash deposits, fixed interest investments, property securities, and equity investments. 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.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – VALUATION OF INVESTMENTS

The Authority invests in wholesale pooled funds managed by a professional fund manager. The underlying portfolio includes listed and unlisted securities, cash and fixed interest deposits which are valued by the fund manager based on market value of these asset classes.

IMPAIRMENT OF ASSETS

The Authority assesses, at each reporting date, whether there is any indication that an asset may be impaired. 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 carried at cost. Also, the carrying amount of the asset is reduced to its recoverable amount. Non-financial assets which have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT AFTER INITIAL RECOGNITION

Property, plant and equipment are measured at cost. Right-of-use assets are initially measured at cost. After the commencement date, 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.

SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES

CURRENT AND NON-CURRENT ITEMS

Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Agency 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.

PAYABLES

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

LONG SERVICE LEAVE AUTHORITY
APPENDIX B – SIGNIFICANT ACCOUNTING POLICIES
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

EMPLOYEE BENEFITS

Employee Benefits are listed in Appendix B - Employee Expenses.

Wages and Salaries
Accrued wages and salaries are measured at the amount that remains unpaid to employees 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 they will be wholly settled within three years. In 2019-20, the rate used to estimate the present value of future annual leave payments is 100.9% (100.1% in 2018-19). In 2019-20, the rate used to estimate the present value of future long service leave payments is 113.6% (110.1% in 2018-19).

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 liability for on-costs.

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 the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

LONG SERVICE LEAVE BENEFITS

(i) Building and Construction Industry
Employees and contractors in the construction industry who are registered with the Authority 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. Leave payment in lieu of leave may be claimed after 10 years of service or after 5 years (or 7 years for workers registered after 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 further benefit is available upon accrual of 55 days (or 5 years for new workers registered on or after 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 the Authority 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 further benefit is available upon accrual of 55 days of service (or 5 years for new workers registered on or after 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.

LONG SERVICE LEAVE BENEFITS - CONTINUED

(iii) Community Sector

Employees and contractors in the community sector who are registered with the Authority 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 further benefit is available upon accrual of 55 days of service (or 5 years for new workers registered on or after 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 the Authority 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. A further benefit is 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 the Authority's actuary 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 the Authority does not have an unconditional right to defer the settlement of the liability for at least 12 months. 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 making the assumption 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.

(vi) Impact of Covid-19

At the time of preparing the liabilities, the Authority had not experienced any noticeable increase in exits due to the current COVID-19 pandemic. No COVID-19 influenced adjustment was made to the exit decrement assumptions. Regulations were introduced to permit early access hardship benefit payments subject to certain conditions, from 20 May 2020. The Authority estimates $0.18 million was claimed in the fourth quarter as a result. This amount is less than 1% of the full year of benefit payments of $18.9 million. No adjustments were made to the valuation assumptions to specifically allow for any further hardship payments in 2020-21.

LONG SERVICE LEAVE AUTHORITY
APPENDIX B – SIGNIFICANT ACCOUNTING POLICIES
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – ACCRUED LONG SERVICE LEAVE BENEFITS

The Authority recognises a total liability for accrued long service leave benefits based on an assessment performed by an independent actuary. The actuary estimates the liability using a complex model and a large number of assumptions that are based on historical and the current profile of the registered participants. Following the assessment of the Schemes' financial projections in April 2020, the expected investment return was reduced by 1.5% from 6.0% p.a. to 4.5% p.a. As a consequence, the assumed discount rate has been reduced from 6.0% p.a. to 4.5% p.a. For the Community scheme the exit rates and benefit payment rates were reduced by 30% to reflect experience. These are the only changes in the valuation assumptions from those used for the 2019-20 financial statements. The Authority will conduct its next triennial review in September 2020 where a comprehensive review of all the actuarial assumptions will be undertaken. The 2020 assumptions in summary are:

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

- The rates at which workers of different ages might leave the scheme due to:
  - retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 2% at age 55, to 4% at age 60, and then 5% at age 65 and each year thereafter;
  - deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.012% at age 20 to 0.266% at age 65 and the incapacity rates increase from 0.013% at age 20 to 0.248% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement;
  - leaving the industry rates vary from 25% for workers with less than 1 year of service to 10% for workers with 2 or more years of service.
- The rates at which workers with different periods of service might take their benefit vary from 20% with 10 years of service, to 7% with 15 years of service and to 5% for 16 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 the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's 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, 4.5% per annum at 30 June 2020 (30 June 2019: 6.0% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority 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 3.5% per annum at 30 June 2020 (30 June 2019: 3.5% per annum);
- Increases in future wages due to age progression over and above inflation, ranging from 10% at age 18 reducing to nil at age 32 and over;
- 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 2020 (30 June 2019: same assumptions applied); and
- The Authority has also made an allowance for the cost of 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 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 settling the obligation (30 June 2019: same method).

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – ACCRUED LONG SERVICE LEAVE BENEFITS CONTINUED

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

- The rates at which workers of different ages might leave the scheme due to:
    - retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 2.1% at age 55, 2.4% at age 60, 6.0% at age 65, 4.5% at age 70 and then 7.5% per annum at age 75 and each year thereafter;
    - deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.024% at age 20 to 0.355% at age 65 and the incapacity rates increase from 0.017% at age 20 to 0.166% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement;
    - leaving the industry rates vary from 30% for workers with less than 1 year of service to 3% per annum for workers with 7 or more years of service;
- Workers who are eligible for an in-service benefit after 7 years or more service are assumed to take it at the rates of 0.5 weeks per year from 7 to 10 years increasing to 1.0 weeks per year after 10 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 the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's 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, 4.5% per annum at 30 June 2020 (30 June 2019: 6.0% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority 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 2.0% per annum at 30 June 2020 (30 June 2019: 2.0 % per annum);
- Increases in future wages due to service-based wage progression scale over and above inflation, of 30.0% during the first year of service and 2.5% per annum during each subsequent year of service until 10 years of service is reached; and
- The Authority has also made an allowance for the cost of 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 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 settling the obligation (30 June 2019: same method).

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – ACCRUED LONG SERVICE LEAVE BENEFITS - CONTINUED

(iii) Accrued Long Service Leave Benefits – Community Sector

- For the Community scheme the assumed exit rates and benefit payment rates were reduced by 30% for the 30 June 2020 calculations, to reflect benefit payment experience continuing lower than expected.
- The rates at which workers of different ages might leave the scheme due to:
  - retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 4.9% at age 55, 5.6% at age 60, 14.0% at age 65, 10.5% at age to age 70 and then 17.5% per annum at each 75 and each year thereafter (30 June 2019: from 7% at age 55, 8% at age 60, 20% at age 65, 15% at age to age 70 and then 25% per annum at each 75 and each year thereafter);
  - deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.017% at age 20 to 0.249% at age 65 and the incapacity rates increase from 0.012% at age 20 to 0.116% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement (30 June 2019: from 0.024% at age 20 to 0.355% at age 65 and the incapacity rates increase from 0.017% at age 20 to 0.165% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement);
  - leaving the industry rates vary with age from 12.6% for workers at age 20, to 9.8% at age 35 to 9.1% at age 40 and Nil at age 55 and over (30 June 2019: from 18.0% for workers at age 20, to 14.0% at age 35 to 13% at age 40 and Nil at age 55 and over);
- Workers who are eligible for an in-service benefit after 5 years or more service are assumed to take it at the rates of 0.4 weeks per year from 5 to 10 years and 0.7 weeks per year after 10 years (30 June 2019: 0.5 weeks per year from 5 to 10 years and 1.0 weeks per year after 10 years);
- 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 the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's 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, 4.5% per annum at 30 June 2020 (30 June 2019: 6.0% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority 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 3.5% per annum at 30 June 2020 (30 June 2019: 3.5% per annum);
- Increases in future wages according to age progression over and above inflation, ranging from 8% per annum for ages up to 25, reducing to 6% per annum at ages 26 and 27, 4% per annum at ages 28 and 29, 2.5% from age 30 until age 34, 1% from age 35 until age 49, and nil at ages above 49; and
- The Authority has also made an allowance for the cost of 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 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 settling the obligation (30 June 2019: same method).

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – ACCRUED LONG SERVICE LEAVE BENEFITS - CONTINUED

(iv) Accrued Long Service Leave Benefits – Security Industry

- The rates at which workers of different ages might leave the scheme due to:
  - retirements. These rates are based on the past experience of the scheme and the experience observed by the actuary in other long service leave schemes. In aggregate, these rates vary as a percentage of the number of workers from 7% at age 55, 8% at age 60, 20% at age 65, 15% at age 70 and then 25% per annum at age 75 and each year thereafter;
  - deaths and incapacity. These rates are also based on the past experience of this and other long service schemes. The death rates increase from 0.048% at age 20 to 0.710% at age 65 and the incapacity rates increase from 0.034% at age 20 to 0.331% at age 50. After age 55 it is assumed the incapacities will be included in the retirement decrement;
  - leaving the industry rates vary from 39% for workers with less than 1 year of service to 3.9% per annum for workers with 7 or more years of service;
- Workers who are eligible for an in-service benefit after 7 years or more service are assumed to take it at the rates of 0.5 weeks per year from 7 to 10 years increasing to 2.0 weeks per year after 10 years;
- 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 the Authority's triennial actuarial valuations to determine contribution levies. The Authority and the Authority's 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, 4.5% per annum at 30 June 2020 (30 June 2019: 6.0% per annum), is based on the long term return rate of the Authority's investments, with funds invested in accordance with the strategic asset allocation prescribed in the Authority's investment plan, approved by the Treasurer. The Authority 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 2.5% per annum at 30 June 2020 (30 June 2019: 2.5% per annum);
- Increases in future wages according to a service based wage progression scale over and above inflation of 25% during the first year of service, 15% in the second year of service, 5% per annum in years 3 and 4, 2% in each year for years 5 to 9 and then no increase; and
- The Authority has also made an allowance for the cost of 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 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 settling the obligation (30 June 2019: same method).

LEASE LIABILITIES

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentive receivables;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

After the commencement date, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease.

At inception of a contract, the Authority assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether:

- the contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- the Authority has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use;
- the Authority has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

The Authority has elected not to separate non-lease components from lease components for leases.

At the lease commencement date, the Authority recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Authority is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Authority uses the incremental borrowing rate published by ACT Treasury which most closely matches the remaining lease term.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Authority's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in the operating statement if the carrying amount of the right-of-use asset has been reduced to zero.

LONG SERVICE LEAVE AUTHORITY

APPENDIX C – CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATE

FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

CHANGE IN ACCOUNTING ESTIMATE

The Authority uses the rate of long term expected return on assets as discount rate for the present value of long service liability. The Authority's actuary reviewed the financial assumption of discount rate each year and determined it is appropriate to reduce the discount rate from 6.0% to 4.5% in 2019-20 to align with the expected asset return rate according to the investment forecast from recent market conditions. The change of discount rate from 6.0% to 4.5% has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period as follows:

- Construction: $9.47 million
- Cleaning: $0.61 million
- Community: $2.32 million
- Security: $0.26 million

CHANGE IN ACCOUNTING POLICY

Initial Application of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities
The Authority adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and the Authority recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of Equity as at the date of initial application (1 July 2019).

Revenue Recognition under AASB 15

The only revenue to be recognised under AASB 15 is the licence fees collected from the New South Wales Long Service Leave Corporation and NT Build for leasing the licence of the Authority's IT system, Leave Track. AASB 15 does not apply to the Authority's other revenue items. Balance of the revenue item is not affected by the application of AASB 15 and no adjustments are required to be made as the contract is to provide right of use of an IT licence and the contract's transaction price agreed is recognised fully each year.

Revenue Recognition under AASB 1058

The Authority receives income from employer levy contributions, and other penalty revenue imposed under the *Long Service Leave (Portable Schemes) Act 2009* (the Act) which are recognised under AASB 1058. Contribution and penalty revenue are derived from employers and contractors as part of the Authority's statutory role of providing long service leave benefits to registered employees and contractors. The contribution levies are paid by registered employers and contractors directly to the Authority based on the legislative requirements of each scheme. Consideration (levies and penalties) are not paid by the employers and contractors in exchange for goods or services provided to them. Levies and penalties are a statutory obligation under the Act. The total levies and penalties are recognised as income when the Authority has the right to receive these revenues on submission of a return or when penalties are issued due to non-compliance. As a result of applying AASB 1058, there will be no change to the measurement and recognition of these revenue items.

Statement of Cash Flows for the year ended 30 June 2020

The Statement of Cash Flows is not materially different under AASB 1058 or AASB 15 from that which would be presented under the previous revenue standards.

LONG SERVICE LEAVE AUTHORITY

APPENDIX C – CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATE

FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

CHANGE IN ACCOUNTING POLICY - CONTINUED

Implementation of AASB 16 Leases

For reporting periods beginning on or after 1 January 2019, AASB 16 Leases supersedes AASB 117 Leases, AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of lessees and lessors. The main changes introduced by the new standard include identification of a lease within a contract and a new lease accounting model for lessees that requires that requires lessees to recognise all leases (previously operating and finance leases) in the Balance Sheet as a right-of-use asset and lease liability, except for short-term leases (leases of 12 months or less at commencement date) and low-value assets (valued at less than $10,000).

The operating and finance lease distinction no longer exists.

The Authority has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. The cumulative effect of initially applying this standard is shown as an adjustment to the opening balance of retained earnings. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

The Authority has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Measurement of Lease Liabilities	**$’000**
Operating lease commitments disclosed as at 30 June 2019	748
Lease liability recognised at 1 July 2019	2,188

The effect of adopting AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments 1 July 2019
		$’000
Right of use assets		1,864
Total assets	17	**1,864**
Lease liabilities		2,188
Total liabilities	17	**2,188**

B.3 CAPITAL WORKS

The Authority did not have any capital projects or works undertaken during 2019-20.

B.4 ASSET MANAGEMENT

The Authority managed a total of $213 million assets as at 30 June 2020. Within the total assets, $193 million is invested in the wholesale managed funds with Vanguard Australia, achieving an average of -0.35% return per annum in 2019-20. Other assets were cash ($7.6 million), receivables ($10.3 million), intangible assets ($0.4 million), and property, plant and equipment ($2.3 million).

CASH AND CASH EQUIVALENTS

The Authority 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 claim payments.

FUNDS UNDER MANAGEMENT

The Authority invests scheme assets in pooled funds managed by Vanguard Australia. Underlying asset allocation is structured in accordance with the Authority's investment plan, approved by the Treasurer.

INTANGIBLE ASSETS - INFORMATION TECHNOLOGY AND SOFTWARE

The Authority developed its own database system, Leave Track, in 2010 soon after the Authority 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

The Authority's property, plant, and equipment comprises furniture and fittings, office fitout to its current leased office premises in Bruce ACT, and plant and equipment. In 2019-20, due to adoption of *AASB 16 Leases*, the Authority also accounted for its leased assets including the office building, one corporate vehicle, and two photo copiers in the total property, plant, and equipment in the balance sheet.

B.5 GOVERNMENT CONTRACTING

In 2019-20, the Authority engaged external contractors/consultants to provide actuarial services, IT expertise, investment review and fund management, and other assurance reviews. The Authority's procurement and contracting activities are conducted in accordance with the provisions under the *Government Procurement Act 2001* and the *Government Procurement Regulation 2007.*

A summary of the Authority's main contracts (contract sum over $25,000) used during 2019-20 is provided in the table below:

Contract Title and Number	Contractor	Additional Information	Amount	Procurement Methodology	Date
Funds Management	Vanguard Investments Australia Limited	Management of the Authority's investment funds for all administered schemes during the financial year, in accordance with the Authority's approved Investment Plan. The management fee applicable is based on an agreed percentage of the value of the investment units held by the schemes in the Vanguard funds.	Management fee is reflected in the unit price allotted to the investment portfolio. No other fees were paid to Vanguard.	Single Select (fund manager selected by Treasury in 2008)	Contract entered in 2009 and is ongoing with no expiry date until contract termination.
Software Support and Maintenance and Software Development Services for Leave Track Software (C2019_001)	Formation Technology	Leave Track is the Authority's long service leave database and the IT consultant provides software maintenance services and any system enhancement.	$199,800	Single Select	1 July 2019 to 31 December 2020
Actuarial Services for the ACT LSLA (2017.28790.210)	PwC Australia	The contract was for an initial 3 years with an option for a further 3 years.	$330,120	Open tender	1 October 2017 to 1 October 2023
Investment Plan Review IA2020-02	PwC Australia	The consultant was engaged to provide a review of the Authority's investment plan to ensure the strategic asset allocation and its long-term expected return meet the Authority's financial objectives.	$39,270	Quotation	21 January to 31 March 2020
Compliance Function Review IA2020-01	KPMG	The consultant was engaged to provide a review of the Authority's compliance structure and function.	$45,628	Quotation	6 April to 30 June 2020
LSLA Bruce Cleaning Services LSLA2/2017	Kamberra Indigenous Cleaning Pty Ltd	The company was engaged to clean the Authority's office in Bruce.	$84,990	Quotation	3 October 2017 to 2 October 2022

Note: The contract amount above is inclusive of GST.

ABORIGINAL AND TORRES STRAIT ISLANDER PROCUREMENT POLICY REPORTING

The Authority understands and fulfills its responsibilities under the ACT government's Aboriginal and Torres Strait Islander Procurement Policy (ATISPP) to monitor and report annually on the Authority's performance against the three performance measures and maintain an exemption register where applicable. There were no exemptions applied under ATISPP during 2019-20. The three performance measures and the Authority's performance against these measures in 2019-20 are outlined in the table below:

ATISPP Measures	Authority's Performance
The number of unique Aboriginal and Torres Strait Islander enterprises that respond to Territory tender and quotation opportunities issued from the approved systems	Not applicable. In 2019-20, the Authority did not have any procurement activities conducted through open tender. There were two other consultancy services (investment and compliance related) procured via submissions of at least three quotes during 2019-20 which were not submitted from unique Aboriginal and Torres Strait Islander enterprises.
The number of unique Aboriginal and Torres Strait Islander enterprises attributed a value of Addressable Spend in the financial year	The Authority purchased most of its office stationery products from the whole of government panel arrangements. There were purchases made from the Aboriginal and Torres Strait Islander subcontractors via the arrangement during 2019-20. The Authority's office cleaning services have been provided by a unique Aboriginal and Torres Strait Islander enterprise, Kamberra Indigenous Cleaning, since October 2017.
Percentage of the financial year's Addressable Spend[15] that is spent with Aboriginal and Torres Strait Islander enterprises	The percentage of the Authority's addressable spend that was spent with Aboriginal and Torres Strait Islander enterprises in 2019-20 was 2.22% (target of 2019-10: 1%).

CREATIVE SERVICES PANEL

The Creative Services Panel is a whole of government arrangement for the purchase of creative services, including advertising, marketing, communications and engagement, digital, graphic design, photography and video, media buying. In 2019-20, the Authority did not incur any creative services expenditure through the panel.

[15] The target of the Addressable Spend in 2019-20 is 1%.

B.6 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 2020.

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 2020 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 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements.*

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

Authority's responsibilities 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.

Ajay Sharma
Assistant Auditor-General, Financial Audit
11 September 2020

Long Service Leave Authority

Statement of Performance

For the Year Ended 30 June 2020

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Long Service Leave Authority's records and fairly reflects the service performance of the Long Service Leave Authority for the year ended 30 June 2020 and also fairly reflects the judgements exercised in preparing it.

Howard Pender
Chairperson
Long Service Leave Authority
24th July 2020

LONG SERVICE LEAVE AUTHORITY
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020

Objective	Accountability Indicator	2019-20 Target	2019-20 Result	Variance from Target	Notes
1. Ensure the maximum number of eligible employers and their employees are registered with the Authority.	Percentage of employer registrations completed within 10 working days of receipt of a correctly completed and verified application form.	99%	100%	1%	1
	Number of visits to employer sites or premises to ensure that all employees working in the covered industries are registered with the Authority.	90	63	(30%)	2
	Contact registered employees who have not had service recorded for 2 years or more to check if they have been working in a covered industry.	500	502	0.4%	3
	Annual statements made available to employees by 30 September.	100%	100%	N/A	N/A
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%	84.75%	6%	4
3. Ensure that payments to employees, contractors and reimbursements to employers 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.	90%	100%	11%	5

Objective	Accountability Indicator	2019-20 Target	2019-20 Result	Variance from Target	Notes
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[16] averaged over five years for each scheme	Construction: 6.4% Cleaning: 6.4% Community: 6.4% Security: 6.6%	Construction: 31% Cleaning: 31% Community: 31% Security: 35%	6
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: 106% Cleaning: 170% Community: 105% Security: 115%	Construction: (-4)% Cleaning: 55% Community: (-5)% Security: 5%	7

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.*

Notes to the Statement of Performance

1. The Authority registered 381 new employers across all schemes during the 2019-20 financial year. It has also re-registered 21 employers. All 402 registrations were completed within 10 working days of receipt of a correctly completed registration form.
2. The Authority conducted 63 employer and site visits in 2019-20 to ensure that employers and workers are registered, to offer assistance with understanding of scheme arrangements, and to discuss the industry scheme coverage. The Authority suspended all employer and site visits from March 2020 due to Covid-19.
3. The Authority contacted a total of 502 registered employees who had not had service recorded for two years or more to check if their long service leave records were accurate.
4. The Authority processed a total of 9,832 returns and payments for the 2019-20 financial year with 8,333 being received within 5 working days from the quarterly return due date.
5. The Authority processed 2,074 eligible long service leave claims during the reporting period, with all claims paid within 10 working days from receipt of a completed claim form.
6. The Authority invests the funds of its administered schemes in the investment portfolio according to the Authority's 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 4.88%.

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

The Authority's investment return averaged over the last five years was higher than the target due to lower than expected AWE and better than anticipated market conditions in the last five years.

7. At 30 June 2020, the Authority had adequate assets to meet its liabilities for all four administered schemes. Assets over liabilities ratio of the Contract Cleaning Industry scheme and the Security Industry scheme were higher than the target of 110% while the same ratio was slightly lower than target for the Building and Construction Industry scheme and the Community Sector scheme. This is mainly due to a.) a lower than expected investment return of (-0.35%) per annum achieved in 2019-20 compared to 6.0% per annum anticipated as the Authority's long-term asset return rate based on the current asset allocation; b.) the reduction of long service leave liability discount rate from 6% to 4.5% which resulted in an increase of long service leave provision across all four administered schemes; c.) the maintenance of a conservative assumption of annual wages growth in the Building and Construction and Community sector schemes of 3.5% per annum in all future years including 2020-21. This compares with the current Federal Treasury forecast for wage growth in 2020-21 across the whole of Australia of only 1.25% per annum; and d.) the Contract Cleaning Industry scheme's long service leave liability was less than anticipated due to lower growth in the industry than projected by the actuary.

JUSTICE AND COMMUNITY SAFETY

C.1 BUSHFIRE RISK MANAGEMENT

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

C.2 HUMAN RIGHTS

The Authority endeavours to follow the human rights standards under the *Human Rights Act 2004* (HRA) when administering the *Long Service Leave (Portable Schemes) Act 2009.* As the Authority is an ACT Government Territory Authority with all of its staff as ACT public servants, the Authority is also subject to various ACT Government law, policies, and procedures.

While the Authority's business clients are primarily industry employers and employees and there is negligible business interactions required with children, young people, or people with disability and other community services, the Authority promotes, among its staff and stakeholders, human right principles such as freedom, respect, equity, and diversity and makes decisions that are consistent with these principles. The processes and procedures adopted by the Authority for its business operations are in line with the provisions of the HRA. Staff are aware of the public information provided by the ACT Human Rights Commission and training opportunities.

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 2019-20.

C.3 LEGAL SERVICES DIRECTIONS

The Authority refers issues relating to potential breaches of the *Long Service Leave (Portable Schemes) Act 2009* to the ACT Civil and Administrative Tribunal (ACAT) or the Magistrates Court. The Authority may seek assistance from the ACT Government Solicitor's Office should the legal matter become complicated and require expert legal advice.

The Authority 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*. The Authority ensures these legal provisions are complied with throughout any litigation process.

During 2019-20, there were several legal matters that required assistance or advice from the ACT Government Solicitor's Office in relation to:

- clarification of portable long service leave coverage;
- ACAT order enforcement matters from employer non-compliance with the portable long service leave scheme legislation; and
- advice on matters relating to issuing infringement notices after a legislation amendment effective from 1 January 2020.

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

C.4 TERRITORY RECORDS

The Authority's records are managed in accordance with Records Management Program endorsed by the Authority's Registrar and the Disposal Schedule approved by the Territory Records Office. The purpose of this program is to comply with the current requirements specified in the *Territory Records Act 2002* and to provide the Authority and its staff with clear guideline on the management of the Authority records. The Authority's records include its portable long service leave scheme register, entitlement claim application and payments, corporate policies and procedures, financial transactions, and other records that are maintained as a result of administering the *Long Service Leave (Portable Schemes) Act 2009*. These records are backed up daily and stored in a secured location which is part of the Authority's business contingency plan and risk management practice. The records management procedures outlined in the Records Management Program are consistently implemented by the Authority. Training and resources are provided to staff on records management to ensure its compliance. The Authority's staff are aware of the importance of sound recordkeeping and the Authority endeavours to ensure compliance with the records keeping policy issued by the Territory Records Office.

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

STATE OF THE SERVICE REPORT

D.1 CULTURE AND BEHAVIOUR

The Authority is committed to creating a positive, supportive and fair work environment where employee differences are respected, valued and utilised to create a productive and collaborative workplace. Over a quarter of the Authority's staff are from a culturally and linguistically diverse background, almost three quarters of the Authority's staff are female and age ranges from 25 to over 55 are represented.

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

D.2 PUBLIC INTEREST DISCLOSURE

The Authority's public interest disclosure requests are overseen by the Registrar to ensure compliance of the *Public Interest Disclosure Act 2012* (the PID Act). The Registrar undertakes necessary investigations if a public interest disclosure request is received. During the reporting period, there were:

- no PID requests received or investigated;
- no PIDs were referred by other agencies; and
- no PIDs were referred to other agencies.

To comply with the PID Act, the Authority adopted the ACT Government's Public Interest Disclosure Guidelines as the Authority's PID procedures to deal with any PID matters, and the Registrar was declared as the Authority's PID officer.

D.3 WORKFORCE PROFILE

The Authority'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 the Authority and a non-voting member of the Authority'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 employers and two members representing employees. Refer to A.1 Organisational Review, page 7, for the Authority's organisation structure.

ATTRACTION AND RETENTION INCENTIVES (ARINS):

During 2019-20:

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

STAFF PROFILE

The Authority employed 17.6 Full Time Equivalent (FTE) Permanent staff as at 30 June 2020 with the staff profile as shown in the tables below:

FTE & Headcount by Gender

	Female	Male	Total
Full Time Equivalent	12.6	5	17.6
Headcount by Gender	13	5	18
% of Workforce	**72.2%**	**27.8%**	**100%**

Headcount by Classification and Gender

Classification Group	Female	Male	Total
Administrative Officers	10	3	13
Senior Officers	2	2	4
Executive Officer	1	0	1
TOTAL	**13**	**5**	**18**

Headcount by Employment Category and Gender

Employment Category	Female	Male	Total
Casual	0	0	0
Permanent Full-time	10	4	14
Permanent Part-time	1	0	1
Temporary Full-time	2	1	3
Temporary Part-time	0	0	0
TOTAL	**13**	**5**	**18**

Headcount by Age Group and Gender

Age Group	Female	Male	Total
Under 25	0	0	0
25-34	6	2	8
35-44	2	1	3
45-54	4	2	6
55 and over	1	0	1

Generation	Birth years covered	Generation	Birth years covered
Pre-Baby Boomers	Prior to 1946	Generation X	1965 to 1979 inclusive
Baby Boomers	1946 to 1964 inclusive	Generation Y	From 1980 and onwards

Headcount by Length of Service, Generation and Gender

Length of Service	Pre-Baby Boomers		Baby Boomers		Generation X		Generation Y		Total	
	F	M	F	M	F	M	F	M	F	M
0-2	0	0	1	0	2	2	2	2	5	4
2-4	0	0	0	0	0	0	0	0	0	0
4-6	0	0	0	0	0	0	1	0	1	0
6-8	0	0	0	0	1	1	2	0	3	1
8-10	0	0	0	0	1	0	0	0	1	0
10-12	0	0	0	0	2	0	0	0	2	0
12-14	0	0	0	0	0	0	0	0	0	0
14 plus	0	0	0	0	0	1	0	0	0	1

Average Length of Service by Gender

Gender	Average length of service
Female	4.9
Male	6
Total	**5.2**

Headcount by Diversity Group

	Headcount	% of Total Staff
Aboriginal and/or Torres Strait Islander	0	0.0%
Culturally & Linguistically Diverse	5	28.0%
People with a disability	0	0.0%

COMPLIANCE STATEMENT

The 2019-20 Long Service Leave Authority Annual Report must comply with the 2019 Annual Report Directions (the Directions). The Directions are found at the ACT Legislation Register: https://www.legislation.act.gov.au/ni/2019-296/

The Compliance Statement indicated the subsections, under the five parts of the Directions, which are applicable to the Long Service Leave Authority 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 2019-2020 Long Service Leave Authority Annual Report complies with all subsections of Part 1 under the Directions. In compliance with section 15 Feedback, Part 1 of the Directions, contact details for the Long Service Leave Authority are provided within the 2019-2020 Long Service Leave Authority Annual Report to provide readers with the opportunity to provide feedback.

PART 2 – DIRECTORATE AND PUBLIC SECTOR BODY ANNUAL REPORT REQUIREMENTS

The requirements within Part 2 of the Directions are mandatory for all directorates and public sector bodies and the Long Service Leave Authority complies with all subsections. The information that satisfies the requirements of Part 2 is found in the 2019-2020 Long Service Leave Annual Report as follows:

- Transmittal Certificate, see page 5.
- Organisational Overview and Performance, inclusive of all subsections, see pages 7-24.
- Financial Management Reporting, inclusive of all subsections, see pages 25-93.

PART 3 – REPORTING BY EXCEPTION

The Long Service Leave Authority has no information to report by exception under Part 3 of the Directions for the 2019-20 reporting period.

PART 4 – DIRECTORATE AND PUBLIC SECTOR BODY SPECIFIC ANNUAL REPORT REQUIREMENTS

The Long Service Leave Authority has no directorate and public sector specific reporting obligation under the Directions.

PART 5 – WHOLE OF GOVERNMENT ANNUAL REPORTING

All subsections of Part 5 of the Directions apply to the Long Service Leave Authority. 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; and
- 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

COMPLIANCE INDEX