

# ANNUAL REPORT 2024





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# CHAIR & CEO REPORT

The past financial year has been transformative for our organisation, marked by significant milestones that move us closer to our vision of being the best operator of a portable entitlement scheme. We initiated a comprehensive business transformation project, began refurbishing our Albert Street office, and embraced a new identity as **LeavePlus**, changing our name from ColINVEST.

Throughout FY2024, we have been rebuilding our business to better align with the dynamic demands of the Construction Industry. These initiatives include a thorough review and enhancement of our processes, systems, and people to significantly improve member experience and industry compliance with obligations under the **LeavePlus** Scheme. Given the scope of this business transformation, changes will be implemented over the next two years, delivering incremental value throughout for the benefit of our members and the industry.

A key milestone has been the commencement of our building refurbishment project, including the development of a new member centre. Scheduled for completion in early 2025, this project will provide a modern workplace for our staff and enhance the Fund's asset. Our new member centre, a first for **LeavePlus**, will provide a dedicated space for members to visit us, along with a new training facility.

In August 2023, we rebranded to **LeavePlus**, a name that clearly communicates our purpose and the value we provide. Since 1992, we were known as ColINVEST, but feedback showed the name did not effectively convey what we do. **LeavePlus** succinctly tells our members that we manage their long service leave, which continues to accumulate as they progress in their careers—it's the leave that moves with them. With our new brand in place, we will focus on building brand awareness throughout FY2025 and beyond.

Despite challenges in the Victorian Construction Industry—such as rising material costs, Worker shortages, and concerns around wellbeing—we have remained steadfast in supporting our Employer members. We provide education and advice to help Employers understand and comply with their obligations under the **LeavePlus** Scheme. By facilitating Long Service Leave Benefits, we ensure that Workers and Working Sub-Contractors can take necessary rest and rejuvenation, maintaining employment and engagement within the industry.

FY2024 also saw changes to our Rules to extend coverage of the **LeavePlus** Scheme to Employers who engage Workers to perform all classes of trades, plant operator and labour work associated with the electrical assembly of switchboards made for specific construction projects (offsite switchboard work), as well as Employers who engage Workers to perform all classes of trades, plant operator and labour work associated with the offsite construction, production, erection, or installation of precast concrete elements for construction projects (offsite precast concrete work). These Rule changes were approved by the Governor in Council in December 2023 and became effective on 1 July 2024. These changes ensure that Workers performing offsite switchboard work and offsite precast concrete work can also benefit from portable long service leave after 7 years of work in the Construction Industry in Victoria.

Along with Scheme expansion, we have also taken steps to strengthen our regulatory effectiveness, including through the expansion of our Field Officer team, the piloting of an in-house litigation team to support our enforcement activities, and the forging of new data sharing partnerships with other regulatory bodies such as the Victorian Building Authority (VBA). These partnerships enhance not only our own compliance capability as we identify Employers who



Jenny Acton, Chair  
Craig Bell, CEO

are not registered with, and reporting to, **LeavePlus**, but also improve our regulatory effectiveness through the reach of these co-regulatory partners. By ensuring all Employers do the right thing and contribute for their Workers' portable long service leave, we strengthen the **LeavePlus** Scheme into the future.

Turning to our results, we are pleased to report the following achievements for FY2024:

- + **Paid Long Service Leave Benefits:** \$219.7 million (up 15% from FY2023)
- + **Worker Membership:** 279,474 members (increase of 2%)
- + **Employer LSL Charges Collected:** \$271.7 million (slight decrease of 1% from FY2023)
- + **Fund Balance:** \$2.2 billion (up 8% from FY2023)
- + **Investment Return:** 7.85% (compares to 7.50% in FY2023)
- + **Accrued Funding Ratio:** 125.4% (compares to 124.6% in FY2023, reflecting our strong financial position)

The Fund remains in a robust financial position. Our investment strategy, which maintains a long-term horizon to meet our liabilities, has yielded positive results across all asset classes, with equities being the largest contributors delivering a 15.55% return for the year. The accrued funding ratio has increased, demonstrating the Fund's strength and our prudent financial management.

We wish to thank our members and industry stakeholders for their ongoing support of **LeavePlus** and the Construction Industry's portable long service leave scheme. Our heartfelt gratitude goes to our staff for their dedication and hard work, and to our Executive team for

their leadership and strategic vision. We also acknowledge the contributions of departing Directors: Di Fulton, Raoul Wainwright, Lou Malgeri, and Chris Patterson for their dedication and invaluable Service. We warmly welcome new Directors: Michelle McLean, Michael Paynter, Stephen Fodrocy, and Ivan Balta, who bring a wealth of experience to our Board.

Looking ahead to FY2025, we are committed to pursuing our ambitions with renewed vigour. With initiatives like our business transformation project, completion of our building refurbishment, and supporting our regulatory effectiveness with enhanced compliance and enforcement campaigns, we are confident of a bright and resilient future for **LeavePlus**, our members, and the Victorian Construction Industry.

Thank you for your continued support.



**Jenny Acton**  
Chair, **LeavePlus**



**Craig Bell**  
CEO, **LeavePlus**

# VISION, PURPOSE & VALUES



## Vision

To be the best operator of a portable entitlement scheme.



## Purpose

To support and protect the long-term wellbeing of construction Workers and the vitality of the Construction Industry.



## Values

### HERE FOR MEMBERS

Our Members are at the centre of everything we do.

### THRIVE TOGETHER

We collaborate to overcome challenges and celebrate our achievements.

### ANTICIPATE & CREATE

We are encouraged and supported to grow and trusted with responsibility. We respect and care for each other and value diversity.

### EMPOWER OUR PEOPLE

We are curious, seek out new ideas and find a way to make change real.

# COMPLIANCE AND ENFORCEMENT

## The LeavePlus Scheme is compulsory for Employers who engage Workers to perform Construction Work in the Construction Industry in Victoria.

Employers are required by law to register with LeavePlus, to submit quarterly Returns of their Workers' Ordinary Pay and days of Service, and to pay a Long Service Leave Charge to LeavePlus each quarter.

A failure by an Employer to pay Long Service Leave Charges to LeavePlus is a form of wage theft. These Employers also create an unfair playing field within the Construction Industry, with compliant Employers effectively subsidising those Employers who are non-compliant.

Workers also miss out, as without Service being reported to us by Employers, we may not have the information we need to pay a Long Service Leave Benefit to them.

The purpose of our Compliance and Enforcement team is to ensure that all Employers meet their obligations under the Scheme. This includes:

- Educating Employers and Workers about the LeavePlus Scheme, including through tool-box talks on construction projects and through engagement with Employer associations.
- Developing co-regulatory approaches with other Victorian agencies such as the Fair Jobs Code Unit and the Victorian Building Authority, to identify Construction Industry Employers that have not registered with LeavePlus and are not complying with their obligations under the Scheme.
- Using industry and ABR data to identify unregistered Employers and initiating the registration process with the Employer.
- Using our statutory powers to compel Employers to submit information to LeavePlus about their Workers' days and wages, so that we can credit Service to Workers and invoice Employers for their unpaid Long Service Leave Charges.
- Prosecuting Employers in the Magistrates Court if they fail to comply with the reporting obligations to LeavePlus.
- Taking civil action in court against Employers who fail to pay Long Service Leave Charges to LeavePlus.
- Undertaking missing Service investigations for Workers, where their Employers have not reported or have not fully reported Service to LeavePlus.

Some of our team's achievements in FY2024 included:

- 3,035 new Employer Registrations.
- Standardising our approach to **backdating Service** at the time of Registration, to ensure we have complete Service records for Workers in the industry.
- 4,141 **missing Service queries closed**, enabling Workers to be credited with their unreported Service in the industry.
- More than **\$79 million** collected in unpaid Long Service Leave Charges from invoices that were more than 14 days past due.
- 10,952 **section 10 notices** issued, to require Employers to comply with their reporting obligations under the Scheme.
- 68 **matters listed with the Magistrates court** for Employers who failed to comply with section 10 notices issued by LeavePlus.
- 304 **field engagements** to educate Workers, Employers and other industry stakeholders about the LeavePlus Scheme.

# LEAVEPLUS REBRAND

LeavePlus: A Strategic Rebrand Aligning Purpose with Progress

This milestone is not just about a new name or logo – it’s a testament to our collective efforts in embracing change and driving our mission forward.

In August 2023, we transitioned to the LeavePlus brand, a name that clearly reflects our mission and the value we deliver. Since 1992, we operated as CoINVEST, but feedback indicated that the name did not effectively convey our core purpose. LeavePlus succinctly communicates to our members that we manage their long Service leave, which continues to accumulate as they advance in their careers—providing the benefit of portable long service leave that follows them wherever they go.



With this rebrand, we are now focused on building brand awareness throughout FY2025 and beyond. This change was a strategic step in aligning our identity with our purpose: supporting and protecting the long-term wellbeing of construction Workers and ensuring the vitality of the Construction Industry. Over the past year, we have witnessed the tangible benefits of this renewed focus, from Service innovations to strengthened relationships with our stakeholders.

Through this journey, we have not only preserved the Trust established under the CoINVEST name but have also expanded it, positioning LeavePlus as a leader in our field. As we move toward our vision of becoming the best operator of a portable entitlement scheme, we remain committed to our core mission while continuously seeking new opportunities to innovate and grow.

# BUSINESS TRANSFORMATION

As well as updating our brand identity and renovating our office building; our commitment to being the best operator of a portable entitlement scheme also extends to transforming the way we work.

In 2024, we launched a large program of business-wide initiatives to modernise our services, technology, and ways of working to improve the way we deliver value to our members. We named this transformational program Project Elevate to emphasise our dedication to improving how we can administer the portable long service leave scheme to our members in a way that is efficient, comprehensive, and scalable.

Over the course of the transformation project, we have been consulting and collaborating with Employer and Worker members in the Construction Industry to improve the experience when interacting with us and how we deliver our services. The program is being delivered across a series of project increments, with the completion of each stage delivering incremental value to our members whilst simultaneously contributing to the completion of the overall transformation.

## Foundational Focus

The initial stages of the project took aim at foundational improvements such as policy implementation and setting up systems and technology platforms. This has laid the groundwork for future contingent stages to be mapped out and scoped for delivery using an agile framework.

## Elemental Elevation

After primary foundational improvements had been delivered, the project has now transitioned into a more targeted focus on elevating the elements that impact members early in their regulatory and administrative journey, such as registering with the Scheme, submitting returns, and payment compliance.

## Cross-Functional Collaboration

Project Elevate brings together a wide range of collaborators and skillsets into a cohesive team comprising data experts, software engineers, business analysts and experience designers to break down where the current pain points are and how we can uplift our Service delivery to members.

We're achieving our goals by simplifying the way we work and the tools we use, and we're making data-driven decisions to help us continuously improve. Project Elevate has an anticipated duration of around two years to completion, and we have already made great progress throughout FY2024. We are excited to bring our members further updates as the transformation progresses through each delivery stage.

# OUR PEOPLE



During FY2024, our People & Culture (P&C) team at LeavePlus made significant progress in recruitment, employee retention, learning and development, and diversity, equity, and inclusion (DEI) initiatives. We also embarked on important projects like implementing a new Enterprise Agreement (EA) and planning for the ELMO Human Resource Management System (HRMS). Here's an overview of our achievements and ongoing efforts to enhance our workplace.

## Recruitment and Talent Management

Our Talent Acquisition team focused on reducing the time it takes to fill open positions, achieving a noticeable decrease by the fourth quarter. We enhanced our recruitment strategies by increasing resources, promoting internal mobility, and utilising more effective headhunting methods. An updated Employee Value Proposition (EVP) was launched on LinkedIn, boosting our appeal to potential candidates.

Whilst we primarily sourced talent through direct applications, we engaged agencies and headhunting services when necessary to ensure we recruited the best talent.

Looking ahead to FY2025, we're planning to build talent pools, improve candidate care, and enhance our internal referral processes to ensure future resilience. We're proud that new hires reported a 98% satisfaction rate with our recruitment and onboarding processes, highlighting clear role descriptions and career opportunities as key attractions.

## Learning and Development

In FY2024, we prioritised mandatory compliance training and supported individual development aligned with specific role goals. We offered courses such as Power BI, emotional intelligence, and cybersecurity.

To address feedback on role expectations, our team refined learning objectives and developed training programs that align with immediate needs and our broader Project Elevate initiatives, which aim to boost internal capabilities.



## Diversity, Equity, and Inclusion (DEI)

We advanced our DEI agenda by implementing a strategic action plan focusing on data analysis, policy development, and employee engagement. Insights from surveys have driven initiatives to foster a more inclusive environment, with a significant emphasis on engaging employees from diverse backgrounds through tailored DEI activities.

## Health and Wellness

Employee wellbeing remained a top priority. Our P&C team actively managed mental health support through the Employee Assistance Program (EAP). A number of activities for staff were held during the year that further supported health and wellbeing initiatives across the business.

## Enterprise Agreement

In FY2024, we finalised negotiations for a new Enterprise Agreement (EA) that came into effect on 23 November 2023, marking an important step in aligning our workforce goals with employee expectations. The EA aims to address core aspects of employee engagement such as compensation, benefits, and work conditions, reinforcing our commitment to a supportive and fair workplace.

The negotiation process involved close collaboration with employee representatives and key stakeholders to ensure the agreement reflects the needs of our diverse workforce. By addressing key areas identified through engagement surveys and employee feedback, this EA is expected to play a pivotal role in enhancing workforce stability, job satisfaction, and overall morale. As we continue to grow, the EA will help us maintain a workplace where employees feel valued and empowered.



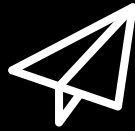
# FUND HIGHLIGHTS

FY2024



**71,982**

CALLS RECEIVED



**12,299**

EMAIL ENQUIRIES ACTIONED



**24,212**

LONG SERVICE LEAVE BENEFITS PAID



**7.72**

AVERAGE BUSINESS DAYS TO PAY BENEFITS



**3,041**

NEW EMPLOYER MEMBERS REGISTERED



**18,971**

ACTIVE EMPLOYER MEMBERS REGISTERED



**26,722**

NEW WORKER MEMBERS REGISTERED



**\$9,080**

AVERAGE LONG SERVICE LEAVE BENEFIT PAYMENT AMOUNT



**\$271.7M**

TOTAL LONG SERVICE LEAVE CHARGES COLLECTED



**\$475.30**

AVERAGE QUARTERLY LONG SERVICE LEAVE CHARGE PER WORKER



**250,429**

ACTIVE WORKER MEMBERS



**74,335**

MEMBERS ELIGIBLE TO CLAIM A LONG SERVICE LEAVE BENEFIT

\$2.2B

VALUE OF THE FUND

\$219.7M

BENEFITS PAID TO MEMBERS

7.85%

INVESTMENT RETURN TO THE FUND

FUND  
HIGHLIGHTS  
FY 2024

125.4%

FUNDING RATIO

THE FUND'S ABILITY TO PAY CURRENT  
AND PROJECTED LSL BENEFITS  
AT 30 JUNE 2024

9 years

SCHEME HAS  
BEEN FULLY FUNDED

# INVESTMENT REPORT

FY2024 was positive for global markets, despite challenges like high inflation, rising interest rates, and geopolitical conflicts. Listed equity markets posted strong gains, driven by a combination of economic resilience and volatility, shaped by both domestic and international factors. The conflicts in Israel-Palestine and Russia-Ukraine heightened geopolitical uncertainty, though their direct effect on market performance remained limited.

Globally, inflation slowed but concerns about the cost of living persisted. In Australia, the effects of rising prices were particularly felt in the cost of essential goods and services. Food prices increased by approximately 3%, healthcare costs by 6%, rents by 7%, and insurance premiums by nearly 8% in the year leading up to May 2024. Homeowners with mortgages faced additional strain due to elevated interest rates.

On a positive note, global interest rates appeared to peak, with most central banks holding cash rates steady. Some even cut rates due to subdued economic activity and

declining inflation. The Reserve Bank of Australia (RBA), however, maintained a cautious stance, citing persistent inflation concerns.

Amidst these challenging conditions, the **LeavePlus** investment portfolio delivered a 7.85% return for the financial year. This performance was driven by a risk-focused, diversified investment strategy, with investments spread across listed equities, real assets, alternatives, fixed income, and cash, aiming for balanced long-term growth. **LeavePlus** also employed downside protection measures, including alternative and defensive assets, as well as currency hedging.

Due to the positive investment return for the financial year, the Fund maintained a strong accrued funding ratio of 125.4% as at 30 June 2024. This ratio indicates the Fund's ability to meet its long service leave obligations, meaning it holds assets equal to 125.4% of the amount needed to cover all expected current and future Long Service Leave Benefits for members.

Looking ahead to the 2024-2025 financial year, both the Australian economy and global markets will navigate a complex landscape of opportunities and risks. Persistent inflationary pressures could lead to a prolonged high-interest rate environment, while ongoing geopolitical tensions remain significant threats to global stability. Additionally, the U.S. Presidential and Congressional elections in November 2024 could have a profound impact on the global political and economic environment.

In this dynamic environment, maintaining a disciplined investment approach will be crucial for achieving long-term success. **LeavePlus** remains committed to a well-diversified and actively managed portfolio, with the goal of generating sustained returns to support Long Service Leave Benefits for Workers.

## Fund Performance

INVESTMENT RETURNS	RETURN FY2024	3 YRS P.A.	5 YRS P.A.	7 YRS P.A.	10 YRS P.A.
TOTAL RETURN	7.85%	3.76%	5.61%	6.62%	7.19%
RETURN OBJECTIVE	5.88%	5.19%	5.31%	5.58%	5.93%
EXCESS RETURN	<b>1.97%</b>	<b>-1.43%</b>	<b>0.30%</b>	<b>1.04%</b>	<b>1.26%</b>

Performance is shown net of investment manager fees and taxes, but excludes costs relating to custody, asset consulting, and internal investment management. The annual return after all investment costs is disclosed below in the Investment Expense Ratio section of this report.

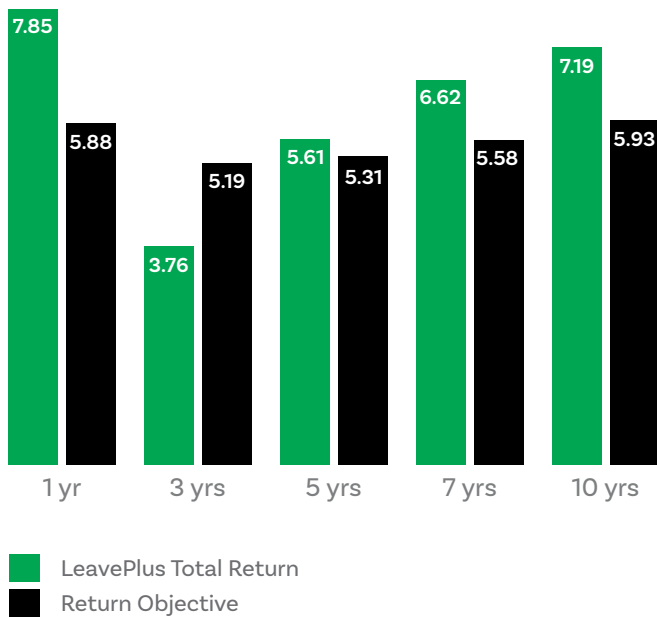
The annual investment return of the Fund for FY2024 was 7.85%, net of investment manager fees and taxes. All asset classes, apart from real assets, contributed to this strong performance. Listed equities led the way with a 15.55% return, while real assets produced a loss, mainly due to declining valuations in unlisted property. Strong market gains and positive cashflows saw the Fund grow by \$167 million to close the financial year with a value of \$2.17 billion.

While **LeavePlus** is pleased with this year's positive performance, the focus remains on long-term goals to ensure the Fund's ability to meet its obligations to members. The Fund's 10-year investment return of 7.19% per year is well above the return objective of 5.93% per year, helping to ensure strong, long-term results.

The portfolio has been carefully designed in consultation with **LeavePlus** asset consultant, with risk objectives to limit the likelihood of a negative return to no more than 5 in 20 years, and to limit the likelihood of a negative return in any year to no more than -12.5%. These objectives have been successfully met over the past two decades.

**LeavePlus** works closely with its asset consultant to position the portfolio with regular market and economic insights on strategic asset allocation and monitoring of investment fund managers.

### FUND PERFORMANCE (%)



Source: Performance returns from JP Morgan, the Fund's Master Custodian. The return objective was altered on 1 March 2023 to the Victorian Construction Wage Inflation +2%. Prior to this, the return objective was 4.9% p.a. from 1 November 2020, 5.8% p.a. from 1 July 2019, 6.25% p.a. from July 2016, 6.75% p.a. from July 2015 and 7.25% p.a. prior.

# Strategic Asset Allocation

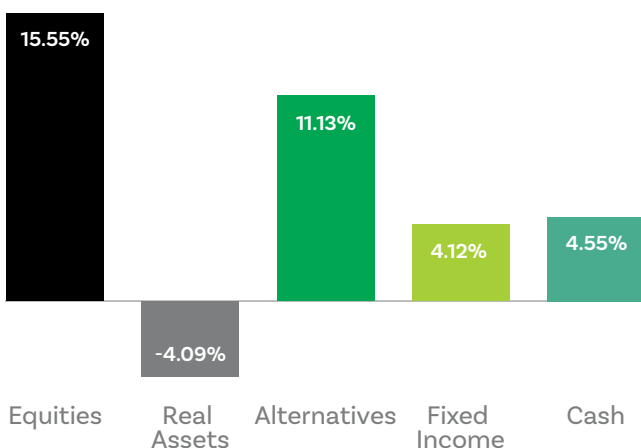
LeavePlus has defined a Strategic Asset Allocation (SAA) range that aligns with its long-term investment objective in a risk adjusted manner and maintains an SAA target, which is typically the mid-point of the SAA range. The investment portfolio is managed to attain an actual asset allocation that mirrors the SAA. A summary of the Fund's SAA and asset class performance is as follows:

ASSET ALLOCATION	ACTUAL ASSET ALLOCATION 30/06/24	FY2024 SAA RANGE		FY2024 SAA TARGET
		MIN	MAX	
<b>Growth</b>				
Equities	41%	37%	43%	40%
Real Assets	22%	22%	28%	25%
Alternatives	16%	13%	17%	15%
<b>Defensive</b>				
Fixed Income	18%	15%	21%	18%
Cash	3%	0%	4%	2%
<b>Total</b>	<b>100%</b>			<b>100%</b>

## Asset Class Performance Overview

The performance of the LeavePlus portfolio for FY2024 reflects the diverse strategies employed across different asset classes. The portfolio benefited from strong returns in equities and alternatives, while real assets experienced a second consecutive year of decline. This balanced and diversified approach is key to achieving the long-term objectives of the Fund.

### ASSET CLASS PERFORMANCE FY2024



### Performance commentary

- Equities:** Both domestic and international equities were the largest contributors to overall performance, driving almost 80% of the total fund return for the financial year. The net return on equities was 15.55% after accounting for investment manager fees and taxes. International equities led the way, returning 16.70%, while domestic equities returned 12.65%.
- Real Assets:** Real assets were the lowest performing asset class for the second consecutive financial year, and the only asset class to post a negative return during this financial year, detracting 4.09% from the total fund return. This decline was solely driven by losses in unlisted property, which experienced significant devaluations due to softer valuation metrics. Despite this, listed property, and both listed and unlisted infrastructure, generated positive investment returns, which helped soften the impact of the losses.
- Alternatives:** Alternatives delivered a strong return of 11.13% over the financial year, playing a critical role in enhancing diversification and delivering growth-like performance amidst market volatility. Credit strategies outperformed with an 11.88% return, while multi-asset strategies following closely with 9.75%.
- Fixed Income:** Fixed Income produced a positive result of 4.12% for the financial year, driven predominantly by favourable security selection in treasuries and investment grade bonds.
- Cash:** The Australian cash rate, set by the Reserve Bank of Australia (RBA), rose to 4.35% in November 2023, where it remained throughout the financial year. Our cash returned 4.55% during this time.

## Investment Expense Ratio

An Investment Expense Ratio (IER) reflects the total cost of managing the Fund's investments and includes investment manager fees, custodian and asset consultant fees, time spent managing the Fund's investments by management, the Investment Committee and the Board, and an allocation of overheads. The IER is calculated by dividing these total expenses by the average value of the investment portfolio across the year.

The IER for financial year 2024 was 0.61% (2023: 0.60%). The annual investment performance has been quoted as net of investment manager fees and taxes at 7.85% (refer above). This annual return performance reduces to 7.74% after all investment expenses and taxes.

## Investment Governance

**LeavePlus** is responsible for the stewardship of the Fund's assets on behalf of its members. In this role as Trustee of the Fund, **LeavePlus** must act in the best interests of current and future Beneficiaries of the Fund, and prudently invest and manage the assets, while retaining a liability-aware approach to liquidity and volatility risk. Liabilities include member Long Service Leave Benefits for Workers and operational expenses. Consistent with **LeavePlus'** core beliefs, investment decisions are guided by a comprehensive Investment Governance Framework that outlines the Board's approach to decision-making, accountability, and oversight.

The governance structure places ultimate decision-making authority with the Board, while the Investment Committee is responsible for overseeing the investment governance process.

An independent asset consultant provides advice and monitoring to support investment activities. **LeavePlus** also engages external investment managers to execute investment decisions aimed at achieving the Fund's investment objectives. Internally, **LeavePlus** manages direct property investments (with the aid of a property manager) and cash holdings.

Investment governance includes the rules and principles that guide **LeavePlus'** investment processes, ensuring decisions are responsible, transparent, aligned with the Fund's objectives and in the best interests of its members.

The investment process is designed to achieve optimal results, manage risks, and fulfill responsibilities. The key components of the investment process within the governance framework include:



# INVESTMENT REPORT CONT.

## 1 Investment Purpose and Beliefs

The investment purpose and core beliefs form the foundation of the governance framework, serving as guiding principles for all investment decisions.

## 2 Investment Strategy

The investment strategy outlines the investment objectives, risk tolerance, investment horizon, liquidity requirements, and performance expectations. It also determines the long-term allocation of capital across various asset classes. The Board is responsible for approving investment strategy.

## 3 Portfolio Construction

Portfolio construction involves detailed strategic asset allocation and integrated risk management. Risk management entails setting risk limits, using risk assessment metrics, and establishing protocols for escalation when risks exceed predefined thresholds, ensuring that all exposures are thoroughly assessed and managed.

## 4 Implementation

Portfolio implementation focuses on selecting investment managers to execute the strategy. LeavePlus follows a rigorous due diligence process, including qualitative and quantitative assessments of each manager's capabilities, performance, and alignment with investment objectives.

## 5 Monitoring

Monitoring involves continuous assessment of investment performance relative to benchmarks and objectives. This structured process ensures accountability and transparency through performance reviews and reporting. The Investment Committee and Board regularly review these reports to identify potential issues or adjustments needed in the portfolio's construction, implementation, or strategy. Compliance monitoring ensures adherence to relevant laws, regulations, investment guidelines, and LeavePlus' beliefs.

The governance framework, along with the investment process, is regularly reviewed and updated to adapt to changing circumstances. It evolves to incorporate best practice, advancements and insights gained from past experiences.



# FUND MANAGERS

## Equities

- Wellington Asset Management LLP
- Veritas Asset Management LLP
- American Century Investments
- Polaris Capital Management LLC
- Northcape Capital
- Hyperion Asset Management
- Merlon Capital Partners

## Real Assets

- Morgan Stanley Investment Management (NHGIF I)
- Morgan Stanley Investment Management (NHGIF II)
- Ancala Partners LLP
- Maple Brown Abbott
- Internally Managed Direct Property – 478 Albert St, East Melbourne
- Mirvac Funds Management Australia Limited
- Barwon Investment Partners
- Europa Capital
- Resolution Capital Ltd
- Palisade Impact Pty Ltd
- Palisade Investment Partners Limited

## Alternative

- Fulcrum Asset Management LLP
- Oakhill Advisors
- Towers Watson Investment Management

## Currency Overlay

- Tactical Global Management

## Fixed Income

- Macquarie Investment Management Global Ltd

## Cash

- Internally Managed Cash held with Westpac and AMP



# BOARD OF DIRECTORS

as at 30 June 2024



## Jennifer Acton

### INDEPENDENT DIRECTOR AND CHAIR

**Chair of Remuneration, People & Culture Committee, Chair of Business Transformation Committee | Member of Investment Committee and Audit, Risk & Compliance Committee**

Jennifer Acton was appointed as a Director and Chair of the Board of Directors on the 1st of October 2021.

Jennifer has relevant expertise in sound governance, remuneration, corporate culture, and ethical and evidence-based decision-making from her experience in finance, logistics, ports, transport, water and education industries.

She holds Bachelor and Masters degrees in Economics, as well as Law, and was awarded the Supreme Court Prize in Law. Jennifer is also a Barrister and Solicitor of the Supreme Court of Victoria and has been accredited as a mediator under the Australian National Mediator Standards.



## David St. John

### INDEPENDENT DIRECTOR

**Chair of Investment Committee | Member of Audit, Risk & Compliance Committee, Remuneration, People & Culture Committee and Business Transformation Committee**

David St. John was appointed as a Director from the 1st of October 2019. David has an extensive background in investment management as a practitioner and as a consultant at William M. Mercer where he was a World Wide Partner, and he was Chief Investment Officer at UniSuper for eight years from 2001 to 2009.

David holds a Bachelor of Agricultural Science (BAgrSc), a Master of Business Administration (MBA), and a Graduate Diploma in Applied Finance and Investment. He is a Senior Fellow of the Financial Services Institute of Australasia (SF Fin) and a Fellow of the Australian Institute of Company Directors (FAICD).



## Michelle McLean

### INDEPENDENT DIRECTOR

**Chair of the Audit, Risk & Compliance Committee | Member of Investment Committee and Remuneration, People & Culture Committee**

Michelle is currently the Deputy Chair of the Country Fire Authority (CFA) and is a Board member of Frontier FSI, Equestrian Australia and East Gippsland Water, and a member of the Royal Melbourne Agricultural Society and the Risk Management Institute.

Previously, Michelle was the Chief Commissioner of the Victorian Building Authority and was Managing Partner and CEO of the law firm Cornwall Stodart (now Cornwalls). She has also been President of the Australian Legal Practice Management Association (where she is a life member), an Advisory Board member of the Melbourne University Business School, an Executive Council member of the Victorian Chamber of Commerce and Industry, and a Board member of the Mercy Health Foundation, the Overnewton Anglican Community College and Acom International.



## Robert Graauwmans

REPRESENTATIVE OF BUILDING  
TRADES WORKERS

Member of Audit, Risk & Compliance  
Committee

Robert Graauwmans was appointed as a Director on the Board on the 1st of July 2017. Robert was a full time official of the CFMEU since 2006. He was responsible for the Western Districts of Victoria for six years, and then moved to Melbourne to represent Mobile Crane Hire and the Inner Eastern Suburbs. Robert was the President of the CFMEU in Victoria.



## Paddy McCrudden

REPRESENTATIVE OF BUILDING  
TRADES WORKERS

Member of Investment Committee

Paddy McCrudden was appointed as a Director of the Board on the 22nd of November 2012. Paddy was employed by CBUS from 2005 to 2010. He re-joined the Plumbing Trades Employees Union in 2010 and currently holds the positions of Assistant Secretary and Federal President. He is also a Director of the Plumbing Industry Climate Action Centre, the Plumbing Joint Training Fund, the Plumbing Advisory Council and the Indigenous Plumbing and Sanitation Foundation. Paddy has been reappointed for another 4 year term to the LeavePlus Board.



## Chris Patterson

REPRESENTATIVE OF ELECTRICAL  
TRADES WORKERS

Member of Business Transformation  
Committee

Chris Patterson was appointed as a Director on the Board on 1st July 2023. He has been an electrician working in the contracting industry with over 20 years' experience. Working on a broad range of projects including warehouses, factories, domestic housing and high-rise apartments, shopping centres, industrial maintenance, installation and repairs, automatic logic, PLC's, lighting controls and the list goes on. There is not much else Chris has not been involved within the electrical sphere. Representing electrical Workers for over 10 years, Chris currently works for ETU Victoria where he leads the contracting industry covering over 10,000 members state-wide.

# BOARD OF DIRECTORS

as at 30 June 2024



## Stephen Fodrocy

**(TERM COMMENCED MAY 2024)  
REPRESENTATIVE OF METAL TRADES  
WORKERS**

Stephen's appointment commenced on 20 May 2024. Stephen has been an industrial officer of the AMWU since 2022, with experience representing metal workers and their interests in negotiations and before the Fair Work Commission and Federal Circuit Court of Australia. He was previously a lawyer in the public service.

As a voluntary Board member of the Moonee Valley Legal Service, he provides legal advice to the Board, as well as ensuring good governance, risk management and strategic direction. He also provides free legal assistance to clients of the Service in this spare time.

Stephen is admitted to practise as a lawyer in the Supreme Court of Victoria, and holds a current practising certificate. He has been awarded a Bachelor of Arts (University of Melbourne), Graduate Diploma of Legal Practice (ANU), and Juris Doctor (University of Melbourne).



## Grant Donald

**REPRESENTATIVE OF BUILDING  
TRADES EMPLOYERS**

**Member of the Remuneration, People & Culture Committee**

Grant Donald was appointed as a Director on the Board on 1 July 2017 after being an alternate Director since May 2016. Grant is a Director of a long-term family run commercial plumbing business in Ballarat. Grant is on the National Council the Major Contractors Division and is an Executive Board Member & the Hon Treasurer of the Master Plumbers and Mechanical Services Association of Australia. Grant is also a member of the Australian Institute of Company Directors. Grant is also a Justice of the Peace.



## Michael Purnell

**REPRESENTATIVE OF ELECTRICAL  
TRADES EMPLOYERS**

**Member of Audit, Risk & Compliance Committee and Business Transformation Committee**

Michael Purnell joined the Board on 16th of March 2016. Michael has a long history of Company Director, General Management and Management Consulting roles with high profile organisations including 21 years in the construction industry. He has served on the National & Victorian Councils of the National Electrical Contractors Association (NECA) as well as the NECA Industry Advisory Committee. He is currently also a Director of Protect and NECA Education & Careers. He is a Certified Practising Accountant (CPA), a member of the Australian Institute of Company Directors and Australian Society of Accountants. Michael is a member of the Audit, Risk & Compliance Committee.



## David Newnham

**REPRESENTATIVE OF BUILDING TRADES EMPLOYERS**

**Member of the Investment Committee**

David Newnham was appointed to the Board on the 1st of July 2011 after being an alternate Director since March 2011. David has 40 years of experience in the construction industry after graduating as a civil engineer. He has been State Building Manager for AV Jennings. After a management buyout of Stonehaven Homes in 1997, he became Managing Director retiring in 2016. He remains a Director of the company. David has been a Director and President of the Master Builders Association of Victoria and was a member of the Building Practitioners Board from 1998 to 2006. He has also served as a Director of Incolink, the construction industry severance fund. David is a member of the Investment Committee. David has also served as an expert witness for registration appeals at the Victorian Building Authority and mentor for the Victorian Small Business Mentoring Service. David has been reappointed for another 4 year term to the LeavePlus Board.



## Michael Paynter

**REPRESENTATIVE OF METAL TRADES EMPLOYERS**

**Member of the Audit, Risk & Compliance Committee**

Michael Paynter was appointed as a Director on the Board on 1st July 2023. He holds both a Bachelor of Laws, Bachelor of Economics and a Post Graduate Diploma in Industrial Relations from Monash University. Michael has over 40 years of Industrial Relations experiences representing business and government on major projects in Victoria including the Regional Rail Link, Melbourne Airport, the Australian Grand Prix and the Suburban Rail Loop. Michael is also on the Incolink No 2 Fund Board for South Australia and NSW and holds a principal consultant position with Peregrine Industrial, an Industrial and Workplace Relations consultancy firm providing strategic advice to government departments and other major organisations.

# EXECUTIVE TEAM PROFILES



## Craig Bell

### CHIEF EXECUTIVE OFFICER (CEO)

Craig has over 30 years in finance related roles, across a variety of industries including investment banking, state government, and member-based organisations. He is also the Chair of the Victorian Pride Centre.

Before joining LeavePlus in September 2021, Craig was the CEO at Foresters Financial, one of Australia's largest member-owned friendly societies that offers a range of investment and insurance products. Prior to this, Craig was the CFO for the Victorian Chamber of Commerce and Industry.

Craig is passionate about creating member-centric organisations. He is a Fellow of CPA Australia, a Graduate of the Australian Institute of Company Directors, and holds a Bachelor of Commerce degree.



## Lewis Tassone

### CHIEF FINANCIAL AND INVESTMENT OFFICER (CFIO)

Lewis is an experienced finance professional who brings more than two decades of expertise in the financial services sector to his role as Chief Financial and Investment Officer at LeavePlus.

Prior to joining LeavePlus in September 2023, Lewis was the Group Executive responsible for Finance, Technology and Investment Operations at Hostplus. Prior to this, Lewis held senior finance positions at Victorian Managed Insurance Authority (VMIA), NAB/MLC, Mercer and KPMG.

Lewis is a Chartered Accountant, holding a Bachelor of Business (Accounting), a Diploma of Management, and a Diploma in Organisational Leadership. He is committed to driving improved outcomes for members and enhancing financial and operational excellence across LeavePlus.



## Catryn Tuckwell

### CHIEF LEGAL AND COMPLIANCE OFFICER

Catryn joined LeavePlus in May 2022 and leads the Legal and Compliance department. This includes the legal, risk and governance functions for LeavePlus, as well as our front-line compliance, enforcement, and regulatory engagement functions.

Catryn has an extensive background as a commercial lawyer and company secretary and has previously held General Counsel roles at Arts Centre Melbourne, Scope, and Asahi brands. She enjoys combining her legal skills with strategy development and people leadership to deliver positive change across LeavePlus.

As well as her undergraduate degrees in Law and Biochemistry, Catryn holds a Masters in Intellectual Property Law and a Diploma in Financial Markets. She is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.



## David Lang

### GENERAL MANAGER, TECHNOLOGY AND INNOVATION

David joined LeavePlus in February 2022 and has over 10 years of experience in IT senior roles across automotive, manufacturing, engineering, and motorsport industries, as well as not for profit, membership, and charity organisations.

He has an extensive background of leading teams, digital transformation, ERP implementation, cloud platform, security, and application implementation.

With previous senior IT roles at Movember and the Victorian Chamber of Commerce and Industry, David is a hands on IT manager with experience in implementing effective solutions across the whole of ITC infrastructure and business applications.



## Carly Hendon

### GENERAL MANAGER, PEOPLE AND CULTURE

Carly joined LeavePlus in June 2022 and has a robust background in senior people and culture roles, most recently at Honan Insurance, Winc, and BP among others.

With over 15 years of experience in solutions-focused human resources projects, Carly is passionate about driving strategic and operational results in performance, engagement and change across all areas of LeavePlus.





# FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

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## Independent Auditor's Report to the Members of Construction Industry Long Service Leave Fund

### Opinion

We have audited the financial report of Construction Industry Long Service Leave Fund (the Fund), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information and the Trustee's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Trust Deed.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Fund 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) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information other than the financial report and auditor's report thereon

The directors of the Trustee are responsible for the other information. The other information is the Trustee's report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors of the Trustee for the financial report

The directors of the Trustee are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

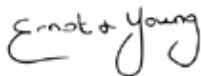
### **Auditor's responsibilities for the audit of the financial report**

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

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

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

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



Ernst & Young



Hayley Watson  
Partner  
Melbourne  
16 October 2024

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation

# Certification of Financial Statements

## Declaration by Trustee

The Directors of CoINVEST Limited (the Company), Trustee of the Construction Industry Long Service Leave Fund (the Fund), declare that the accompanying statement of comprehensive income, statement of financial position, statement of changes in net assets and statement of cash flows and associated notes:

- 1 present fairly the Fund's financial position as at 30 June 2024 and of its performance for the year ended on that date;
- 2 comply with Australian Accounting Standards and other mandatory professional reporting requirements, as required by the Trust Deed; and
- 3 the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

It is their opinion that at the date of this statement there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Trustee.

For and on behalf of CoINVEST Limited.



**Jenny Acton**

Director



**Michelle McLean**

Director

East Melbourne, Victoria

16 October 2024





## Trustee Report

The Trustee has pleasure in submitting the financial statements of the Construction Industry Long Service Leave Fund (the Fund) for the year ended 30 June 2024 and report as follows:

### Structure

The Fund was established in Australia under a Trust deed executed by CoINVEST Limited as Trustee on 1 April 1997. The registered office and principal place of business is Level 6, 478 Albert Street, East Melbourne, Victoria 3002, Australia.

### Principal Activities

The Construction Industry Long Service Leave Fund is committed to providing Long Service Leave Benefits to eligible Workers in the Victorian Construction Industry. The Fund operates by collecting Charges from Employers, set at 2.7% (2023: 2.7%) of their Workers' Ordinary Pay, which are used to fund these long service leave entitlements.

To subsidise the cost of these Benefits, the Fund engages in a comprehensive investment program. This program allocates resources across various asset classes, as selected in accordance with the Trustee's investment policy, ensuring that the Fund can sustainably meet its obligations to Beneficiaries.

The Fund did not employ any staff during the reporting period, with its operations being managed through CoINVEST Limited.

### Directors

The following persons held office at CoINVEST Limited during the reporting period or since the end of the reporting period and up to the date of this report.

## INDEPENDENT

- Jenny Acton (Chair)
- David St. John
- Michelle McLean<sup>1</sup>
- Di Fulton<sup>2</sup>

## WORKER ELECTED

- Robert Graauwmans
- Paddy McCrudden
- Stephen Fodrocy<sup>3</sup>
- Chris Patterson<sup>4</sup>
- Raoul Wainwright<sup>5</sup>
- Luciano Malgeri<sup>6</sup>
- Ivan Balta<sup>7</sup>

## EMPLOYER ELECTED

- Grant Donald
- David Newham
- Michael Purnell
- Michael Paynter<sup>8</sup>

<sup>1</sup> Michelle McLean was appointed as a Director on 1 October 2023.

<sup>2</sup> Di Fulton's term finished on 30 September 2023.

<sup>3</sup> Stephen Fodrocy was appointed as a Director on 20 May 2024.

<sup>4</sup> Chris Patterson resigned as a Director on 26 July 2024.

<sup>5</sup> Raoul Wainwright resigned as a Director on 9 February 2024.

<sup>6</sup> Luciano Malgeri was appointed as a Director on 26 February 2024 and resigned as a Director on 6 May 2024.

<sup>7</sup> Ivan Balta was appointed as a Director on 26 September 2024.<sup>8</sup> Michael Paynter was appointed as a Director on 1 July 2023.

<sup>8</sup> Michael Paynter was appointed as a Director on 1 July 2023.

## Results

The operations of the Fund for the year ended 30 June 2024 resulted in a net surplus of \$118.0 million (2023: net surplus \$104.6 million).

As of the balance date, the Fund's total net assets exceeded its liabilities by \$439.3 million (2023: \$395.7 million), indicating that the net assets more than adequately cover both accrued and vested liabilities.

## Distributions – Benefit Payments

Distributions for the year ended 30 June 2024 to eligible Workers with a long service leave entitlement and to Working Sub-Contractors in accordance with the Trust Deed and Rules of the Fund were \$219.7 million (2023: \$191.4 million) and \$10.1 million (2023: \$4.8 million) respectively.

## Likely Developments and Expected Results

Except for the matters outlined in note 22 regarding events subsequent to balance date, there were no likely developments or expected results of operations that were not finalised as at 30 June 2024 and the date of this report.

## Rounding and Comparatives

The Fund is of a kind referred to in ASIC Class Order 2017/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

## Environmental Regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth State or Territory law.

## Insurance of Trustee Directors

The Company paid a premium of \$389,980 in May 2024 in respect of Directors and officers liability insurance contracts covering 18 months to November 2025. The contracts do not specify premiums in respect of individual Directors and officers.

## Auditor Independence

The auditor has issued an auditor's independence declaration that is attached in the financial report of the Trustee, CoINVEST Limited.

This report has been made in accordance with a resolution of the Directors of the Trustee, CoINVEST Limited.



**Jenny Acton**  
Director



**Michelle McLean**  
Director

East Melbourne, Victoria  
16 October 2024

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	NOTE	FY2024 \$'000	FY2023 \$'000
<b>REVENUE</b>			
Investment revenue	4	52,865	55,713
Net changes in investments measured at fair value	5	96,930	89,672
Net foreign exchange gain/(loss)		10,225	(4,972)
Other revenue		431	355
<b>Total revenue</b>		<b>160,451</b>	<b>140,768</b>
<b>OPERATING EXPENSES</b>			
Investment expenses	6	5,581	4,971
Related party Trustee management fee	19(f)	33,890	26,058
Administration expenses		405	374
Provision for doubtful debts	8(a)	2,571	4,759
<b>Total operating expenses</b>		<b>42,447</b>	<b>36,162</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>118,004</b>	104,606

This statement of comprehensive income should be read in conjunction with the Notes to and forming part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2024

	NOTE	FY2024 \$'000	FY2023 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	7	96,183	98,672
Receivables	8	71,221	72,132
Financial assets at fair value through profit and loss	11(a)	2,024,835	1,861,640
Derivative financial assets	11(a)	4,151	952
Investment property	12	26,500	32,300
Property and equipment	13	2,800	856
<b>Total Assets</b>		<b>2,225,690</b>	<b>2,066,552</b>
<b>LIABILITIES</b>			
Payables	14	5,819	6,429
Derivative financial liabilities	11(b)	957	8,336
Accrued Long Service Leave Benefits liability	9	1,730,774	1,607,309
Working Sub-Contractors' accounts	10	48,855	48,750
<b>Total Liabilities</b>		<b>1,786,405</b>	<b>1,670,824</b>
<b>Excess of Assets over Liabilities</b>		<b>439,285</b>	<b>395,728</b>

This statement of financial position should be read in conjunction with Notes to and forming part of the financial statements.

## STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2024

	NOTE	FY2024 \$'000	FY2023 \$'000
<b>Excess of assets over liabilities at beginning of reporting period</b>		<b>395,728</b>	370,789
Net surplus/(deficit)		<b>118,004</b>	104,606
Net change in member Benefit liabilities	9	<b>(71,427)</b>	(74,658)
Interest credited to Working Sub-Contractors	10	<b>(3,020)</b>	(5,009)
<b>Excess of assets over liabilities at end of reporting period</b>		<b>439,285</b>	<b>395,728</b>

This statement of changes in net assets should be read in conjunction with Notes to and forming part of the financial statements.

# STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	NOTE	FY2024 \$'000	FY2023 \$'000
<b>Cash flows from operating activities</b>			
Payments to suppliers		(34,114)	(24,855)
<b>Net cash flows from operating activities</b>	15	<b>(34,114)</b>	<b>(24,855)</b>
<b>Cash flows from financing activities</b>			
Receipts from Long Service Leave Charges		270,088	246,787
Payments for Long Service Leave Benefits		(222,626)	(193,542)
<b>Net cash flows from financing activities</b>		<b>47,462</b>	<b>53,245</b>
<b>Cash flows from investing activities</b>			
Interest received		13,456	12,647
Net rental income received		1,496	2,646
Other realised investment income		37,913	40,420
Investment expenses paid		(5,581)	(4,971)
Purchase of investments at fair value through profit or loss		(81,191)	(310,316)
Proceeds from disposal of investments at fair value through profit or loss		20,882	235,862
Additions to investment property		(510)	(77)
Net purchases of property and equipment		(2,302)	(356)
<b>Net cash flows (used in)/from investing activities</b>		<b>(15,837)</b>	<b>(24,145)</b>
Net (decrease)/increase in cash and cash equivalents		(2,489)	4,245
Cash and cash equivalents at beginning of period		98,672	94,427
<b>Cash and cash equivalents at 30 June</b>	7	<b>96,183</b>	<b>98,672</b>

This statement of cash flows should be read in conjunction with the Notes to and forming part of the financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

## 1. Corporate Information

Construction Industry Long Service Leave Fund (the Fund) was established under a Trust deed executed by CoINVEST Limited (the Trustee) as Trustee on 1 April 1997 and is domiciled in Australia. The Fund was created by an Act of the Victorian Parliament, The Construction Industry Long Service Leave Act 1997 (the Act), to provide long service leave entitlements to Workers in the Victorian Construction Industry based on Service to the industry rather than Service to a single Employer.

## 2. Material accounting policy information

### (a) Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of Australian Accounting Standards, as required by the Trust Deed. The financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit and loss, derivative financial assets and the investment property, which have been measured at fair value.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in a decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months except for investments in financial assets, the investment property, property and equipment, accrued Long Service Leave Benefits liability, and Working Sub-Contractor accounts liability. The timing of amounts expected to be recovered or settled for the excepted items cannot be reliably determined.

The financial statements are for the financial year from 1 July 2023 to 30 June 2024 (the financial year).

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000's) unless otherwise stated.

The financial report of the Fund for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors of the Trustee on 16 October 2024.

### (b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### (c) New accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below, except for those standards which, in the opinion of the Trustee, will clearly not impact the Fund. The Fund intends to adopt these standards, if applicable, when they become effective.

#### • AASB 18 Presentation and Disclosure in Financial Statements

In June 2024, the AASB issued AASB 18 Presentation and Disclosure in Financial Statements to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the income statement. AASB 18 will replace AASB 101 Presentation of Financial Statements.

The key presentation and disclosure requirements established under AASB 18 include the presentation of newly defined subtotals in the income statement and enhanced requirements for aggregating information. AASB 18 applies to public sector entities for the annual reporting periods beginning on or after 1 January 2027.

The Fund is yet to fully assess the disclosure impacts of applying AASB 18 however expects this will not materially affect the Fund's financial statements.

### (d) Significant accounting judgements, assessments and assumptions

The Fund makes estimates, judgements and assumptions that affect the reported amounts of assets and liabilities. These estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In applying the Fund's accounting policies, the key estimates, judgements and assumptions which have the most significant effect on the amounts recognised in the financial statement at reporting date are described below:

#### (i) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters

available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

### **(ii) Revaluation of investment property**

The Fund holds one investment property, being an office building at 478 Albert Street, East Melbourne, Victoria, Australia. The Fund engaged an independent valuation specialist, Savills Valuation Pty Ltd, to assess the fair value of the building as at 30 June 2024. The valuation was informed by valuation techniques, including discounted cash flows and market capitalisation rate and validated by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The fair value of the investment property is most sensitive to the valuation assumptions used by the property valuer, which are outlined in Note 12, investment property.

### **(iii) Fair value of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using the most appropriate valuation technique, which can include discounted cash flows. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair value. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Management has assessed that the carrying amounts of cash and cash equivalents, receivables, and payables approximate fair value due to the short-term nature of these instruments.

### **(iv) Accrued Long Service Leave Benefits liability**

On an annual basis, the Fund's actuary determines the liability for accrued Long Service Leave Benefits by calculating the present value of all expected future cash outflows that arise from the Service of eligible Workers up to the reporting date. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of a discount rate, future salary increases, mortality rates and future Long Service Leave Charges increases. Due to the complexity of the valuation and its long-term nature, the liability is highly sensitive to changes

in these assumptions. The assumptions used in arriving at that valuation are set out in Note 3.

### **(e) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position and statement of cash flows includes cash at bank and short-term deposits with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(f) Investment property**

The Fund holds one investment property, which was measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment property has been stated at fair value, as determined by an annual independent valuation, which reflects market conditions at the statement of financial position date. Gains or losses arising from changes in the fair value of the investment property are recognised in the statement of comprehensive income in the year in which they arise.

The investment property will be derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property will be recognised in the statement of comprehensive income in the year of retirement or disposal.

### **(g) Financial instruments**

#### **(i) Classification**

The Fund classifies its financial assets and liabilities at fair value through profit or loss. Where financial assets or financial liabilities are expected to be realised in less than 12 months and are subject to insignificant risk of changes in value, the carrying amount is expected to approximate fair value. The Fund's financial instruments comprise of the financial assets at fair value through profit and loss, derivative financial assets and liabilities, cash and cash equivalents, receivables and payables.

#### **(ii) Recognition and derecognition**

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

### (iii) Measurement

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs are expensed in the statement of comprehensive income.

Subsequent to initial recognition, gains and losses arising from changes in fair value are presented in the statement of comprehensive income in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are traded in an inactive or unquoted market are determined by either:

- the redemption value, as reported by the external investment manager; or
- by using valuation techniques conducted by a professional valuer that is external to the Trustee.

For further details on how the fair values of financial instruments are determined please see Note 11 of the financial statements.

### (iv) Impairment of financial assets and provision for doubtful debts

At each reporting date, the Fund assesses the recoverability of its financial assets measured at amortised cost, which primarily include Long Service Leave Charges receivable (see Note 8). Since these financial assets are expected to be settled within 90 days, the loss allowance is typically determined based on the expected credit losses over this short-term period.

Indicators that a loss allowance may be required, and that an asset is credit impaired, include significant financial difficulties of the counterparty, the likelihood of the counterparty entering bankruptcy or financial reorganisation, and/or a history of payment defaults. If the credit risk of a receivable increases significantly, the Fund will recognise the corresponding impairment loss as a doubtful debt provision, with an equivalent expense recognised in the statement of comprehensive income.

### (v) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amounts are reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There are no offsetting financial assets or liabilities reported in the statement of financial position at the reporting date.

### (h) Property and equipment

Property and equipment is recognised at historical cost less accumulated depreciation or accumulated impairment losses. Depreciation or amortisation is calculated using the straight-line method over the estimated useful life of the asset as follows:

Fixtures and fittings	5 to 10 years
Furniture and equipment	5 to 20 years
Vehicles	5 years
Computer hardware and software	4 years

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals (determined by comparing proceeds with carrying amount) are included in the statement of comprehensive income in the year the asset is disposed.

### (i) Accrued Long Service Leave Benefits liability

Liability for accrued Long Service Leave Benefits is determined as the present value of all expected future cash outflows that arise from the Service of eligible Workers up to the reporting date. This calculation involves making various assumptions that may differ from actual developments in the future. The assumptions used in arriving at that valuation are set out in Note 3.

### **(j) Working Sub-Contractors' accounts**

The liability represents an accumulation of Long Service Leave Charges paid by eligible Working Sub-Contractors together with interest accrued at rates determined by the Trustee from time to time, in accordance with the rules of the Fund, less refunds paid at the Working Sub-Contractors' request.

### **(k) Payables**

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year which are unpaid. Payables are anticipated to be settled within 12 months after the reporting period and include amounts owed to the Trustee, CoINVEST Limited, a related party.

### **(l) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Fund assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Fund has concluded that it is acting as a principal in all its revenue arrangements. The specific criteria described below must also be met before revenue is recognised:

- 1** Investment income is accounted for on an accrual basis once the Fund has control of the right to receive the investment income. Dividend/distribution income is recognised as income on an entitlement basis.
- 2** For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.
- 3** Rental income arising from operating leases on the investment property is recognised as revenue in the period in which it is earned. Initial direct costs incurred in negotiating an operating lease are expensed in the period in which it is incurred.

### **(m) Related party management fee expense**

Related party management fee expense is recognised to the extent that it is probable that the economic benefits will flow out of the Fund to the Trustee, and the expense can be reliably measured. The expense is purely the reimbursement of costs incurred by the Trustee in accordance with the rules of the Fund (see Note 19).

### **(n) Taxes**

#### **(i) Income Tax**

The Fund is exempt from Income Tax pursuant to item 5.2 in section 50-25 of the *Income Tax Assessment Act 1997*.

#### **(ii) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

#### **(o) Foreign currency translation**

The Fund financial statements are presented in Australian dollars. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income.

### 3. Funding arrangements

The valuation of vested and accrued Long Service Leave Benefits liabilities is undertaken by the Fund's appointed actuary on an annual basis. The valuation is calculated as the present value of all expected future cash outflows that arise from the Service of eligible Workers up to the reporting date.

The vested Long Service Leave Benefits liability (Vested Benefits) is the value attributed to Workers who have satisfied the Service qualification of the Fund, currently 7 years, and have an actual entitlement to long service leave. The accrued Long Service Leave Benefits liability (Accrued Liabilities) is the Vested Benefits liability plus an actuarially calculated value for those Workers currently employed in the industry that may achieve 7 years' Service in the future and consequently will have an actual entitlement to long service leave. The actuary has assessed the Vested Benefits and Accrued Liabilities of the Fund at the reporting date as:

	FY2024 \$'000	FY2023 \$'000
Vested Benefits	1,528,986	1,448,208
Accrued Liabilities	1,730,774	1,607,309

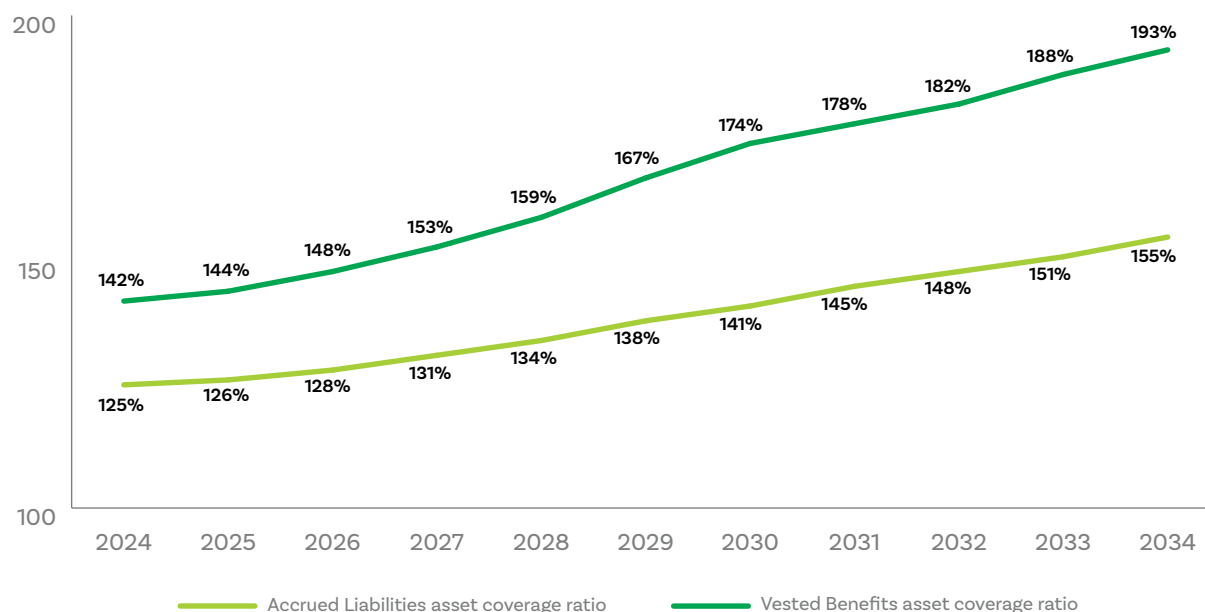
The actuary has determined the Fund is currently in a sound financial position as assets are more than sufficient to cover both the Vested Benefits and Accrued Liabilities. At 30 June 2024, the Fund's total assets exceeded Accrued Liabilities by \$439.3 million (2023: \$395.7 million). Furthermore, the Vested Benefits asset coverage ratio was 141.9% (2023: 138.3%) and the Accrued Liabilities asset coverage ratio was 125.4% (2023: 124.6%).

The actuarial valuation involves making various assumptions that may differ from actual developments in the future. Due to the complexity of the valuation and its long-term nature, the liability is highly sensitive to changes in these assumptions. The key assumptions used by the actuary in performing the valuation include:

	FY2024	FY2023
Discount rate	5.9%	5.5%
Salary inflation	3.9%	3.5%
Percentage of leave taken	12.0%	12.0%

The actuary has projected the Accrued Liabilities asset coverage ratio and the Vested Benefit asset coverage ratio assuming the Employers continue to pay Long Service Leave Charges at the rate of 2.7%. Based on this projection, the funding ratio is expected to increase over the next 10 years to 155%, a level which is well in excess of the Trustee's target of 120%.

## FUNDING PROJECTIONS



## Sensitivity analysis

The two assumptions that have the largest impact on the actuary's valuation is the discount rate and salary inflation, with the gap between the two likely to result in material changes to the valuation. As at the reporting date, the gap between the discount rate and salary inflation assumptions was 2%. The table below (source: Mercer Consulting, Report on Actuarial Review as at 30 June 2024 LeavePlus) illustrates the impact on Accrued Liabilities, the Funding Ratio and the notional long-term Long Service Leave Charges rate that would be calculated as at 30 June 2024 under each of the gap scenarios.

GAP (% PER ANNUM)	1.0%	1.5%	2.0% (BASE)	2.5%	3%
Accrued Liabilities (\$'m)	1,822	1,775	<b>1,731</b>	1,688	1,648
Assets (\$'m)	2,170	2,170	<b>2,170</b>	2,170	2,170
Funding Ratio	119%	122%	<b>125%</b>	129%	132%
Long-term notional Long Service Leave Charges rate	2.4%	2.4%	<b>2.3%</b>	2.2%	2.2%

## Funding rate

The Directors of the Trustee continue to closely monitor the Fund's overall funding position with the objective of maintaining fully funded Vested and Accrued Benefit Liabilities. The Directors of the Trustee have a statutory right to determine the rate of Employer Long Service Leave Charges, currently at 2.7%, with a maximum of up to 3.0% of Workers' Ordinary Pay.

The Fund's actuary comments on the Long Service Leave Charge rate in the report to the Trustee's Directors following the review of the Fund each year (source: Mercer Consulting, Report on Actuarial Review as at 30 June 2024 LeavePlus). The actuarial review recommends that there is scope for a reduction in the rate but has recommended given the current environment that the Long Service Leave Charge rate remain unchanged at 2.7% of Workers' Ordinary Pay. The Trustee also has the right to vary future Benefit entitlements, if necessary, in order to protect the solvency of the Fund.

#### 4. Investment revenue

	FY2024 \$'000	FY2023 \$'000
Dividend and distribution revenue	37,913	40,420
Interest revenue	13,456	12,647
Rental revenue	1,496	2,646
<b>Total</b>	<b>52,865</b>	<b>55,713</b>

#### 5. Net changes in fair value net gains/(losses) of investments designated at fair value through profit or loss

	FY2024 \$'000	FY2023 \$'000
Investment property	(6,310)	(4,577)
Financial instruments at fair value through profit or loss	103,240	94,249
<b>Total</b>	<b>96,930</b>	<b>89,672</b>

#### 6. Investment expenses

	FY2024 \$'000	FY2023 \$'000
Fees paid to fund managers and custodian	4,767	4,099
Outgoings on investment property	814	872
<b>Total</b>	<b>5,581</b>	<b>4,971</b>

#### 7. Cash and cash equivalents

	FY2024 \$'000	FY2023 \$'000
Cash at bank and in hand	2,499	2,731
Short-term deposits	93,684	95,941
<b>Total</b>	<b>96,183</b>	<b>98,672</b>

Cash at bank is held in a Westpac non-interest-bearing account. Short-term deposits are held in interest-bearing accounts held by Westpac, AMP and JP Morgan Chase. The Fund has no borrowing facilities.

## 8. Receivables

	FY2024 \$'000	FY2023 \$'000
Long Service Leave Charges receivable	78,441	78,016
Provision for doubtful debts	(7,486)	(6,275)
Net Long Service Leave Charges receivable	70,955	71,741
Other receivables	266	391
<b>Total</b>	<b>71,221</b>	<b>72,132</b>

The movement in the provision for doubtful debts during the reporting period was as follows:

	FY2024 \$'000	FY2023 \$'000
Opening balance	6,275	3,318
Increase in provision	2,571	4,759
Bad debts written off	(1,360)	(1,802)
<b>Closing balance</b>	<b>7,486</b>	<b>6,275</b>

At 30 June 2024, ageing of Long Service Leave Charges receivable and the related provision for doubtful debts was:

	TOTAL \$'000	0-30 DAYS \$'000	31-60 DAYS \$'000	61-90 DAYS \$'000	>90 DAYS \$'000
<b>2024</b> Long Service Leave Charges receivable	<b>78,441</b>	65,362	1,456	1,485	10,138
Provision for doubtful debts	(7,486)	(13)	(114)	(312)	(7,047)
<b>2023</b> Long Service Leave Charges receivable	<b>78,016</b>	70,913	777	804	5,522
Provision for doubtful debts	(6,275)	(1,035)	(27)	(97)	(5,116)

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it policy to transfer (on-sell) receivables to special purpose entities. All receivables arise from transactions in Australian currency and under section 5(2) of the Act, the Trustee has the statutory power to apply statutory interest to any Long Service Leave Charges which are unpaid by an Employer in respect of a particular return quarter.

## 9. Accrued Long Service Leave Benefits liability

The movement in the accrued Long Service Leave Benefits liability for the year was as follows:

	FY2024 \$'000	FY2023 \$'000
<b>Opening Balance</b>	<b>1,607,309</b>	1,449,784
<b>Add</b>		
Net future Benefits liability increase	<b>71,427</b>	74,658
Long Service Leave Charges collected	<b>271,748</b>	274,252
	<b>1,950,484</b>	1,798,694
<b>Less</b>		
Benefits paid	<b>(219,710)</b>	(191,385)
<b>Closing Balance</b>	<b>1,730,774</b>	1,607,309

## 10. Working Sub-Contractors' accounts

The movement in the Working Sub-Contractors' accounts for the year was as follows:

	FY2024 \$'000	FY2023 \$'000
<b>Opening Balance</b>	<b>48,750</b>	45,898
<b>Add</b>		
Deposits	<b>7,237</b>	2,643
Interest Credited to Working Sub-Contractors' accounts	<b>3,020</b>	5,009
	<b>59,007</b>	53,550
<b>Less</b>		
Withdrawals	<b>10,070</b>	4,800
Administration Fees deducted from Working Sub-Contractors' accounts	<b>82</b>	-
<b>Closing Balance</b>	<b>48,855</b>	48,750

The Fund declares an interim crediting rate on a monthly interim basis and a final crediting rate annually. Interim crediting rates apply to Working Sub-Contractors who make a partial or full withdrawal to their accounts during the year. Rates are set monthly in arrears based on the actual returns for the period. The annual crediting rate is declared by 31 August. The annual declared crediting rate for the year ended 30 June 2024 was 6.47% (June 2023: 6.3%). Deposits are refundable at any time with the interest component being payable under the eligibility provision of the rules of the Fund.

## 11. Financial instruments at fair value through profit or loss

### (a) Financial assets

	FY2024 \$'000	FY2023 \$'000
<b>Financial assets at fair value through profit or loss</b>		
<b>Listed equities and managed investment schemes</b>		
Equities	619,845	568,636
Managed investment schemes	1,030,732	979,037
<b>Interest bearing securities</b>		
Corporate bonds	111,959	88,724
Government bonds	262,299	225,243
<b>Total financial assets at fair value through profit or loss</b>	<b>2,024,835</b>	1,861,640
<b>Derivatives financial assets</b>		
Forward foreign exchange contracts	4,151	952
<b>Total derivatives financial assets</b>	<b>4,151</b>	952

### (b) Financial liabilities

	FY2024 \$'000	FY2023 \$'000
<b>Financial liabilities at fair value through profit or loss</b>		
<b>Derivatives financial liabilities</b>		
Forward foreign exchange contracts	(957)	(8,336)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(957)</b>	(8,336)

### (c) Classification of financial instruments under the fair value hierarchy

The tables below analyse financial instruments by using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following 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; and
- **Level 3** - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which a financial instrument is categorised is determined on the basis of the lowest level input that is significant to its fair value measurement. If fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the financial instrument will be categorised as a level 3. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the instrument.

The determination of what constitutes 'observable' requires significant judgement by the Trustee. The Trustee considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

In determining the classification of financial instruments, the Trustee has considered:

**(i) Fair value in an active market (level 1)**

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the current bid price and the quoted market price used for financial liabilities is the current application price.

A financial instrument is regarded as quoted in an active market if the price is readily and regularly available and the price represents an actual and regularly occurring market transaction on an arm's length basis.

**(ii) Fair value in an inactive market (level 2 and level 3)**

The Fund's investments categorised under level 2 are held in managed investment schemes and are recorded at the redemption value per unit, as reported by the external investment manager. Some of the inputs used by the external investment manager in their pricing models may not be market observable and are therefore subject to a level of estimation uncertainty.

The fair value of other financial assets and liabilities that are not traded in an active market is determined using valuation techniques by independent valuers. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The fair value of derivatives financial assets and liabilities includes exchange traded contracts (forwards and swaps) that are classified as Level 2 and their fair value is calculated with reference to current exchange rates for contracts with similar maturity and risk profiles. Derivatives that are not exchange traded are estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

The table below shows the fair value of financial assets and liabilities held by the Fund as at 30 June 2024:

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
<b>Financial assets at fair value through profit or loss</b>				
<b>Listed equities and managed investment schemes</b>				
Equities	619,845	-	-	<b>619,845</b>
Managed investment schemes	-	834,864	195,868	<b>1,030,732</b>
<b>Interest bearing securities</b>				
Corporate bonds	111,959	-	-	<b>111,959</b>
Government bonds	262,299	-	-	<b>262,299</b>
<b>Derivatives financial assets</b>				
Forward foreign exchange contracts	-	4,151	-	<b>4,151</b>
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Derivatives financial liabilities</b>				
Forward foreign exchange contracts	-	(957)	-	<b>(957)</b>
<b>Total financial instruments</b>	<b>994,103</b>	<b>838,058</b>	<b>195,868</b>	<b>2,028,029</b>

The table below shows the fair value of financial assets and liabilities held by the Fund in the statement of financial position at as 30 June 2023:

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
<b>Financial assets at fair value through profit or loss</b>				
<b>Listed equities and managed investment schemes</b>				
Equities	568,636	-	-	<b>568,636</b>
Managed investment schemes	-	870,518	108,519	<b>979,037</b>
<b>Interest bearing securities</b>				
Corporate bonds	88,724	-	-	<b>88,724</b>
Government bonds	225,243	-	-	<b>225,243</b>
<b>Derivatives financial assets</b>				
Forward foreign exchange contracts	-	952	-	<b>952</b>
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Derivatives financial liabilities</b>				
Forward foreign exchange contracts	-	(8,336)	-	<b>(8,336)</b>
<b>Total financial instruments</b>	<b>882,603</b>	<b>863,134</b>	<b>108,519</b>	<b>1,854,256</b>

There have been no transfers between Level 1 and 2 fair value measurements during the reporting period. For Level 3 financial assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### (d) Level 3 financial instruments transactions

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period. There were no transfers into or out of level 3 during the reporting period.

	FY2024 \$'000	FY2023 \$'000
<b>Opening balance at 1 July</b>	<b>108,519</b>	90,426
Purchases	<b>87,839</b>	20,689
Sales	<b>(3,426)</b>	(13,509)
Net gains/(losses) recognised through profit or loss	<b>2,936</b>	10,913
<b>Closing balance at 30 June</b>	<b>195,868</b>	108,519

#### (e) Level 3 financial instruments fair value and quantitative sensitivity analysis

As at 30 June 2024 the Fund has financial instruments in managed investment schemes of \$195.9 million (2023: \$108.5 million) categorised as level 3. These investments are recorded at the redemption value at balance date, as provided by the external investment manager or general partner. The Trustee engages in effective and ongoing monitoring of all external investment managers and general partners to ensure the valuation processes adopted are aligned to the investment policies of the Fund and are consistent with that generally accepted in the industry. Some of the inputs to the valuation models may not be market observable and are therefore estimated based on assumptions.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis, are reported below:

YEAR	INVESTMENT	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	FAIR VALUE \$'000	VOLATILITY %	SENSITIVITY (LOW)/HIGH \$'000
FY2024	Managed investment schemes	DCF	Long term forecast revisions	195,868	17.2%	(\$33,689)/\$33,689
FY2023	Managed investment schemes	DCF	Long term forecast revisions	108,519	17.0%	(\$18,448)/\$18,448

#### (f) Financial instruments not carried at fair value

The carrying values of cash and cash equivalents, receivables and payables approximate their fair values due to the short-term nature.

## 12. Investment property

CoINVEST Ltd, as Trustee for the Fund, owns the property at 478 Albert Street, East Melbourne, which is included in the Fund's investment property portfolio. The Fund's investment policy mandates that independent valuations be conducted annually to determine the fair value of its investment property. The fair value reflects the price at which the property could be exchanged between a willing and knowledgeable buyer and seller in an arm's length transaction as of the valuation date, in line with relevant valuation standards.

In accordance with this policy, the property was independently valued as of 30 June 2024 by Savills Valuation Pty Ltd (Savills), a qualified property valuer. The valuation for financial reporting purposes was conducted in compliance with AASB 13 'Fair Value Measurement' and AASB 140 'Investment Property.'

Savills noted that persistent inflationary pressures and a higher interest rate environment have affected consumer and investor behaviour, leading to reduced market activity and increased volatility in the real estate market. The highest and best use of the property is considered to be consistent with its current use.

The independent valuation employed multiple techniques, including discounted cash flows, market capitalisation rates, and comparisons with market comparables of similar properties in similar locations. The Directors believe that the valuation is reasonable as of the reporting date. Below is a reconciliation of the movement in the fair value of the investment property during the year:

	FY2024 \$'000	FY2023 \$'000
<b>Opening balance at 1 July</b>	<b>32,300</b>	36,800
Additions	510	77
Sales	-	-
Net gains/(losses) recognised through profit or loss	(6,310)	(4,577)
<b>Closing balance at 30 June</b>	<b>26,500</b>	32,300

During the income year, rental income derived from the investment property was \$1.5 million (2023: \$2.7 million) and direct operating expenses (including repairs and maintenance) was \$0.8 million (2023: \$0.9 million). As a result, a net amount of \$0.7 million (2023: \$1.8 million) was recognised in the statement of comprehensive income.

The investment property is considered a level 3 investment because the fair value has not been determined using observable transactions in the market due to a lack of comparable data given the nature of the property. Instead, a valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Inputs that form part of the valuation model include the rental yield, occupancy rates, value of improvements, discount rate and market capitalisation rate.

To arrive at the 2024 property valuation, Savills used two methods: discounted cash flow and market capitalisation. The market capitalisation rate adopted was 6.0% (2023: 5.5%) and discounted cash flow rate was 7.0% (2023: 5.875%)

The significant unobservable inputs used in the fair value measurement of the investment property together with a quantitative sensitivity analysis, are reported below:

YEAR	INVESTMENT	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	FAIR VALUE \$'000	VOLATILITY %	SENSITIVITY (LOW)/HIGH \$'000
FY2024	Investment property	DCF / Market Capitalisation	Long term forecast revisions	\$26,500	-12.1%/+5.0%	(\$3,207)/\$1,325
FY2023	Investment property	DCF / Market Capitalisation	Long term forecast revisions	\$32,300	-13.0%/+5.0%	(\$4,199)/\$1,615

### 13. Property and equipment

2024	FIXTURES AND FITTINGS \$'000	FURNITURE & EQUIPMENT \$'000	VEHICLES \$'000	COMPUTER HARDWARE & SOFTWARE \$'000	CAPITAL WORKS IN PROGRESS \$'000	TOTAL \$'000
<b>Cost</b>						
Opening balance	1,020	751	157	739	-	<b>2,667</b>
Additions	-	2	-	225	2,078	<b>2,305</b>
Disposals	-	-	-	(8)	-	<b>(8)</b>
<b>Closing balance</b>	<b>1,020</b>	<b>753</b>	<b>157</b>	<b>956</b>	<b>2,078</b>	<b>4,964</b>
<b>Accumulated depreciation &amp; amortisation</b>						
Opening balance	783	647	67	314	-	<b>1,811</b>
Depreciation & amortisation	47	39	32	236	-	<b>354</b>
Disposals	-	-	-	(1)	-	<b>(1)</b>
<b>Closing balance</b>	<b>830</b>	<b>686</b>	<b>99</b>	<b>549</b>	<b>-</b>	<b>2,164</b>
<b>Net book amount</b>	<b>190</b>	<b>67</b>	<b>58</b>	<b>407</b>	<b>2,078</b>	<b>2,800</b>

## 14. Payables

	FY2024 \$'000	FY2023 \$'000
Trade creditors and accruals	22	82
Related party trade and other payables	5,542	5,233
PAYG and GST payable	255	1,114
	<b>5,819</b>	6,429

Related party trade and other payables relate to amounts owed to CoINVEST Limited for services provided to the Fund (see Note 19).

## 15. Reconciliation of operating surplus/(deficit) to net cash

	FY2024 \$'000	FY2023 \$'000
<b>Inflows/(outflows) from operating activities</b>		
Operating surplus/(deficit)	118,004	104,606
<b>Add/(deduct) items classified as investing activities</b>		
Gain on sale of property and equipment	6	18
Net investment (gains)/losses	(160,021)	(140,413)
Investment expenses	5,581	4,971
<b>Add/(deduct) non-cash items</b>		
Amounts set aside for provision for doubtful debts	2,571	4,759
Depreciation and amortisation	355	321
<b>Net cash used in operating activities before change in assets and liabilities</b>	<b>(33,504)</b>	(25,738)
Increase in payables and other liabilities	(610)	883
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(34,114)</b>	(24,855)

## 16. Financial risk management

Details of the significant accounting policies and methods adopted, including criteria for recognition, basis of measurement and basis on which income and expenses are recognised, in respect of each class of financial asset and liability are disclosed in Note 2.

### (a) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the statement of financial position. Future movements in fair value would increase or reduce that exposure.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or otherwise impaired. The Fund minimises its exposure to credit risk on derivatives by only dealing with top tier financial institutions and placing limits on the value of derivatives in each investment mandate. Credit risk is not considered to be significant to the Fund except in relation to investments in debt securities.

Portfolio guidelines in the Investment Policies have been established to diversify and control the credit quality at both portfolio and individual security levels. Credit ratings are those published by Standard and Pools. These guidelines include:

### (i) Cash and cash equivalents

#### CREDIT RATINGS

- At least 70% (by value) of the cash and cash equivalents A-1 or higher rated bank
- A maximum of 30% (by value) of the cash and cash equivalents A-2/A-3 (minimum) rated bank

#### SECURITY LIMITS

Apart from cash at call, cash and cash equivalents in any one security are limited to:

- (a) a maximum face value holding of \$10,000,000
- (b) a maximum deposit holding in any registered Australian bank A-1 or greater of \$25,000,000
- (c) a maximum deposit holding in any registered Australian bank A-2 of \$15,000,000
- (d) a maximum deposit holding in any registered Australian bank A-3 of \$10,000,000

### (ii) Australian Fixed Interest

- Government Securities No limits
- Semi Government Securities rated at/above Commonwealth Index Weight plus 20%
- Semi Government Securities rated below Commonwealth Index Weight plus 10%
- Non-Government Securities AAA Index Weight plus 5%
- Non-Government Securities <AAA to AA- Index Weight plus 3%
- Non-Government Securities <AA- to A- Index Weight plus 1%
- Non-Government Securities <A- to BBB- Index Weight plus 0.75%
- Non-Government Securities <BBB- Index Weight plus 0%

Other than as disclosed, there were no other breaches of these guidelines in either the current reporting period or the prior reporting period.

The tables below show the credit quality by class of asset. All interest-bearing securities were issued by Australian entities.

**Interest bearing securities designated at fair value through profit or loss as at 30 June 2024**

	TOTAL \$'000	A-1 \$'000	A-2/A-3 \$'000	AAA TO A+ \$'000	A TO BBB- \$'000	UNRATED \$'000
<b>Cash and cash equivalents</b>						
Cash at call	96,183	91,183	5,000	-	-	-
<b>Total</b>	<b>96,183</b>	91,183	5,000	-	-	-
<b>Interest bearing securities</b>						
Corporate bonds	111,959	-	-	80,324	31,635	-
Government bonds	262,299	-	-	261,093	1,206	-
<b>Total</b>	<b>374,258</b>	-	-	341,417	32,841	-

**Interest bearing securities designated at fair value through profit or loss as at 30 June 2023**

	TOTAL \$'000	A-1 \$'000	A-2/A-3 \$'000	AAA TO A+ \$'000	A TO BBB- \$'000	UNRATED \$'000
<b>Cash and cash equivalents</b>						
Cash at call	98,672	93,672	5,000	-	-	-
<b>Total</b>	<b>98,672</b>	93,672	5,000	-	-	-
<b>Interest bearing securities</b>						
Corporate bonds	88,724	-	-	59,243	28,769	712
Government bonds	225,243	-	-	224,060	1,183	-
<b>Total</b>	<b>313,967</b>	-	-	283,303	29,952	712

**(b) Liquidity risk**

Liquidity risk refers to the risk that the Fund may face difficulties in fulfilling its financial obligations as they become due.

The Fund manages this risk by ensuring adequate liquidity through various sources, including Long Service Leave Charges from Employers, deposits from Working Sub-Contractors, rental income from properties, and the ability to redeem investments in financial instruments that are readily convertible to cash under normal market conditions. These sources provide sufficient cash flow to meet the Fund's normal operating requirements.

The Fund's financial liabilities include payables, derivative financial liabilities, accrued Long Service Leave Benefits, and Working Sub-Contractor account liabilities. The following tables present the expected maturity of the Fund's liabilities as they fall due. With the exception of accrued Long Service Leave Benefits, the amounts are presented on an undiscounted basis.

**Maturity of the Fund's financial liabilities at 30 June 2024 was expected to be:**

	WITHIN 1 YEAR \$'000	1 TO 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL \$'000
Payables	5,819	-	-	5,819
Derivative financial liabilities	957	-	-	957
Accrued Long Service Leave Benefits	226,500	978,100	526,174	1,730,774
Working Sub-Contractors' accounts	6,393	27,609	14,853	48,855
<b>Total</b>	<b>239,669</b>	<b>1,005,709</b>	<b>541,027</b>	<b>1,786,405</b>

**Maturity of the Fund's financial liabilities at 30 June 2023 was expected to be:**

	WITHIN 1 YEAR \$'000	1 TO 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL \$'000
Payables	6,429	-	-	6,429
Derivative financial liabilities	8,336	-	-	8,336
Accrued Long Service Leave Benefits	214,100	904,200	489,009	1,607,309
Working Sub-Contractors' accounts	6,494	27,426	14,830	48,750
<b>Total</b>	<b>235,359</b>	<b>931,626</b>	<b>503,839</b>	<b>1,670,824</b>

**(c) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other price risk. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

**(i) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Fund's investment strategy is to keep between 15% and 25% of its investments in fixed income securities or cash and cash equivalents. The return on these financial assets will fluctuate in accordance with movements in market interest rates. Investment performance is reported monthly, including comparison to an external benchmarks appropriate to the interest-bearing securities held. As at 30 June 2024 the fair value of interest-bearing securities held represented 20.31% (2023: 18.46%) of the Fund's investments.

Financial assets exposed to interest rate risk were:

	FY2024 \$'000	FY2023 \$'000
<b>Cash and cash equivalents</b>		
Cash at call	96,183	98,672
<b>Interest bearing securities</b>		
Corporate bonds	111,959	88,724
Government bonds	262,299	225,243
<b>Total</b>	<b>470,441</b>	412,639

### Interest rate sensitivity

The following sensitivity analysis examines the interest rate exposures as of the reporting date, estimating the potential impact on profit and loss over one year from a reasonable possible movement in interest rates affecting the Fund's variable and fixed-rate financial assets.

To assess interest rate exposure, the Trustee considered the movement in the Reserve Bank of Australia's official cash rate over the past 10 years. The standard deviation of these rates was calculated to estimate a reasonably possible shift in interest rates, based on historical data. This estimate represents the Trustee's best judgement, though actual results may differ.

If at balance date interest rates had moved as illustrated in the table below, with all other variables held constant the profit and loss and net assets of interest-bearing assets would have been affected as follows:

CHANGE IN INTEREST RATE	PROFIT AND LOSS INCREASE / (DECREASE)		NET ASSETS INCREASE / (DECREASE)	
	FY2024 \$'000	FY2023 \$'000	FY2024 \$'000	FY2023 \$'000
+1.11% (2023: +1.12%)	(2,060)	(1,530)	(2,060)	(1,530)
-1.11% (2023: -1.12%)	2,060	1,530	2,060	1,530

The movements in profit and loss are due to fair value gains/(losses) arising from interest rate market movements that flow through to assets available for Benefits in their entirety due to the Fund's tax-free status.

### (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to foreign currency risk on financial instruments that are denominated in a currency other than Australian dollars, the functional currency of the Fund. Foreign exchange risk on all foreign currency denominated assets and liabilities is regularly monitored and managed against pre-determined limits and asset allocations.

The return on investment on these financial assets will fluctuate in accordance with movements in both market fair value and currency. Investment performance is reported monthly, including comparison to an external benchmarks appropriate to the foreign currency assets held. A currency manager has been engaged to actively deal with and hedge the Fund's exposure to currency risk by use of forward exchange contracts. Accordingly, as at 30 June 2024 the fair value of foreign currency assets net of currency hedging was 36.0% (2023: 37.8%) of the Fund's investments.

## Currency sensitivity

The following sensitivity analysis is on the currency risk exposures in existence at reporting date and measures the effect of a reasonable possible movement of the Australian dollar against the specified currencies on profit and loss and net assets for one year.

To assess currency exposure, the Trustee considered the movement in the foreign exchange rates for each foreign currency over the past 10 years. The standard deviation of these rates was calculated to estimate a reasonably possible shift in currency rates, based on historical data. This estimate represents the Trustee's best judgement, though actual results may differ.

COUNTRY	CURRENCY	FY2024	FY2023
USA	USD	7.0%	7.0%
Europe	EUR	3.5%	3.5%
Japan	JPY	10.2%	9.8%
Great Britain	GBP	6.9%	7.3%
Hong Kong	HKD	7.0%	7.1%
Other currencies average	-	5.6%	6.9%

The other currencies average represents the average standard deviation calculated from 14 other countries, which collectively represent 2.3% (2023: 2.0%) of the foreign currency exposure at reporting date.

If at balance currencies had moved as outlined in the table above, with all other variables held constant, the profit and loss and net assets of currency exposed financial instruments would have been affected as follows:

FY2024 CURRENCY	CARRYING AMOUNT \$'000	PROFIT AND LOSS		NET ASSETS	
		INCREASE \$'000	DECREASE \$'000	INCREASE \$'000	DECREASE \$'000
United States of America (USD)	572,014	40,041	(40,041)	40,041	(40,041)
Euro (EUR)	139,803	4,893	(4,893)	4,893	(4,893)
Japan (JPY)	11,636	1,187	(1,187)	1,187	(1,187)
Great Britain (GBP)	28,436	1,962	(1,962)	1,962	(1,962)
Hong Kong (HKD)	3,504	245	(245)	245	(245)
Other currencies	17,656	989	(989)	989	(989)
<b>Total net currency exposure</b>	<b>773,049</b>	<b>49,317</b>	<b>(49,317)</b>	<b>49,317</b>	<b>(49,317)</b>

FY2023	PROFIT AND LOSS			NET ASSETS	
	CURRENCY	CARRYING AMOUNT \$'000	INCREASE \$'000	DECREASE \$'000	INCREASE \$'000
United States of America (USD)	514,094	35,987	(35,987)	35,987	(35,987)
Euro (EUR)	146,069	5,112	(5,112)	5,112	(5,112)
Japan (JPY)	38,133	3,737	(3,737)	3,737	(3,737)
Great Britain (GBP)	28,676	2,093	(2,093)	2,093	(2,093)
Hong Kong (HKD)	7,101	504	(504)	504	(504)
Other currencies	15,131	1,044	(1,044)	1,044	(1,044)
<b>Total net currency exposure</b>	<b>749,204</b>	<b>48,478</b>	<b>(48,478)</b>	<b>48,478</b>	<b>(48,478)</b>

### (iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Investments of the Fund that are exposed to other price risk include equities and managed investment schemes. The Fund's exposure is therefore limited to the market price movement of these investments. The Trustee has determined that these investments are appropriate for the Fund and are in accordance with the Trustee's investment strategy.

Other price risk is mitigated by constructing a diversified portfolio of instruments, which are traded in various markets. The actual asset allocation is continually monitored and reported to the Investment Committee, and is adjusted when necessary having regard to the Trustee's strategic asset allocation. Investment performance is reported monthly, including comparison to an external benchmarks appropriate to the equities and managed investment schemes held.

### Other price risk sensitivity

The following sensitivity analysis examines other price risk exposures in existence at reporting date and measures the effect of a reasonable possible movement of equities and managed investment schemes prices on profit and loss and net assets for one year.

To assess other price risk exposure, the Trustee considered the movement in the indices outlined in the below table over the past 10 years. The standard deviation of the movement in these indices was calculated to estimate a reasonable possible shift in equity and managed investment scheme prices, based on historical data. This estimate represents the Trustee's best judgement, though actual results may differ.

INDEX	ASSET CLASS	FY2024	FY2023
ASX All Ordinaries	Australian equities	10.4%	10.7%
MSCI World Index	Global equities	13.9%	14.2%
FTSE EPRA Nareit Developed Index Net TRI	Property	11.5%	11.5%
FTSE Developed Core Infrastructure 50/50 Net Tax Index	Infrastructure	7.6%	8.0%
RBA interest rates	Alternatives	1.1%	1.1%

If at balance equities and managed investment schemes prices had moved as outlined in the table above, with all other variables held constant, the profit and loss and net assets of equities and managed investment schemes financial instruments would have been affected as follows:

FY2024		PROFIT AND LOSS		NET ASSETS	
FINANCIAL INSTRUMENT / ASSET CLASS	CARRYING AMOUNT \$'000	INCREASE \$'000	DECREASE \$'000	INCREASE \$'000	DECREASE \$'000
<b>Equities</b>					
Australian equities	150,852	15,689	(15,689)	15,689	(15,689)
Global equities	468,993	65,190	(65,190)	65,190	(65,190)
<b>Managed investment schemes</b>					
Australian equities	94,034	9,780	(9,780)	9,780	(9,780)
Global Equities	157,042	21,829	(21,829)	21,829	(21,829)
Property	210,389	24,195	(24,195)	24,195	(24,195)
Infrastructure	239,511	18,203	(18,203)	18,203	(18,203)
Alternatives	329,757	3,627	(3,627)	3,627	(3,627)
<b>Total other price risk exposure</b>	<b>1,650,577</b>	<b>158,512</b>	<b>(158,512)</b>	<b>158,512</b>	<b>(158,512)</b>

FY2023		PROFIT AND LOSS		NET ASSETS	
FINANCIAL INSTRUMENT / ASSET CLASS	CARRYING AMOUNT \$'000	INCREASE \$'000	DECREASE \$'000	INCREASE \$'000	DECREASE \$'000
<b>Equities</b>					
Australian equities	132,387	14,165	(14,165)	14,165	(14,165)
Global equities	436,249	61,947	(61,947)	61,947	(61,947)
<b>Managed investment schemes</b>					
Australian equities	96,107	10,283	(10,283)	10,283	(10,283)
Global Equities	144,811	20,563	(20,563)	20,563	(20,563)
Property	238,911	27,475	(27,475)	27,475	(27,475)
Infrastructure	202,557	16,205	(16,205)	16,205	(16,205)
Alternatives	296,651	3,263	(3,263)	3,263	(3,263)
<b>Total other price risk exposure</b>	<b>1,547,673</b>	<b>153,902</b>	<b>(153,902)</b>	<b>153,902</b>	<b>(153,902)</b>

The movements in profit and loss are due to fair value gains/(losses) arising from market price movements that flow through to assets available for Benefits in their entirety due to the Fund's tax-free status.

## 17. Segment information

The Fund operates solely in the business of provision of Long Service Leave Benefits to members and operates in Australia only.

## 18. Structured entities

The Trustee considers that the Construction Industry Long Service Leave Fund meets the definition of a structured entity. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. The Trustee has no financial interest in the Fund it manages other than the receipt of management fees for services provided as Trustee. Total fees earned by the Trustee during the year were \$33.90 million (2023: \$26.06 million).

The assets of the Fund are not directly available to meet any liabilities incurred by the Trustee acting in its own right. The Trustee is governed by the Act and is under the control and direction of the Minister. Management have concluded that the Trustee is acting in the capacity as agent for the Fund and therefore does not need to consolidate the assets and liabilities of the Fund it manages.

## 19. Related parties

### (a) Trustee

CoINVEST Limited (the Company) is the Trustee of the Construction Industry Long Service Leave Fund. CoINVEST Limited is a company limited by guarantee incorporated and domiciled in Australia. The registered office and principal place of business of the Company is Level 6, 478 Albert Street, East Melbourne, Victoria 3002, Australia.

### (b) Trustee Directors

The Directors of the Company are considered to be Key Management Personnel of the Company. The Directors who held office during the reporting period and at the date of this report are:

INDEPENDENT	WORKER ELECTED	EMPLOYER ELECTED
<ul style="list-style-type: none"><li>Jenny Acton (Chair)</li><li>David St. John</li><li>Michelle McLean<sup>1</sup></li><li>Di Fulton<sup>2</sup></li></ul>	<ul style="list-style-type: none"><li>Robert Graauwmans (Building Trades)</li><li>Paddy McCrudden (Building Trades)</li><li>Stephen Fodrocy<sup>3</sup> (Metal Trades)</li><li>Chris Patterson<sup>4</sup> (Electrical Trades)</li><li>Raoul Wainwright<sup>5</sup> (Metal Trades)</li><li>Luciano Malgeri<sup>6</sup> (Metal Trades)</li><li>Ivan Balta<sup>7</sup> (Electrical Trades)</li></ul>	<ul style="list-style-type: none"><li>Grant Donald (Building Trades)</li><li>David Newham (Building Trades)</li><li>Michael Purnell (Electrical Trades)</li><li>Michael Paynter<sup>8</sup> (Metal Trades)</li></ul>

<sup>1</sup> Michelle McLean was appointed as a Director on 1 October 2023.

<sup>2</sup> Di Fulton's term finished on 30 September 2023.

<sup>3</sup> Stephen Fodrocy was appointed as a Director on 20 May 2024.

<sup>4</sup> Chris Patterson resigned as a Director on 26 July 2024.

<sup>5</sup> Raoul Wainwright resigned as a Director on 9 February 2024.

<sup>6</sup> Luciano Malgeri was appointed as a Director on 26 February 2024 and resigned as a Director on 6 May 2024.

<sup>7</sup> Ivan Balta was appointed as a Director on 26 September 2024.

<sup>8</sup> Michael Paynter was appointed as a Director on 1 July 2023.

### (c) Trustee Director remuneration

Trustee Directors receive remuneration in relation to their duties as Directors of the Trustee Company. Remuneration represents all compensation paid, payable or provided to, or on behalf of, all Directors of the Trustee Company in respect of the management of the affairs of the Company and the Fund for the financial year.

Compensation paid, payable or provided from the Fund in connection with the management of the Fund are as follows:

	FY2024 \$'000	FY2023 \$'000
Short term benefits	1,144	750
Post employment benefits	75	41
<b>Total</b>	<b>1,219</b>	<b>791</b>

The Company paid a premium of \$389,980 in May 2024 in respect of Directors and officers liability insurance contracts covering 18 months to November 2025. The contracts do not specify premiums in respect of individual Directors and officers.

### (d) Key executives

In addition to the Directors noted above, the executives of the Company are considered to be Key Management Personnel with the authority for the strategic direction and management of the Company and the Fund. The key executives of the Company who held office during the reporting period were:

<b>Craig Bell</b>	Chief Executive Officer
<b>Adam Cusack</b>	General Manager, Membership Services ( <i>Finished effective 28 September 2023</i> )
<b>Carly Hendon</b>	General Manager, People and Culture
<b>David Lang</b>	General Manager, Technology and Innovation
<b>Lewis Tassone</b>	Chief Finance and Investment Officer ( <i>Commenced on 18 September 2023</i> )
<b>Catryn Tuckwell</b>	General Counsel

### (e) Key executive remuneration

Remuneration represents all compensation paid, payable or provided by the Company to, or on behalf of, key executives of the Company in respect of the management of the affairs of the Company and the Fund for the reporting period.

Compensation paid, payable or provided from the Company in connection with the management of the Company and the Fund is as follows:

	FY2024 \$'000	FY2023 \$'000
Short term benefits	1,626	1,887
Post employment benefits	142	163
Other long-term benefits	46	107
Termination benefits	135	-
<b>Total</b>	<b>1,949</b>	<b>2,157</b>

Refer to Note 19(c) for details of insurance paid on behalf of officers of the Company.

**(f) Trustee management fee**

All expenses incurred by the Trustee Company in relation to the administration of the Fund are reimbursed by the Fund. Compensation paid, payable or provided from the Fund in connection with the management of the Fund are as follows:

	FY2024 \$'000	FY2023 \$'000
Related party management fee expense	33,890	26,057
Related party management fee payable at year end	5,542	5,233

**(g) Other related party transactions**

Except for the transaction mentioned above, no other related party transactions occurred during the period.

**20. Commitments and contingencies****(a) Operating lease commitments – as lessor**

CoINVEST Ltd as Trustee for the Fund owns 478 Albert Street, East Melbourne, which is held in the Fund's investment property portfolio (see Note 12). Non-cancellable commercial property leases with third parties contain commitments that at reporting date have remaining terms of between 1 and 4 years. All leases include a clause to enable upward revision of the rental Charge based on an agreed percentage increase, CPI or prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at reporting date are as follows:

	FY2024 \$'000	FY2023 \$'000
Within one year	104	101
After one year but not more than five years	217	330
<b>Total</b>	<b>321</b>	<b>431</b>

**(b) Managed investment schemes commitments**

CoINVEST Ltd as Trustee for the Fund, has invested in several managed investment schemes that have outstanding capital commitments, which may be called at any time. The following table outlines the commitments contracted as of the reporting date, which have not been recognised as liabilities:

	FY2024 \$'000	FY2023 \$'000
Managed investment schemes commitments	20,488	44,313

**(c) Commitments with related party**

In accordance with the rules of the Fund, all expenses incurred by the Trustee in relation to the administration of the Fund are reimbursed by the Fund through a related party management fee as disclosed in Note 19(f).

## 21. Remuneration of auditors

	FY2024 \$'000	FY2023 \$'000
Fees paid to Ernst & Young for audit of the financial reports <sup>1</sup>	116	100
Fees paid to RSM and PwC for internal audit services <sup>1</sup>	84	163
<b>Total</b>	<b>200</b>	263

<sup>1</sup> Fees related to the audit of both the Company and the Fund. The remuneration of auditors is paid by the Trustee and reimbursed by the Fund through the related party management fee, as disclosed in Note 19(f).

## 22. Contingent liabilities

As of 30 June 2024, the Trustee has identified potential liabilities related to the remediation of Charges paid for offsite assembly of switchboards and offsite construction of precast concrete elements. These activities were previously considered by the Trustee as construction work under the Construction Industry Long Service Leave Act 1997 (Vic). However, a court ruling in December 2016 in relation to the offsite assembly of switchboards has revealed that such work does not meet the criteria for construction work under the Act.

Consequently, the Trustee agreed to refund applicable Charges paid by effected Employers, subject to adjustments for amounts already disbursed to Workers. The exact amount of the refund is not known as of the balance date and is still being determined, as further information is obtained from Employers and claims by Workers are processed.

## 23. Events subsequent to balance date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

Mr Lewis Tassone  
Chief Finance & Investment Officer  
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16 July 2024

### **Actuarial Liability as at 30 June 2024**

Dear Lewis

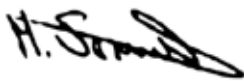
As part of our initial work on your 30 June 2024 actuarial review, we have calculated the actuarial liability for accrued long service leave benefits to be \$1,730.774 million (exclusive of Working Sub-Contractor account balances).

The actuarial liability is the present value of future expected long service leave payments due to members in relation to recognised service up to 30 June 2024.

Our letter dates 16 July 2024 (“Preliminary Calculation of Accrued Long Service Leave Liabilities as at 30 June 2024”) sets out the methodology and assumptions used in calculating this liability. The same methodology and assumptions will be used to prepare our 30 June 2024 actuarial review report, which is due to be completed in August.

The key assumptions used in calculating the actuarial liability are the investment return/discount rate, the future salary inflation rate and the probabilities affecting the entitlement to, and timing of, long service leave payments. Full commentary in relation to these assumptions can be found in our assumptions letter dated 25 June 2024 (“Assumptions Recommendations for the Actuarial Review as at 30 June 2024”).

Yours sincerely



**Mark Samuels FIAA**  
Fellow of the Institute of Actuaries of Australia

A business of Marsh McLennan



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