



Portable Long Service Authority

Annual Report 2021-22





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Responsible body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Portable Long Service Benefits Authority's Annual Report for the year ended 30 June 2022.

Julius Roe
Chair, Governing Board

Overview

The Portable Long Service Benefits Authority (the Authority) is an independent statutory body established to administer the *Long Service Benefits Portability Act 2018* (the Act). The Act, together with the *Long Service Benefits Portability Regulations 2020* (the Regulations), provides a scheme for the portability of long service benefits to eligible workers in the community services, contract cleaning and security industries.

The Portable Long Service Benefits Scheme (the Scheme) enables eligible workers to accrue long service benefits based on the length of time employed in their respective industry, rather than the length of time employed by one employer.

The Authority maintains registers of covered employers and workers and is responsible for the collection of levies and overseeing the payment of benefits.

The Authority also has regulatory and enforcement powers exercisable by the Registrar and/or Authorised Officers.

These include:

- monitoring powers to ensure compliance with provisions of the legislations as well as ensuring the accuracy of the information provided to the Authority
- the power to compel information during investigations and enquiries
- investigative powers, which can be used to gather materials that relate to the contravention of an offence
- commencing civil proceedings to recover unpaid levies and/or pursuing criminal proceedings against those who fail to comply with their obligations under the Scheme or who breach the Act.

Coercive powers, including monitoring and investigative powers are used by the Authority to ensure compliance with provisions of legislation.

Enforcement powers are typically only used by the Authority where coercive powers have been used and the Registrar is satisfied that the use of such enforcement powers is appropriate.



Vision

Delivering a quality Portable Long Service Benefits Scheme to protect the benefits of those who are entitled to them.

Purpose

Administering an effective Portable Long Service Benefits Scheme through prudent, sustainable investment and supporting all stakeholders – including employers and workers alike – as well as educating and enforcing every stakeholder’s role and interest in the Scheme.

Values

The Authority has adopted the Victorian Public Sector values, which underpin the behaviours that the government and community rightly expect of it. Acting consistently with these values strengthens the Authority’s capacity to operate effectively and achieve our objectives. These values are:



Responsiveness

We are approachable and provide timely, useful and accurate information.



Integrity

We have unbiased and honest interactions.



Impartiality

We are firm and consistent in our application of the law.



Accountability

We fulfil our objectives in a clear, transparent and responsible manner.



Respect

We respect our stakeholders, each other and ourselves.



Leadership

We seek to have a positive influence and to empower others.



Human rights

We administer the law and deliver decisions and support everyone’s human rights.

Chair and Chief Executive Officer / Registrar's Report

On behalf of the Governing Board, we are pleased to present the Annual Report of the Portable Long Service Authority for the financial year ended 30 June 2022.

The Authority, which manages the Schemes for the community services, contract cleaning and security sectors, has matured and grown into an established, successful entity in the short space of just 3 years.

A major highlight of the past year has been the registration of the 200,000th worker with the Authority, who describes himself as a "hard-working Shepparton-based community services worker". This registration of the Authority's 200,000th worker was acknowledged in an address to Victoria's Parliament by the Minister for Industrial Relations, Tim Pallas MP. In recognising the achievement of the Authority, the Minister added that "portable long service leave is a victory for fairness in industries where people have often moved between jobs because they've had little choice".

We are pleased to observe that the acceptance and embrace of the Scheme by employers has been more far-reaching than just simple long service leave entitlements. Staff shortages brought on by the COVID-19 pandemic has seen employers develop a greater appreciation of their workforce. Employers now perceive the Scheme as an incentive to attract, acquire and retain valued staff members.

As custodians of almost \$230 million in worker entitlements as at 30 June 2022, we also understand our responsibilities to safeguard and monitor worker entitlement investments as well as to make prudent investment decisions. We do this by working closely with the Victorian Government's Investment Manager, Victorian Funds Management Corporation, as well as the Scheme's actuary to ensure that returns are maximised especially against the current volatile investment market background.

The impact of the COVID-19 pandemic for a second year has also once again tested the resilience of the staff working at the Authority.

The dedication and adaptability of the Authority's staff in dealing with rapidly changing work environments during unprecedented, challenging times remains exemplary. The Authority's head office in Bendigo continues to thrive with staff adapting well to the end of lockdowns and transition back to the office environment. Our staff have embraced the team camaraderie of being together and the intrinsic value of engaging face-to-face with each other. Bendigo remains home to the majority of the Authority's staff and as an organisation, we are proud to have established ourselves as a valued member of the local community.

Our efforts in the coming year will include an enhanced focus on compliance, education, and enforcement, particularly for employers who are yet to register with the Authority. We aim to help these employers understand the value of affording their workers portable long service benefits. Additionally, we aim to extend and concentrate efforts on the registration of contract cleaning and National Disability Insurance Scheme employers.

This year we also announced the departure of two Governing Board members: Linda White who resigned on 5 April 2022, and Kate Marshall whose term concluded on 7 April 2022. We acknowledge their valuable contribution and commitment to the Authority during their three year tenure.

Lastly, we as a collective team are excited for the future of the Authority as we build our people, systems and processes towards receiving the first eligible worker claim for their portable long service leave benefits.



Julius Roe
Chair,
Governing Board



Joseph Yeung
Chief Executive Officer
/ Registrar

Role and functions

The Authority has several key roles and functions including:



Registry

- Registration of employers
- Registration of workers
- Accuracy of registers of covered employers and workers
- Administration of claims and benefits.



Funds

- Collection of funds
- Investment of funds
- Management of funds.



Education and enforcement

- Consultation with employers and workers
- Working with industries affected by decisions made under the Act
- Resolving disputes as to the timing of taking a period of leave (applicable to workers in contract cleaning and security industries)
- Enforcement of legislation and associated powers.



Statement of Expectations

The Authority continues to deliver on the Minister for Industrial Relations' Statement of Expectations dated 7 July 2020 (as published on the Authority's website) and as set out in the Registrar's response to the Minister dated 3 August 2020.

The Authority's Statement of Expectations is aligned to the Victorian Government's commitment to reduce the administrative burden of regulation as well as promote greater efficiency and effectiveness in the administration and enforcement of regulation.

This report contains further information on our progress towards meeting the key priorities in the Statement of Expectations.





Government of Victoria

- ↑ 1 Treasury Place
Department of Premier and Cabinet
Department of Treasury and Finance
- 2 Treasury Place
Department of Education
and Training
- 3 Treasury Place
Victorian Public Sector Commission
and Victorian Multicultural Commission
- 4 Treasury Place
Commonwealth of Australia
- ← Old Treasury Building
Treasury Theatre
- 1 Macarthur Street
Department of Premier and Cabinet
Department of Treasury and Finance
- 55 St. Andrews Place
Parliament of Victoria
- 33 St. Andrews Place
Victorian School Building Authority
- 23 St. Andrews Place
Department of Education
and Training
- 41 St. Andrews Place
Department of Education
and Training

Treasury Reserve
Vehicle Control Point
CONDITION OF ENTRY
It is a condition of entry
that all persons
upon request present their
vehicle & any hand carried
items for
security inspection.
Failure to comply with
this requirement will
result in refusal of
entry to this site in
a motor vehicle.

Year in Review

REGISTERED WORKERS

228,767



↑ **150,137**

Community services

(119,288 last year)



↑ **54,033**

Contract cleaning

(39,368 last year)



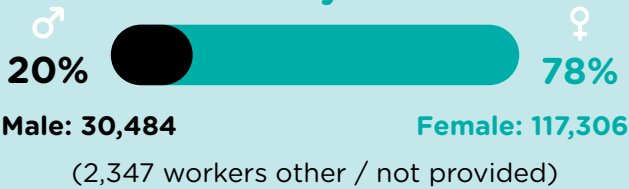
↑ **24,597**

Security

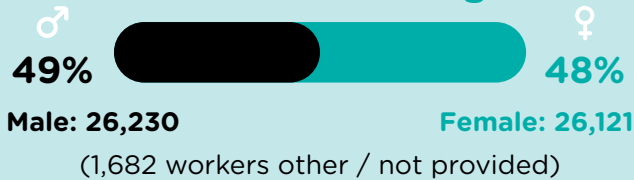
(19,304 last year)

WORKER BREAKDOWN

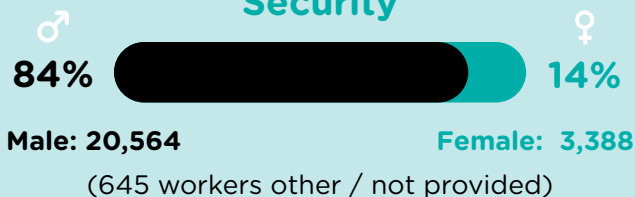
Community services



Contract cleaning



Security



REGISTERED EMPLOYERS

2,875

Community services ↑ **1,753**
(1,619 last year)

Contract cleaning ↑ **648**
(517 last year)

Security ↑ **474**
(404 last year)

ENGAGEMENT



11,922

Outbound calls



14,257

Emails received



205,000

Website Visits



3,911

Email newsletter subscribers

SUBMITTED QUARTERLY RETURNS



13,332

SCHEME ASSETS

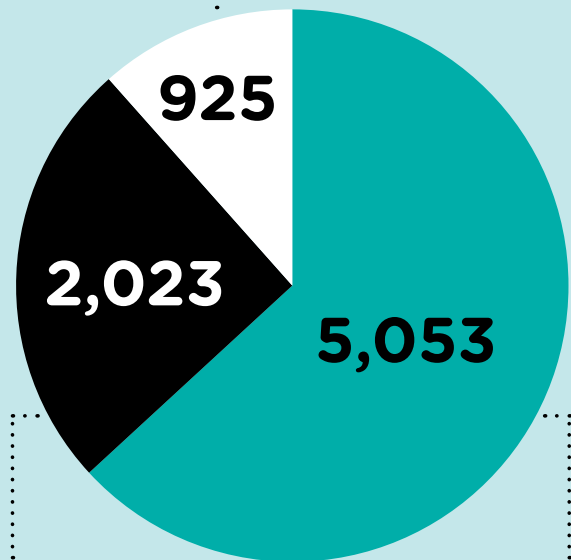


\$234.2m

CALLS RECEIVED

8,001

Other



From workers

From employers

97% of all calls answered within three-minutes

SOCIAL MEDIA

Facebook engagement up by

↑ 106%

LinkedIn followers

↑ 40.25%

Worker profile – Linda Saari

For many people, travel is a life-changing experience and that was certainly the case for Linda Saari.

When the adventurous twenty-something left her native England for a back-packing holiday around Australia, she never thought that distant continent would become her permanent home. Whilst in Sydney, Linda met her future husband. The couple moved to Bendigo, her husband's hometown, where they are raising two children.

Linda was a stay-at-home parent before deciding to look for part-time work. Through a friend at a local university campus, she found a job cleaning the residential student dormitories which house Australian and overseas students.

It has been nine years since Linda began work at the Bendigo campus. Initially, she only worked during school hours. However, with the children growing up it is now a full-time role working nine-to-five, Monday-to-Friday.

Various companies have held the cleaning contract at the university, which is usually for a three-year period. Linda has worked for three different companies in that time.

When a different company wins the tender, Linda endures an unsettling three-month work trial period before being presented with a contract.

“The job always feels secure until the next contract comes along, then it's a waiting game as you don't know if you will be offered your old position,” said Linda.

In addition to the insecurity of the job, contract cleaners such as Linda were excluded from long service leave benefits.

However, that changed for Linda and thousands of Victorian workers from July 2019 following legislation which created the Portable Long Service Benefits Scheme.

Linda is grateful for the existence of the Scheme and the benefits to workers such as herself and would like more workers who may be registered with the Authority to stay up to date with their registration.

“Their employers have done the right thing in registering their staff, but the workers may not be aware of their employer's good intentions,” Linda added.

Linda's comments echo the Authority's focus on educating employers about their legal obligations to register with the Authority, along with ensuring they communicate to staff about their involvement in the Scheme.

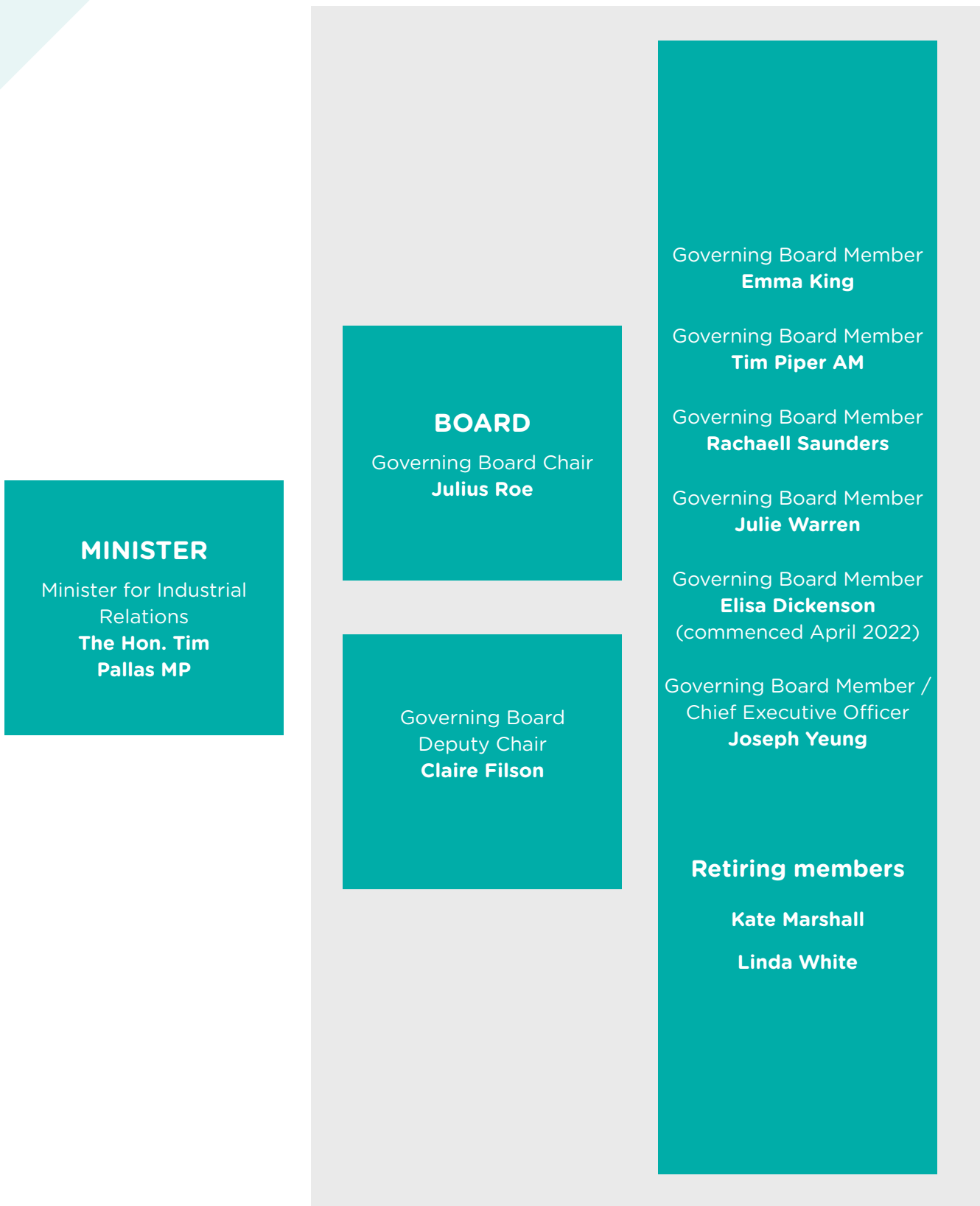
What will Linda do with her portable long service benefit after seven years in the contract cleaning industry?

“I can't wait to travel back to England to see my family and friends.”





Governing board



The Chief Executive Officer and Registrar, Joseph Yeung, who is a non-voting member of the Governing Board, is also responsible for the day-to-day management of the Authority and its operations.

Organisational Structure



Celebrating 200,000 registered workers

The Authority achieved a significant milestone with the registration of 200,000 workers during the past financial year.

The registration accomplishment was highlighted by a media conference in Victoria's parliamentary gardens featuring the Minister for Industrial Relations, the Hon Tim Pallas, supported by Authority Chief Executive Officer Joseph Yeung. Registered employers and workers were also in attendance.

The media conference on 10 February 2022 attracted national television and state-wide radio coverage.

"It is a major achievement that so many Victorians can look forward to the benefits of long service in the future, something which they had been denied in the past," Mr Pallas told the gathered media.

At the time the Authority achieved 200,000 registered workers, approximately 136,000 workers were from the community services industry, 45,000 workers from the contract cleaning industry and 19,000 workers from the security industry.

Employer registrations have also steadily risen with positive indications that employers consider the Scheme is of benefit in attracting and retaining valued staff.

When the Scheme was launched in July 2019, it was not anticipated that the Authority would hit the 200,000 milestone in such a brief time frame.

Industrial Relations Minister, Tim Pallas, with Authority CEO, Joseph Yeung, along with cleaning and security staff from Spotless and National Protective Services.





Meet Ethan Rowley – 200,000th registered worker

Ethan Rowley never thought he would be in the spotlight.

The Shepparton resident is happy and content in his job at WDEA Works which he commenced in September last year.

WDEA Works, which is a not-for-profit organisation that helps people with a disability find employment, registered Ethan with the Authority soon after he began working there.

That registration proved to be a milestone event as Ethan became the 200,000th worker to be signed up with the Authority.

Authority Chief Executive Officer, Joseph Yeung, congratulated Ethan on his unexpected achievement adding that he and the other 199,999 registered workers can also look forward to portable long service benefits which were never available to them before the scheme began in 2019.

Ethan is a member of the Student Leaver Employment Support (SLES) section of the organisation where he works with young people with various disabilities who are currently in their last year of school or have recently left school.

“I help them develop individual skills in one-on-one sessions, social skills in group sessions and visits to various industries within the community that they are interested in working,” said Ethan.

Before commencing at WDEA Works, Ethan worked nightshift for 13 years at a supermarket stocking shelves. He enjoyed the camaraderie of the team, which is something he feels his current job with WDEA Works also offers.

“Also, the young people I am helping are all so amazing. Every day it’s something new and an exciting challenge,” he added.

WDEA Works Chief Executive Officer, Tom Scarborough said, “we’re always looking for ways to attract, retain and reward our employees. We couldn’t do the important work we do without having great people in our organisation.”

“Thinking outside of our organisation and to the wider industry in which we operate, the Portable Long Service Benefits Scheme provides incentives for valued workers to remain within the industry,” added Mr Scarborough.

Asked what he planned to do with the portable long service leave benefits, Ethan said, “I haven’t even begun to think what might happen six years from now. I hope I’m still doing the good work this company lets me do and seeing the people I’ve worked with continue to grow.”

“Or maybe a holiday, who knows?”

A job well done Ethan.



Business units



The **Corporate Governance and Secretariat** business unit is responsible for establishing good governance, ensuring comprehensive risk management practices as well as facilitating the efficient and effective running of the Governing Board and Audit and Risk Committee.



The **Customer Service and Operations** business unit is the largest business unit within the Authority and delivers our core registry and enforcement functions by engaging with employers and workers to support them to fulfil their obligations and understand their rights.



The **Financial Services** business unit underpins our operations, and the Head of Finance has specific responsibilities under the *Financial Management Act 1994*. Performance monitoring, responsible budgeting, and a robust investment strategy ensures that the entitlements of registered workers are managed prudently and helps to ensure the sustainability of the Scheme.



The **Facilities, Information and Technology** business unit underpins our core operations and manages key vendors which support our network infrastructure and telephony systems. Having the best systems in place enable us to be efficient and effective in delivering on our functions.



The **People and Culture** business unit supports the growth and development of our people and culture. Our people are our greatest asset. Without our people, we have no capability to fulfil our statutory obligations under the Act.



The **Communications and Engagement** business unit leads communications, identification of, and engagement with key stakeholders. The business unit also leads internal and external education activities to ensure that employers understand and can meet their obligations while workers are aware of their rights.



The **Legal** business unit provides practical legal advice that advances the Authority's objectives whilst being consistent with the law and regulatory environment. The unit provides both in-house commercial legal advice as well as advice on the Authority's regulatory operations.

Employer profile - Deaf Chef Ross

There are some people in this world who are an inspiration to others. One of those people is Ross Onley-Zerkel.

Ross is the passionate creator and driven individual behind Deaf Chef Ross, which is an online and social phenomenon producing cooking programs in Auslan (Australian Sign Language) to encourage deaf people to cook and eat healthy food.

The journey for Ross towards setting up his company was through a difficult personal experience. Ross was stricken with psoriasis, a debilitating skin condition with severe flare-ups. After years of medical advice and various medications, Ross was advised that the disease is incurable.

The impact of his skin condition led Ross to endure low self-esteem and periods of depression.

His search for a self-cure led him to investigate if there was any correlation between his diet and the skin ailment. He also studied medicinal foods which led to the discovery that raw apple cider vinegar was beneficial for him.

After months of careful diet maintenance, his psoriasis and his self-esteem improved dramatically.

Combining his passion for cooking and a desire to inspire other deaf people to appreciate food, Deaf Chef Ross was born.

The major component of the fledgling business is a series of online programs including *Learn to cook*, *Healthy cooking*, *Talk about food* and *Plan your meals*. There are also workshops for groups or organisations who want to have a cooking class, cooking demonstration or simply talk about healthy eating.

Deaf Chef Ross is a registered employer with the Authority.

“I think it is a brilliant idea. Looking back in my younger years working at various organisations, I would have loved to have this opportunity. Now we have it, it will benefit many of us especially my staff knowing that there is money available for when they take long service leave,” said Ross.

“Being portable, it is much easier for employers to contribute money from different places if the employee has more than one job,” he added.

Ross remains committed to his deaf clients and ensuring his own staff are well looked after.



Objectives

The Authority's primary objectives are to:



Fulfil our legislative obligations by effectively administering the *Long Service Benefits Portability Act 2018*.



Implement effective, responsible budget and investment strategies which grow levy funds and deliver long-term sustainability.



Be clear, consistent, transparent and responsive in our stakeholder communications to encourage registration and levy payments and ensure that eligible workers and employers are aware of their rights and obligations.



Maintain a healthy and safe workplace with a culture that encourages engaged, resilient and solution-focussed staff.



Maintain an innovative secure, resilient and integrated information technology environment that supports effective operations now and into the future.



Protect the long-term interests of the Authority through effective regulation using governance, strategic risk management and clear policies and procedures.



A people-powered cleaning business

Bendigo Professional Cleaning Service began operating in November 2015 after Jessica Johnson identified an opening in the Bendigo region for a company to provide high quality cleaning.

The company has grown into a successful business providing a broad range of domestic and commercial cleaning services, even including solar panel cleaning and pest control.

One of the most specialised services the company provides is crime scene cleaning.

There are two sides to crime scene cleaning. The first is the difficult and emotionally draining forensic cleaning after a death, with the welfare of staff being closely monitored in these situations.

“You can be filled with emotions when cleaning a deceased estate. As you are cleaning their home you gather small insights into their lives, looking at framed photos and other personal touches. It’s sad knowing they are no longer around,” Jessica said.

The other side to crime scene cleaning is illegal drug laboratory decontamination.

As Jessica explains, “drug laboratories can be found anywhere, in hotels, restaurants, garages, storage units, caravans, in homes and rental properties. Whatever area has been used for the clandestine lab, the entire scene requires a thorough decontamination due to the toxic chemicals involved in the drug making process.”

As company owner and managing director, Jessica has found the most difficult component of creating and maintaining a successful business is finding the right people to employ and keeping them.

“Our employees are the backbone of our business. We pay them above the award rate because we believe that each one of them is worth it and we do this to keep them with us,” said Jessica.

On their website, Bendigo Professional Cleaning Service highlight one of the benefits of working for their business is that they pay staff contributions into the Portable Long Service Benefits Scheme.

“I think the Portable Long Service Benefits Scheme is a great idea and it gives employees more financial security for the work they do,” she added.

Bendigo Professional Cleaning Services ticks the boxes when it comes to being a model corporate citizen in what can be a tough business.





Our Performance

Business Unit Reports



Governance, Risk and Secretariat

The Governance, Risk and Secretariat business unit has a multitude of core functions including the effective running of the Governing Board and Audit and Risk Committee, providing sound governance advice as well as overall coordination of risk management across the Authority to support and ensure prudent and strategic decision making.

The business unit supports the Registrar to develop and maintain a mature risk culture that embeds risk management into the daily decision making of the Authority's staff. The establishment of risk champions has further embedded a positive culture around risk management across staff of the Authority. Focussed and dedicated quarterly risk management meetings also continues to embed risk mitigation into the culture of the Authority.

The business unit is also responsible for maintaining a constructive corporate planning process and performance management framework, as well as scrutinising compliance and internal controls to ensure that the Authority meets its legislative obligations.

During the financial year, the business unit had responsibility for the coordination of the Authority's three-year internal audit program to ensure that there is an adequate level of assurance and management of key areas of the Authority's enterprise risks. The unit also progressed the Internal Control Framework which creates a foundation to review, analyse and evaluate the effectiveness of the Authority's internal controls framework on a regular basis.

Other activities of the financial year led by the business unit included the Authority's COVID-19 response, the review and update of

the Authority's Business Continuity Policy and the implementation of the Authority's Business Continuity Plan, Crisis Escalation Matrix and Crisis Management Plan to provide a stronger and more robust foundation for the Authority to effectively manage future business disruptions.

Looking forward, the business unit will be focussed on refining the Authority's internal messaging and looking to further embed sound governance and risk management principles across the Authority's decision-making processes. There will be more work on educating business units through the intricacies of consistent project management and alignment of business unit cohesion in corporate strategy and planning in a post-COVID-19 working environment.



Financial Services

The Financial Services business unit has continued along the path set in the previous year of improving output by transitioning and refining business systems and processes.

The transition from using outsourced service providers to managing payroll and accounts internally has continued to provide both service and financial efficiencies to the Authority.

Following the significant work done in the previous two years in developing appropriate policies and procedures to ensure good financial governance, the Financial Services business unit has now embedded those policies and procedures into standard operating practices. These practices have resulted in significant operating efficiencies.

During the current year, 973 employer reimbursements totalling \$1.5 million were processed, bringing the total amount reimbursed to employers to \$2.2 million since the commencement of the Scheme.

The Authority now has \$196.7 million in cash and investments. Those funds will provide for the future portable long service benefits of more than 228,000 registered workers.

The Authority continues to invest employer contributions with the Victorian Funds Management Corporation (VFMC). There have been challenges for our managed investments in the past year which can be attributed to several factors including the COVID-19 pandemic, rising inflation and the general downturn in global equity markets. The Authority will continue to work with VFMC to monitor the fund's strategic asset allocation in order to manage portfolio risk.

The actuarial valuation process for the accrued portable long service benefit liabilities has been enhanced through an additional year of live data used to validate key assumptions underlying the valuation model.

The Financial Services business unit will continue to work closely with the Facilities, Information and Technology business unit to develop streamlined processes for submitting quarterly returns and employer reimbursements. As the business matures and the number of registered workers increases, greater reliance will be placed on core business systems to ensure the efficient operations of the Authority.

Customer Service and Operations

The Customer Service and Operations business unit is responsible for three teams: Customer Service and Education, Compliance and Enforcement, and Research and Education.

Customer Service and Education

The Customer Service and Education team has continued to deliver its core responsibilities of assessing employer applications for registration, being the key point of contact for employer and worker enquiries received by telephone and email, and processing employer quarterly returns.

A focus area in the 2021-22 financial year, we have enhanced our processes to assist employers complete their quarterly returns in a timely and

accurate manner, as well as improved processing times while we continued our quality assurance program to educate employers to ensure that worker benefits are being recorded correctly.

Our frontline staff have been resilient and responsive to change and the impacts of the COVID-19 pandemic while continuing to work with employers and workers to help them understand matters of coverage under the Scheme.

Our processes and business systems have been further refined to support the delivery of our services and continue to be reviewed to ensure we provide employers and workers with quality service and support.

Compliance and Enforcement

The Compliance and Enforcement team continues to work closely with employers to ensure they fulfil their obligations and financial commitments to the Scheme. We commenced significant work to strengthen our investigation capacity and develop a more holistic system for compliance and enforcement. This includes the recruitment of a Compliance and Enforcement Manager, critical decision-making processes, and escalation processes to activate enforcement activities. This aligns with an increased effort ensuring timely and consistent communication about the Scheme's coverage through multiple channels.

The Authority undertook projects targeting contract cleaning and community services which uncovered additional unregistered employers.

The Compliance and Enforcement team has also been exploring different ways to monitor employer compliance under the legislation. This includes adopting new technologies and plans to trial dedicated compliance software to assist with investigations and simplify processes and procedures.

The team has also dedicated significant research effort into gaining deeper insights into the complexity of the relationships between employers and workers within the business structures that operate within the sectors that we regulate. With this information, we have been able to uncover more unregistered employers.

Research and Education

The Research and Education team identifies employers in the covered industries who are likely to be eligible for the Scheme, and develops, tests, and evaluates the engagement processes required for converting this information into registrations.

We believe that there are a number of employers in particular areas still not registered, and that some employers are not paying for all eligible workers.

The team has therefore developed a detailed program of work centred around eight key strategies to identify eligible employers that remain unregistered within the covered sectors, to be implemented in the coming year. These eight strategies are aligned to the Authority's risk appetite and allow for a systematic and methodical regulator approach to the identification and focus of the Authority's efforts in targeting under-registration in selected sub-sectors.



Facilities, Information and Technology

The Facilities, Information and Technology business unit ensures the Authority operates to its full potential by providing enhanced information and technology support.

Our resolve was once again tested as the organisation continued to maintain operations whilst managing the impact of the COVID-19 pandemic on the Authority.

The challenge created by the continued increase in the number of employers and workers registered with the Authority involved the implementation of new technologies for more efficient and effective systems.

We made major improvements to our core business platform, and those developments included increased functionality to assist employers with the handling of bulk employer quarterly returns as well as data analytics to review the quality of data submissions.

There were also upgrades to the worker and employer portals to enable better communication offering a better customer experience.

Cost reductions were achieved by replacing the phone system with voice calling via Microsoft Teams. Meanwhile, within the organisation, there was a continued focus on security and cyber awareness in staff training sessions and the introduction of a standardised Information Security Framework was also implemented.

We appointed an Information Management and Project Support Officer, focussing on records management and compliance areas. A full review of our current records management systems and practices is underway with a view to further improving our record keeping procedures in the new financial year.

On another front, the business unit provided technical support as the Authority successfully adapted to the hybrid workplace environment, which involved the crossover of staff working from home and returning to an office environment.

In relation to workplace facilities, the business unit made sure the Authority's Bendigo and Melbourne offices remained fit for purpose and provided staff with a COVID-19 safe environment.

The business unit has also been involved in the planning process for the new GovHub building in central Bendigo: a \$90 million project that will accommodate about 1,000 City of Greater Bendigo and Victorian Government workers including staff of the Authority. The building is expected to be completed in early 2023. The Authority has been working with key stakeholders to ensure the needs of the organisation are accommodated and continue assessing our facility needs now and into the future in line with our workforce profile.



People and Culture

The People and Culture business unit continued its commitment to supporting our staff through a second challenging year of the COVID-19 pandemic.

The mental health and well-being of our people continued to remain at the forefront of the Registrar and the team.

We were creative and highly agile in developing initiatives to boost staff morale and productivity, ensuring everyone retained social connectivity and felt supported as they adjust to a hybrid working environment.

To foster this social connectivity, many best-practice initiatives were introduced, while webinars focussing on exercise and ergonomics in the home office were available to staff. The team also coordinated the communication of regular up-to-date official health and safety advice to staff along with re-entry support webinars to enable a seamless transition upon return to the physical office premises. Engagement from staff was enabled through a People and Culture led Return to Office planning committee where the team developed guidelines for attending our offices in Bendigo and Melbourne's CBD with relevant and valued input from staff.

We also made physical modifications to the office workplace and changed access levels in response to government and WorkSafe advice to minimise the risk of exposure and spread of COVID-19 at the height of transmission during the pandemic.

At the forefront of priorities, we have been working with the Registrar on the Authority's Cultural Transformation journey and People Matter Survey Action Planning Framework. We established a Cultural Champions working group who are gentle architects of change, seeking out new ideas and opportunities to make the Authority a happy, inclusive and productive workplace.

In response to the People Matter Results 2022, we are empowering staff to shape a culture they want to work in and are meeting with staff via Listen and Learn focus groups to ensure every staff member has a voice. People and Culture aim to continue to use empowerment strategies to support the Authority's culture transformation journey and encompass a phased approach to create a values-driven organisation.



Communications and Engagement

The Communications and Engagement business unit leads the organisation's internal and external communication initiatives.

The team was focussed on several major organisational achievements during the financial year. The highlight was the 200,000th worker campaign. This involved developing relationships with the employer and worker who marked the 200,000th worker registered with the Authority and working closely with the Minister's office in developing media releases and organising the ministerial media event at state parliament.

The outcome was national television and state-wide radio coverage. Internal communications kept staff up to date with proceedings, along with the production of a commemorative booklet.

Elsewhere, the business unit produced creative content for the monthly email newsletter, which has a steady readership. Additionally, acknowledging the changing external environment and the way employers and workers consume information, focus shifted to the Authority's digital channels in terms of operating as a modern regulator. This work has led to strong growth in social media content and audience engagement, especially through the Authority's twitter account. Our website content was consistently improved through the year. Additional employer information was published on the number of workers they registered in their previous quarterly return, to encourage employers to register all eligible workers.

The Authority has also developed a suite of content in other languages to support the Authority's culturally and linguistically diverse audiences.

The business unit also led the coordination of the Authority's participation in trade exhibitions and other external events to strengthen the understanding of the Authority's work in covered sectors. The Authority also participated in and spoke at various events during the financial year.

The challenge ahead is to leverage these significant achievements and develop messaging and raise awareness to employers and workers on the broad coverage of the Scheme through our research and education activities. This will reduce the reliance of the Authority on the use of compliance and enforcement powers.

Legal

The Legal business unit continued to provide high-level practical and strategic legal advice to all areas of the Authority, including the Chief Executive Officer / Registrar, Governing Board and business units.

The guidance covers a wide range of disciplines, including administrative and criminal law, privacy and data protection, freedom of information, along with general corporate and commercial law.

Our efforts during the year were enhanced by the recruitment of senior legal personnel to the business unit, technological solutions to support workflow and streamline processes and professional development opportunities for legal team members.

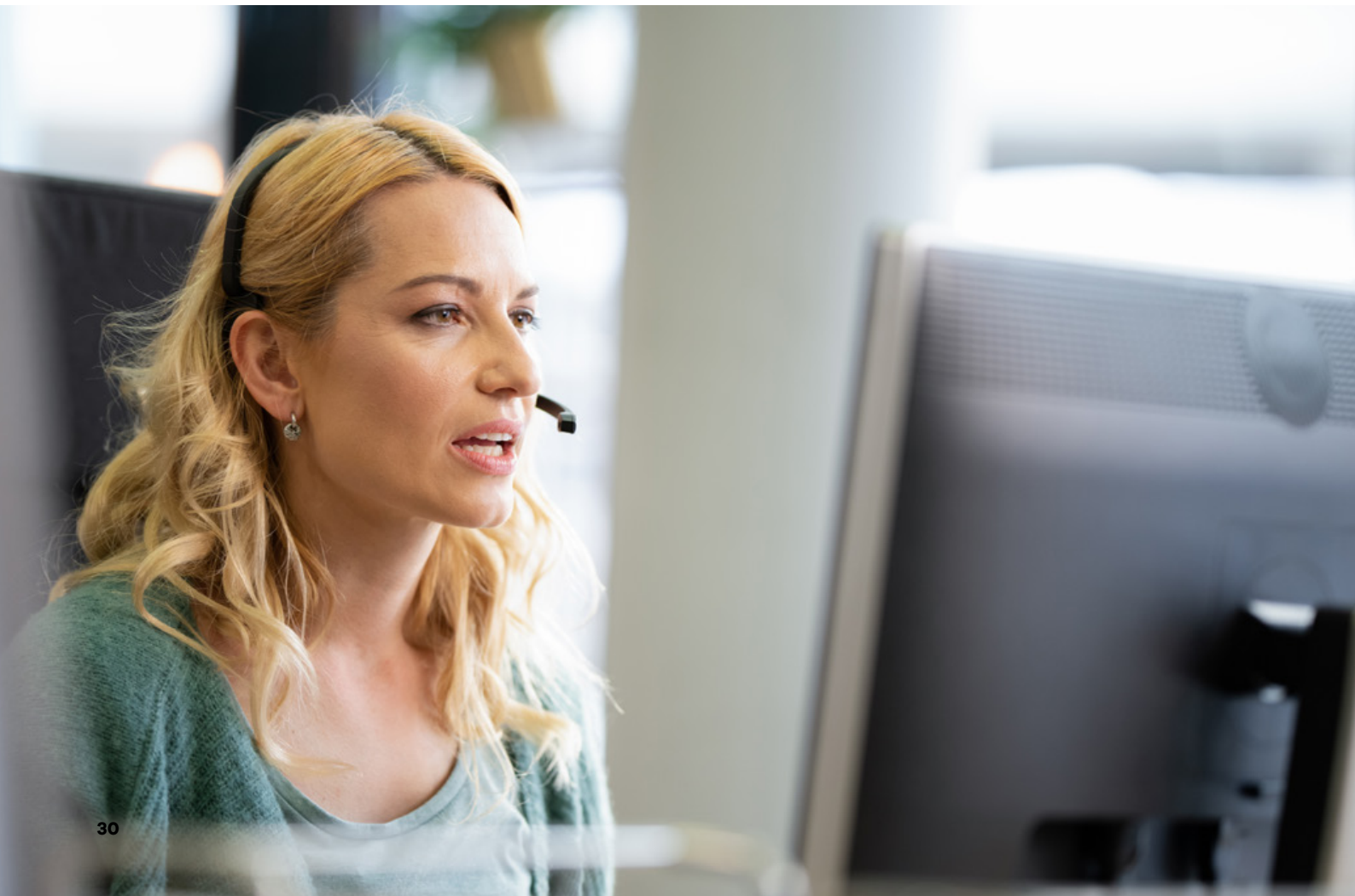
We also appointed a dedicated Privacy Officer and enhanced the Authority's privacy framework.

The key word for the Legal business unit during the year was 'collaboration', working closely with our internal stakeholders to support them in achieving the objectives of their business units and the Authority.

This was evident in our support to the Customer Service and Education team in a variety of projects and initiatives regarding coverage of employers and workers in the Scheme, particularly in relation to amendments to the Regulations.

We also worked closely with the Compliance and Enforcement team to progress investigations in relation to possible contraventions under the Act.

The challenge ahead for the Legal business unit is to compliment the Authority's growing maturity by continuing to provide high quality and practical legal advice to empower business units to achieve their objectives in a legally compliant manner.



Delivering on our objectives

The Authority's Corporate Plan 2020-23 sets out the Authority's short and medium-term priorities along with its key measures for success.

Below is an overview of the Authority's activities in meeting these objectives.

Fulfil our legislative obligations by effectively administering the *Long Service Benefits Portability Act 2018*.

Key highlights

Customer Service and Education

- Improved and streamlined processes to improve efficiencies and create a robust and transparent operating environment.
- The Authority's Worker Customer Relationship Manager (WCRM) system continues to be refined with the vendor, as the Customer Service and Education team identify and carry out improvements.
- Ongoing review of data accuracy of quarterly returns to ensure worker entitlements are being recorded correctly, with the team undertaking quality assurance and education to assist employers better understand their obligations and importance of accurate data reporting.
- Continued education activity to support employers to fulfil their quarterly return obligations.

Compliance and Enforcement

- Issued 147 enforcement notices to compel documents and information, of which 43% of employers complied.
- Engaged 135 potential employers who had been identified to register with the Scheme, of which 35% of employers complied.
- Issued 19 letters of demand for overdue levy invoices, of which 57% of employers complied before a lodgement for default was listed.
- Engaged 145 employers via telephone and email, who were not meeting their obligations, of which 64% complied with their obligations.
- Received 54 worker disclosures of possible failure of employer to meet obligations, of which 29% have been resolved.
- Engaged with 801 employers where obligations were in dispute, of which 61% complied before the dispute escalated.

Research and Education

- Identified unregistered employers using multiple data sources.
- Commenced implementation of eight strategies to increase employer registration.
- Produced internal training resources to strengthen the Authority's relationship with external stakeholders.
- Provided tailored education sessions to employers and stakeholders.

Numbers

- 228,767 workers registered:
 - 150,137 in community services
 - 54,033 in contract cleaning
 - 24,597 in security.
- 2,875 employers registered:
 - 1,753 in community services
 - 648 in contract cleaning
 - 474 in security.
- 13,332 employer quarterly returns submitted (incorporating the retrospective returns outside of this financial year due to late registration with the Scheme).
- 19,923 calls were made and received during the financial year.

Of the 18 successful service of affidavits to employers failing to meet their obligations, 80% of employers either complied or engaged with the Authority to put a plan in place.

Implement effective responsible budget and investment strategies which grow levy funds and deliver long-term sustainability.

Key highlights

- Investment strategy reviewed.
- Final year of three year rolling internal audit review of compliance with the Standing Directions of the Assistant Treasurer which did not identify any material compliance deficiencies.
- Total Authority expenditure remained prudent for the year.
- Implemented a process for monitoring investment returns since inception.
- Business unit budget monitoring implemented.
- Cost savings achieved through centralisation of procurement and human resource activities.

Numbers

- \$105.4 million invoiced, \$4.9 million outstanding at 30 June 2022 of which \$0.7 million is more than 30 days overdue.
- \$169.6 million invested with VFMC in the Balanced Fund.
- \$196.7 million in cash and investments.
- \$1.5 million reimbursed to employers for workers who have taken long service leave.



Be clear, consistent, transparent and responsive in our stakeholder communications which encourages registration, levy payments and ensures that workers and employers are aware of their rights and obligations.

Key highlights

- Achieved state-wide coverage of our 200,000 worker celebrations raising awareness of the Authority and Scheme.
 - Social media channels continued to grow with increased engagement and awareness, and we broadened our presence by establishing our twitter account.
 - Continued circulating our email newsletter, increasing subscribers, improving our content through feedback from our reader survey and updating the design to increase engagement and click through rates which remain above the industry average.
 - Enhanced our internal communications via PLSA Pulse – the Authority intranet – including updating content to support initiatives such as Strategic Alignment, COVID-19 updates, Return to Office and, the Social Committee while ensuring staff were trained and contributed updates to their business unit content.
 - Evolved the Authority brand by introducing new style elements, increasing our image library, updating templates, producing a suite of Authority branded Teams backgrounds and internal email banners, and developing internal project-specific design concepts for staff to clearly identify project material.
 - Conducted a website review, amending and updating our content in response to feedback and ensuring it remains relevant, informative and accessible.
- Translated material into 8 languages to support our culturally and linguistically diverse employers and workers.
 - Undertook design projects including the updating of the worker annual statement to ensure the design and information was useful and informative.
 - Provided the Customer Service and Education team with support for their quarterly return information sessions delivered to employers consistently through the year.
 - Continued planning and preparing for the trade exhibitions across the three industry sectors and the Authority's third birthday communications to internal and external audiences.

Numbers

- 205,000 visits to the Authority's website, an increase of 2.9% on the previous year.
- Audience was 59.5% female and 40.5% male.
- The most visited page is the home page followed by the 'worker information' page.
- The average open rate for the email newsletter is a healthy 51.3% and click through rate of 10.1%.
- Email newsletter contacts have increased by almost 15%.
- Both Facebook and LinkedIn follower numbers have increased.
- Business development was the highest visiting demographic, followed by Information and Communication Technology (ICT) and then human resources.

Maintain a healthy and safe workplace with a culture that encourages engaged, resilient and solution-focussed staff.

Key highlights

- Organisational-wide training opportunities provided by the Authority included *Re-Entry Office Support Training*, *Successful Computing (Microsoft Word)*, *Vicarious Trauma Training*, and *Thriving Through Workplace Change*.
- Supported and endorsed staff to undertake external secondment opportunities to extend the depth and breadth of their VPS exposure.
- Prioritised internal staff to undertake higher duty arrangements to act up in a senior or team leader roles to support development and leadership capabilities.
- Celebrated and recognised International Day Against Homophobia, Biphobia, Intersex Discrimination and Transphobia (IDAHOBIT), International Women's Day and NAIDOC week.
- Embarked on a phase of research and analysis, drawing out themes and uncovering areas of focus following People Matter Results. Held an organisational wide focus group session and 1:1 staff empathy mapping session as a basis to build a cultural climate action plan.
- Created the Authority's Cultural Transformation journey and People Matter Survey Action Planning Framework.
- Created a Cultural Champions group to support as a key driver to influence the desired culture and ultimately embed a sustainable positive organisational culture.
- Created the Social Committee to facilitate and lead in organising activities/events to foster greater social cohesion and connectivity.
- Established the Return to Office (RTO) Planning Committee to aid the Authority's transition back to our primary workplaces following Victoria reaching the 90 per cent vaccination milestone, Phase D of Victoria's Roadmap.

- Created a hybrid working model to recapture the benefits of spending face-to-face time with colleagues whilst committing to what has worked well during the remote working period.
- Organised a 'Welcome back' pack issued to staff upon their return to the office and created a calendar of events to boost employee morale for staff through the initial transition return to office period.
- Enabled staff to submit individual flexible requests for consideration to the Executive leadership group and supported staff to work collaboratively with their manager to use flexible arrangements on an as needed basis.
- Partnered with our Employer Assistance Provider to deliver "Thriving through Change" workshops to support staff with personal coping mechanisms to self-motivate, be more adaptable and resilient to change and deliver re-entry and anxiety support seminars to help staff transition to a hybrid working model.
- Launched the Performance Development program using the Authority's performance development framework along with support sessions providing staff enhanced understanding of performance development and feedback strategies.

Numbers

- 12 merit-based fixed term higher duties assignments with 1 internal promotion
- 6 external secondments
- 2 accredited Mental Health First Aiders
- 21 roles were advertised
- 50 staff employed as of 30 June 2022, an increase of 6.38% from last financial year.

Implement an innovative, secure, resilient and integrated information technology environment that supports effective operations now and in the future.

Key highlights

- Implemented Microsoft Teams Calling improving the telephony system's resilience to a high level as well as the accessibility for all staff, removing legacy equipment and achieving cost savings.
- Developed Power Business Intelligence Reporting to assist with workforce planning and operational reporting.
- Continued enhancement of Worker Customer Relationship Management system to improve employer experience as well as process efficiency for back-office staff.
- Maintained effective and efficient contact centre operations, while working remotely, during the extended lockdowns in Victoria supported by technology enhancements.
- Supported the implementation of superior Human Resource management modules in core information technology systems.
- Conducted a review and updating of document and records management policy and procedures.
- Improved our cyber resilience and implemented Domain-based Message Authentication Reporting and Conformance (DMARC) to protect the Authority's email from 'spoofing': this allows people to validate the trustworthiness of the 'from' address which users see in their email clients. By adopting DMARC only someone from the government (or someone we authorise) will be able to send emails using our pls.vic.gov.au domain.
- Completed the Protective Data Security Plan.

Numbers

- 103 WCRM Support tickets created (59 issues, 44 enhancements and tasks)
- 4 major releases WCRM implemented during the year and 6 minor / Hotfix releases
- 51 incidents lodged and closed with Cenitex
- 1 major project managed with Cenitex
- 117 Internal ICT Support interactions.





Protect the long-term interests of the Authority through effective regulation using procedure governance, strategic risk management and clear policies and procedures.

Key highlights

- Developed a suite of business continuity procedures and plans.
- Implemented Risk Champions across the Authority, with the group meeting quarterly.
- Governance Framework in place.
- Developed key corporate policies.
- Implemented project risk registers to improve the quality of risk reporting, streamline the monitoring and amendment of project risk.
- Implemented an Occupational Health, Safety and Wellbeing (OHSW) specific risk register.
- Risk Framework, including a risk policy, procedures and appetite in place and aligned with the Victorian Government Risk Management Framework (VGRMF) (and ISO 31000: 2018 standard).
- 91.1% overall score on the risk maturity self-assessment, which places the Authority well above the average benchmark of 78.2% (from 217 submissions).
- Integrity Framework consistent with Victorian Public Service practices in place.
- Implemented voluntary risk training to all Authority staff members.
- Developed Project Management tools, including Project Plan template, PM template - Dashboard Monitor and Traffic Light Report and Terms of Reference template.
- Made available a staff online risk assessment system, as well as governance, integrity,

strategy and policy material via the Authority's intranet.

- Implemented an enterprise level Issues Register.
- Established a new three-year risk aligned strategic internal audit program providing assurance over key areas of the Authority's enterprise risks.
- Completed eight internal audits and concluded 13 internal audit recommendations.
- Conducted six internal audits.

Numbers

- 91.1% on the Risk maturity self-assessment
- 4 Quarterly Risk Management meetings held
- 1 Quarterly Risk Champions meeting held
- 2 Management Strategy meetings held
- 5 Governing Board meetings held
- 5 Audit and Risk Committee meetings held
- 147 processes currently in use across the Authority:
 - 111 updates approved
 - 53 new processes.

Financial performance

Five-year financial summary

The Authority commenced operations on 18 March 2019, therefore only three full years of comparative information is available.

Table 1: Authority four-year financial summary

(\$'000)

Summary	2021-22	2020-21	2019-20	2018-19
Total income from transactions	98,166	101,833	61,883	1,820
Total expenses from transactions	101,023	95,643	53,146	301
Net result for the period	(2,857)	6,190	8,737	1,519
Net cash flow from operating activities	95,420	75,929	40,387	-
Total assets	244,106	154,187	59,204	2,351
Total liabilities	230,517	137,741	48,948	832
Net assets	13,589	16,446	10,256	1,519

Current-year financial performance

The 2021-22 financial year is the Authority's third full year having only commenced on 18 March 2019.

The Authority administers three schemes which provide portability of long service leave benefits for registered workers in the community services, contract cleaning and security industries in Victoria.

The Authority levies registered employers for workers in the covered industries in accordance with the *Long Service Benefits Portability Act 2018* and the *Portable Long Service Regulations 2020* and makes payments for benefits taken.

In the 2021-22 financial year, the Authority reported a net loss for the year of \$2.8 million compared to \$6.2 million surplus in 2020-21. The current year result was significantly impacted by a loss of \$22.6 million on the fair value of investments, driven by the general downturn in global equity markets.

Levy contributions from employers and contractors based on levy rates set by the Governing Board was the largest source of income from transactions. Levy contributions increased by \$18.5 million in the current year as a result of the increase in registered workers. There are 228,767 (177,960 2020-21) registered workers with 2,875 (2,540 2020-21) registered employers.

The Authority continued investing with the VFMC Balanced Fund and transferred a total of \$83.6 million additional investments during the year, increasing the total investments to \$169.6 million.

A final payment of \$0.2 million in Government grants was received during the year to continue the assistance with the establishment of the Authority.

The portable long service benefit expense for 2021-22 was \$93.1 million (\$88.7 million 2020-21).

Administration costs totalled \$7.7 million with \$5.5 million relating to employee benefits expense and \$2.2 million for information technology costs, office expenses, professional services, promotion costs and internal and external audit fees.

Financial position balance sheet

The Authority ended the financial year with net assets of \$13.6 million and a solvency ratio of 105.9%.

Cash at bank totalled \$27.2 million, which included scheme funds collected and not transferred to VFMC investments and administration charge received to fund the Authority but not spent.

The Authority increased the investment funds with VFMC to \$169.6 million and accrued \$7.9 million of investment income due in July 2022.

The Authority's actuary valued the long service leave benefits for the Scheme's 228,767 registered workers as at 30 June 2022. This amounted to \$229.4 million and is supported by \$234.2 million in Scheme assets.

Operating cash flows

Net cash flow from operating activities was positive for the year totalling \$95.4 million, which included \$104.0 million of receipts from employers for their worker levy contributions and \$0.2 million from Government to continue the establishment of the Authority.

The Authority transferred \$83.6 million to VFMC Balanced Fund and received \$6.1 million of proceeds from these investments during the year.



Investment performance

The Governing Board has approved an investment strategy based on an analysis of desired investment returns against investment risk appetite.

The investment objectives of the Authority at 30 June 2022 are:

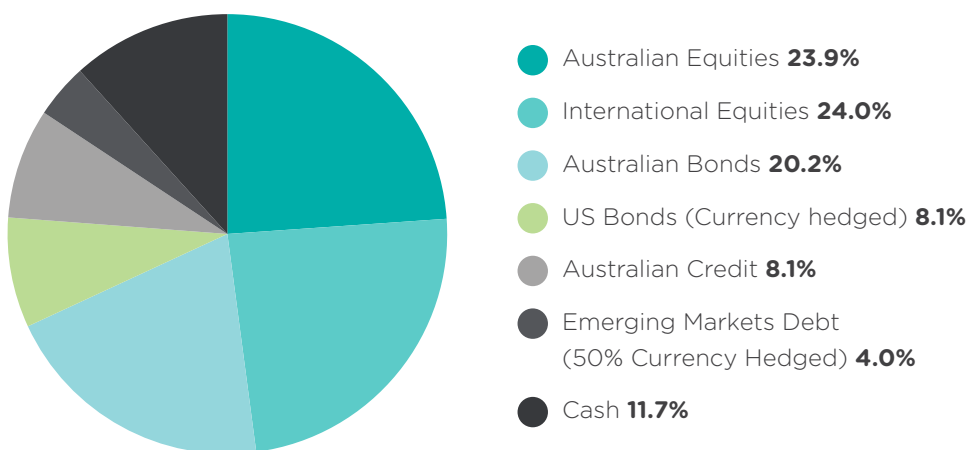
- **Return:** To achieve an average return objective of at least CPI + 3.0% p.a. with greater than 60% probability over a rolling 10-year period; and
- **Risk:** To limit the likelihood of a negative annual return to no more than one year in every five years and when negative returns occur, for this not to exceed a 10% loss of capital on average.

Current-year investment performance

Under the Act, the Authority is permitted to invest Scheme assets for the benefit of the schemes.

The Authority has appointed VFMC as its investment manager and VFMC has determined the following balanced asset allocation of investments for the Authority's portfolio:

Figure 1: VFMC Asset Allocation



For the 12 months from 1 July 2021 – 30 June 2022, the Authority recorded unrealised investment losses of \$22.6 million against total scheme funds of \$169.6 million as at 30 June 2022. The Authority received \$8.7 million of investment income during the year.

Outlook

The Authority is continually working with its investment manager to adjust portfolio positioning in response to market movements and changes to economic conditions and policy outlook of governments, which may affect key investment asset classes.

Governance and organisational structure

The Authority is responsible to a Governing Board appointed by the Victorian Minister for Industrial Relations. The Governing Board comprises a mix of expert skills, qualifications and experience, including individuals from organisations who represent employers and workers for the three covered industries.

The directors of the Governing Board perform their duties consistent with the standards set in the Code of Conduct for Directors of Victorian Public Entities and the duties and values contained in the *Public Administration Act 2004*.

In accordance with the *Long Service Benefits Portability Act 2018*, the Governing Board:

- sets the levy to be paid by employers and contract workers
- is responsible for the governance, strategic planning and risk management of the Authority
- advises the Minister on agreements for corresponding schemes across Australia
- may perform functions and exercise the powers of the Authority that it deems appropriate.

Governing Board



Julius Roe
Chair



Claire Filson
Deputy Chair



Emma King
Member



Tim Piper AM
Member



Rachael Saunders
Member



Julie Warren
Member



Elisa Dickenson
Member



Joseph Yeung
CEO / Registrar

Retiring members



Kate Marshall



Linda White

Julius Roe, Chair

Julius Roe's career spans 40 years in industrial relations, including as Fair Work Commissioner from 2010 to 2017. He is currently a member of the Police Registration and Services Board and, since 2017, Julius has been working as a consultant, handling mediation in a diverse range of workplace disputes in the public and private sectors. Julius has been a leader in vocational education and training policy, including various boards at both state and national level. He was National President of the Australian Manufacturing Workers Union from 2000–2010.

Claire Filson, Deputy Chair

Claire Filson has worked extensively in the financial services sector, with more than 20 years' boardroom experience in superannuation and infrastructure businesses.

Before taking a break to travel in 2010, she was a Director on the Board of Emergency Services and State Superannuation, a 150,000-member public sector superannuation fund managing \$15 billion.

Claire has a mix of skills spanning law, governance and risk management and is currently a director of Greater Western Water and Redundancy Payment Central Fund Limited, and the Deputy Chair of the Port of Hastings Development Corporation and the Indigenous Land & Sea Corporation.

Emma King

Emma King is currently CEO and Company Secretary of the Victorian Council of Social Service. Emma is a strong voice on social justice, has a Masters in Industrial and Employee Relations and has worked as a policy adviser, teacher and in a range of industrial and training roles.

Emma is also a member of the Victorian Skills Authority and the Chair of the Farnham Street Neighbourhood House Learning Centre.

Tim Piper AM

Tim Piper is the Head of the Australian Industry Group's Victorian branch, advocating for more than 12,000 businesses in Victoria and over 60,000 across Australia. He has had significant engagement with government at all levels. He chairs the Industry Capability Network, is deputy

Chair of the Rail Industry Advisory Council and sits on a number of Ministerial Committees and government bodies. He is also on the Board and a Director at GS1 and Co-Invest.

A lawyer in private practice in Australia and the UK, Tim was previously Executive Director of the Australian Retailers Association in Victoria. Tim was appointed a Member of the Order of Australia (AM) in the Queen's Birthday 2020 Honours List for significant service to industry and manufacturing, to skills training, and to multicultural youth.

Rachaell Saunders

Rachaell Saunders is founder and CEO of National Protective Services, a leading national security organisation that specialises in both protective services and electronic security. Having founded the organisation in 1988 Rachaell has an extensive career within the security industry.

Rachaell has various qualifications in marketing, international business, risk management, security and business. As CEO of National Protective Services, she sets the strategic direction for the business with focus on operations, finance, human resources, sales and marketing.

Rachaell has been on the board of the Australian Security Industry Association Limited (ASIAL) the peak body for security employers for several years and is currently Vice President.

Julie Warren

In addition to her work with the Authority, Julie Warren is also on the Board of Victorian WorkCover Authority (WorkSafe Victoria) and the Migrant Workers Centre Inc.

She has worked for more than 20 years with the National Union of Workers and was president of the union's Victoria branch for 13 years. In that role, she has been part of a number of valuable changes in strategic direction. Previously Julie Warren was the Senior Vice President of the Victorian Trades Hall Council and has considerable understanding of the issues and concerns that are relevant to contract industries.

Elisa Dickenson

Elisa Dickenson is Senior Industrial Officer of the Health and Community Services Union (Health Services Union, Vic No. 2 Branch) and has been at the union since 2015. She leads the industrial team at the union and represents members working in disability and mental health.

She holds a Bachelor of Arts / Laws degree and has extensive legal and advocacy experience. Prior to working at the union, she was a Senior Criminal Solicitor at the Victorian Aboriginal Legal Service and regularly appeared in the Magistrates' Court across Victoria.

Joseph Yeung

Joseph Yeung is an experienced government senior executive and was previously the Chief Financial Officer at the Department of Premier and Cabinet from 2017 to 2019.

Before working in State Government, Joseph was an Assistant Secretary in the Civil Justice and Legal Services Division at the Commonwealth Attorney-General's Department in Canberra. A chartered accountant and lawyer, Joseph also holds an MBA (Executive).

As Registrar, Joseph is a non-voting member of the Governing Board.

As Chief Executive Officer, Joseph is responsible for the day-to-day management of the Authority and its operations.

Retiring members

Kate Marshall

Kate Marshall is the Assistant State Secretary of the Health and Community Services Union (HSU, Vic No. 2 Branch), having joined in 2015. She is currently the National Junior Vice President of the Health Services Union.

Before that, Kate was a legal officer with the Construction, Forestry, Mining and Energy Union in Victoria and Tasmania, heading the legal department to run matters before the Fair Work Commission, the Federal Court and the Federal Circuit Court. Kate was an associate in the Federal Court in Queensland and completed her articles at Maurice Blackburn Lawyers.

Kate Marshall did not seek reappointment for a second term and retired from the Governing Board on 7 April 2022. Elisa Dickenson commenced on 8 April 2022.

Linda White

Linda White is an experienced industrial relations and legal professional with extensive board director experience.

Ms White sat on a number of boards including the Melbourne Cricket Ground Trust, Greater Western Water and Statewide Super and was Chair of the Chifley Research Centre.

She was previously an executive member of the Australian Council of Trade Unions and Assistant National Secretary of the Australian Services Union where she was responsible for the union's strategy in the community sector.

Linda resigned from the Governing Board on 5 April 2022. Following the financial year end, Lisa Darmanin was subsequently appointed on 1 September 2022.

The following table indicates Director attendance at Governing Board meetings for the Authority.

Table 2: Director attendance at Governing Board meetings

Director	Eligible to attend	Attended
Julius Roe	5	5
Claire Filson	5	5
Emma King	5	5
Tim Piper AM	5	5
Rachell Saunders	5	5
Julie Warren	5	4
Kate Marshall	3	3
Elisa Dickenson	2	2
Linda White	3	3
Joseph Yeung	5	5

Audit and Risk Committee

The Audit and Risk Committee is established by the Governing Board and in accordance with the Standing Directions for the Minister for Finance (2018) under the *Financial Management Act 1994* (the Standing Directions).

It provides independent assurance and advice to the Governing Board and Chief Executive Officer / Registrar on the effectiveness of the Authority's financial management systems and controls, performance and stability, compliance with laws and regulations and risk management.

The Audit and Risk Committee comprises four members. The Committee is governed by a charter detailing its role and responsibilities consistent with the Standing Directions and best practice corporate governance principles.

Audit and Risk Committee members

The Audit and Risk Committee consists of the following members:

- Claire Filson
- Rachael Saunders
- Julie Warren
- Peter Wyatt (independent member)



Peter Wyatt

Independent Member
Audit and Risk Committee

The Audit and Risk
Committee's independent

member, Peter Wyatt, is the Chief Financial Officer of Treasury Corporation Victoria (TCV) and has responsibility for TCV's finance, reporting and settlements functions.

Prior to joining TCV in 2006, Peter was the Chief Financial Officer of the State Superannuation Fund, having formerly held senior management roles in life insurance and financial services organisations.

Peter has a Bachelor of Business and a Graduate Diploma of Applied Finance, is a Certified Practising Accountant, and a member of the Australian Institute of Company Directors (GAICD).

The following table indicates committee member attendance at Governing Board meetings for the Authority

Table 3: Attendance at Audit and Risk Committee meetings

Member	Eligible to attend	Attended
Claire Filson	5	5
Rachael Saunders	5	5
Julie Warren	5	5
Peter Wyatt	5	5

Conflicts of interest

The Authority has a Conflict of Interest Policy for the Governing Board and for employees. These policies set out obligations in relation to managing conflicts of interest.

The policies ensure that there is a clear, transparent and accountable process in place to manage actual and perceived conflicts of interest which facilitates the Authority's compliance with section 81 of the *Public Administration Act 2004* and section 45 of the *Long Service Benefits Portability Act 2018* in relation to pecuniary interests.

Occupational health and safety

The Authority is committed to providing and maintaining a healthy and safe working environment for staff and visitors in accordance with the *Occupational Health and Safety Act 2004* and associated regulations.

OH&S Committee

The Authority's OH&S Committee meets bi-monthly to discuss the health, safety and wellbeing of staff and visitors in the workplace. The Committee consists of management, employees and health and safety representatives from both our Bendigo and Melbourne offices.



Workforce Data

Employment and conduct principles

The Authority is committed to applying merit and equity principles when appointing staff.

The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities, without discrimination. Employees have been correctly classified in workforce data collections.

Public sector values and employment principles

The Authority maintains policies and practices that are consistent with the Victorian Public Sector Commission's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The Authority has advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts, and how it deals with misconduct.

Comparative workforce data

The following table discloses the head count and full-time equivalent (FTE) of all Authority employees employed in the last full pay period in June 2022, and in the last full pay period in June 2021 of the previous reporting period. The Authority is taking steps to convert a number of fixed term positions to ongoing roles in the next financial year.

Table 4: Comparative workforce data

	1 July 2021 to 30 June 2022						As at 1 July 2021					
	Ongoing		Fixed Term and Casual ¹		Total		Ongoing		Fixed Term and Casual ²		Total	
	Head count	FTE	Head count	FTE	Head count	FTE	Head count	FTE	Head count	FTE	Head count	FTE
Gender												
Male	6	7	10	9.9	16	16.9	11	10.5	10	10.0	21	20.5
Female	23	22.6	11	10	34	32.6	16	15.7	10	9.6	26	25.3
Self-described	-	-	-	-	-	-	-	-	-	-	-	-
Age												
Under 25	2	2	-	-	2	2	1	1.0	2	2.0	3	3.0
25-34	7	7	5	5	12	12	6	6.0	3	3.0	9	9.0
35-44	11	11	5	4.6	16	15.6	10	9.8	7	6.6	17	16.4
45-54	5	4.6	9	8.3	14	12.9	7	6.4	6	6.0	13	12.4
55-64	4	4	2	2	6	6	3	3.0	2	2.0	5	5.0
Classification												
VPS2	16	15.6	3	2.9	19	18.5	13	12.4	2	2.0	15	14.4
VPS3	8	8	1	1	9	9	9	8.8	2	2.0	11	10.8
VPS4	7	6.8	2	2	9	8.8	3	3.0	4	4.0	7	7.0
VPS5	2	2.0	4	3.8	6	5.8	2	2.0	4	3.8	6	5.8
VPS6	1	1.0	2	2.9	4	3.9	-	-	5	4.8	5	4.8
STS	0	0	2	1.6	2	1.6	-	-	1	1.0	1	1.0
Executive	0	0	1	1	1	1	-	-	2	2.0	2	2.0
Total	29	28.6	21	19.9	50	48.5	27	26.2	20	19.6	47	45.8

1 During the 2021-22 financial year, the Authority had within its employment two staff on a casual basis.

2 During the 2020-21 financial year, the Authority had within its employment two staff on a casual basis.

The following table discloses the annualised total salary for senior employees of the Authority, categorised by classification. the salary amount is reported as the full-time annualised salary.

Table 5: Annualised total salary for executives and other senior-non-executive staff

	Executives		STS**	
	Headcount	FTE	Headcount	FTE
\$160,000 - \$179,999	-	-	1	0.6
\$180,000 - \$239,999	-	-	1	1
\$240,000 - \$259,999	1	1	-	-

** The data excludes acting arrangements but includes staff on secondments during the financial year.



Other Disclosures

Local Jobs First

The *Local Jobs First Act 2003*, introduced in August 2018, brings together the Victorian Industry Participation Policy and Major Project Skills Guarantee, which were previously administered separately.

The Authority is required to apply the Local Jobs First policy to all metropolitan Melbourne or state-wide projects valued at \$3 million or more, or any regional Victoria projects valued at \$1 million or more.

The Authority undertook no projects subject to the Act during the 2021-22 reporting period.

Government advertising expenditure

In 2021-22 there were no government advertising campaigns with total media spend of \$10,000 or greater (exclusive of GST).

Consultancy expenditure

Details of consultancies (valued at \$10,000 or greater)

In 2021-22, there was one consultancy where the total fees payable to the consultants were \$10,000 or greater.

The total expenditure incurred during 2021-22 in relation to this consultancy is \$52,000 (excl. GST).

Table 6: Details of consultancies (valued at \$10,000 or greater)

\$ thousand

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Research and evaluation expenditure (excl. GST)	Print and collateral expenditure (excl. GST)
Deloitte Consulting Pty Ltd	Advisory Services	10 June 2022	31 August 2022	39	-	39
Deloitte Consulting Pty Ltd	Advisory Services	28 February 2022	31 May 2022	13	-	13
				52	-	52

Details of consultancies under \$10,000

In 2021-22, there were no consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2021-22 was nil.

Information and Communication Technology expenditure

For the 2021-22 reporting period, the Authority had a total ICT expenditure of \$0.566m, with details shown below.

Table 7: ICT expenditure

\$ thousand

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
Business as usual (BAU) ICT expenditure	Non-business as usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
566	-	-	-

ICT expenditure refers to the Authority's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and non-Business as Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the Authority's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of major contracts

The Authority did not award any major contracts valued above \$10 million or more during 2021-22.

Freedom of information

The *Freedom of Information Act 1982* (the Act) allows the public a right of access to documents held by the Authority.

Information about the type of material produced by the Authority is available on its website under the Part II Information Statement.

During the 2021-22 financial year, the Authority received no applications.

Access to documents may be obtained through a written request to the Freedom of Information Officer, as detailed in section 17 of the Act.

Making a request

Access to documents can be made by a written request to the Authority's Freedom of Information Officer.

When making a Freedom of Information request, applicants should ensure requests are in writing and clearly identify the documents being sought.

Requests for documents in possession of the Authority can be made via email to foi@plsa.vic.gov.au or by mail to:

Attention: Freedom of Information Officer
Portable Long Service Authority
PO Box 443
Bendigo VIC 3552

An application fee of \$30.60 applies.

Further information

Access charges may also apply once documents have been processed and a decision on access is made, such as but not limited to photocopying, search and retrieval charges. Further information regarding Freedom of Information can be found at ovic.vic.gov.au/freedom-of-information/

Compliance with the *Building Act 1993* (Vic)

The Authority does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993* (Vic) (the Act).

The Authority met all relevant compliance provisions of the Act in our building and maintenance activities during the year.

Competitive neutrality policy

The Authority does not provide services that compete with the private sector and is therefore not subject to the requirements of the Victorian Competitive Neutrality Policy or subsequent reforms.

Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* (the Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated.

The Authority encourages its officers and members of the public to report known or suspected incidences of improper conduct and detrimental action.

Disclosures of improper conduct or detrimental action by the Authority or any of its employees and/or officers must be made directly to the Independent Broad-based Anti-corruption Commission:

**Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au**

Table 8: Disclosures under the *Public Interest Disclosures Act 2012*

	2021-22 number	2020-21 number	2019-20 number
The number of disclosures made by an individual to the authority and notified to the Independent Broad-based Anti-corruption Commission	-	-	-
Assessable disclosures	-	-	-

Compliance with the *Carers Recognition Act 2012*

To the extent applicable, the Authority has taken all practical measures to comply with obligations under the *Carers Recognition Act 2012* (the Act). These include:

- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act.
- considering the care relationships principles set out in the Act when setting policies and providing services.
- promoting the availability of flexible work arrangements and providing resources to effectively support this.
- providing support to all staff through the Employee Assistance Program.
- increasing awareness of the flexible work arrangements and special leave arrangements available to staff during the COVID-19 pandemic to support home schooling and caring responsibilities.

Compliance with the *Disability Act 2006*

The Authority acknowledges the importance of strengthening the rights of people with a disability. We are committed to creating and maintaining an accessible and inclusive environment for all people with a disability who come into contact with the Authority, whether as employees, stakeholders or members of the public more generally.

The Department of Premier and Cabinet developed a comprehensive Disability Action Plan 2017–20 which informs the Authority’s policies ensuring we remain responsive to the needs of people with a disability.

Office-based environmental impacts

The Authority’s three offices maximise natural light, with electronics, lighting, heating and cooling turned off each evening.

Staff are encouraged to avoid printing where possible and senior staff members have been provided with portable devices to assist with this initiative. In addition, the Authority utilises of “Follow Me” printing which allows us to undertake usage reporting, apply print policies organisation-wide and solve mobile printing issues while also reducing waste, saving on average, 30% of wasted print jobs sent by mistake.

All office waste systems across our locations are segregated, reducing the amount of recyclable material directed to landfill.

Authority staff are strongly encouraged to adopt “green commuting” through active or public transport when undertaking business activities, particularly when travelling between our Bendigo and Melbourne locations as well as a higher percentage of meetings being conducted via Video Conferencing where possible to reduce unnecessary or excessive travel.

The Authority committed to and phased out single-use plastics in its offices. This is in line with the Authority’s recognition of the importance of reducing our impact on the environment.

Some of the steps included the Authority phasing out purchasing plastic bin liners, single-use cutlery and plates, along with adjustments to procurement practices.

Internal promotion about the importance of banning single use plastics, their impact and more sustainable practices was posted on our intranet to help educate staff further.

Subsequent events

There are no post balance date events that materially affect the Authority’s 2021–22 financial statements.

Additional information

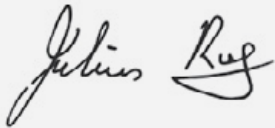
The Authority’s published reports and documents are available online at plsa.vic.gov.au.

Any relevant information in relation to the financial year is retained by the Accountable Officer and is available on request subject to the provisions of the *Freedom of Information Act 1982*.

Attestation for financial management compliance with Standing Directions 5.1.4

Portable Long Service Benefits Authority Financial Management Compliance Attestation Statement

I, **Julius Roe**, on behalf of the Responsible Body, certify that the Portable Long Service Benefits Authority has no Material Compliance Deficiency with respect of the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Julius Roe

Chair, Governing Board
Portable Long Service Benefits Authority



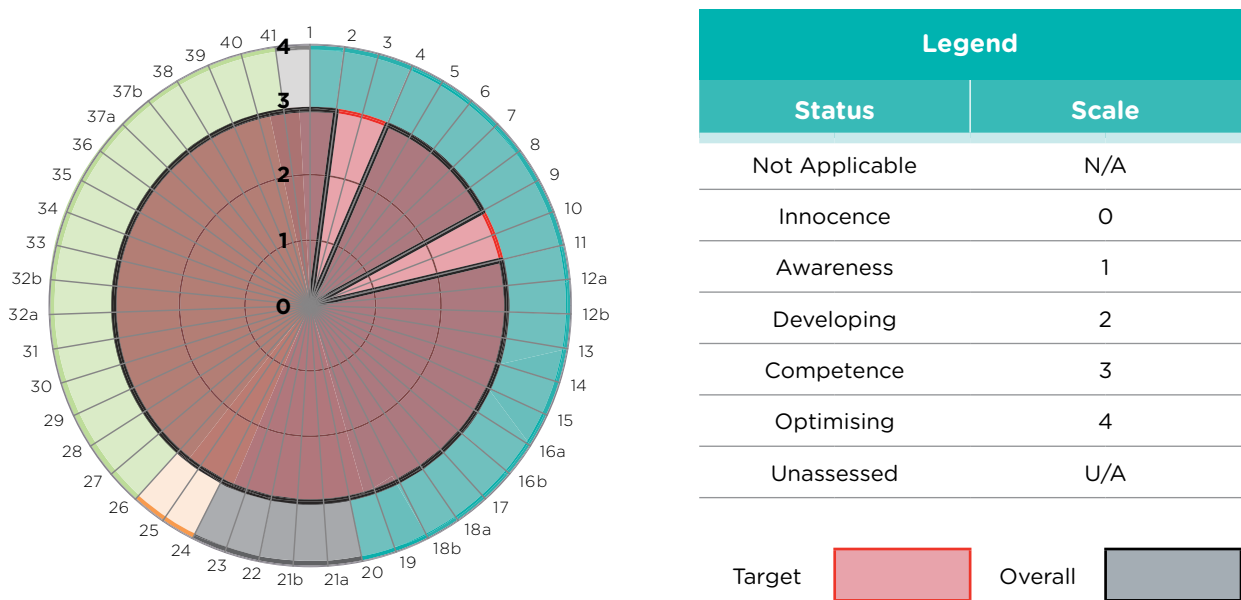
Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise the Authority’s assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance (DT) website (dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

The Authority’s target maturity rating is ‘competence’, meaning systems and processes are fully in place, consistently applied and systematically meet the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

The Authority has assessed requirements 3 and 10 as not applicable.

Figure 2: Asset Management Accountability Framework



Leadership and Accountability (requirements 1-19)

The Authority has met its target maturity level in this category.

Planning (requirements 20-23)

The Authority has met its target maturity level in the category.

Acquisition (requirements 24 and 25)

The Authority has met its target maturity level in this category.

Operation (requirements 26-40)

The Authority has met its target maturity level in this category.

Disposal (requirement 40)

The Authority has met its target maturity level in this category.

Financial Statements

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Understanding the financial statements

Comprehensive Operating Statement

The Comprehensive Operating Statement measures our performance over the year and shows if a surplus or deficit has been made in delivering our services. The statement includes all sources of income less all expenses incurred in earning that income.

For the financial year ending 30 June 2022, the net loss of the Authority was \$2.9 million.

Balance Sheet

The Balance Sheet sets out our net accumulated financial worth at the end of the financial year. It shows the assets we own as well as liabilities or claims against those assets.

Both assets and liabilities are expressed as current or non-current. Current assets or current liabilities are expected to be converted to cash receipts or outlays within the next twelve months. Non-current assets or liabilities are longer-term.

Equity is our reserves and accumulated surplus that have been reinvested in the Authority over the year.

Cash Flow Statement

The Cash Flow Statement summarises our cash receipts and payments for the financial year and the net cash position at the end of the year. It differs from the Comprehensive Operating Statement in that it excludes non-cash expenses such as the accruals taken into account in the Comprehensive Operating Statement.

For the year ending 30 June 2022, the Authority had net cash flow from operating activities of \$95.4 million.

Statement of Changes in Equity

The Statement of Changes in Equity shows the changes in equity from last year to this year.

The total overall change in equity during a financial year comprises the net result for the year.

Notes to the Accounts

The Notes to the Accounts provide further information about how the financial statements are prepared as well as additional information and detail about specific items within them.

The Notes to the Accounts also describe any changes to accounting standards, policy or legislation that may affect the way the statements are prepared. Information in the Notes is particularly helpful if there has been a significant change from the previous year's comparative figures.

Statutory Certificate and Auditor General's Report

These provide the reader with a written undertaking that the financial statements fairly represent the Authority's financial position and performance for 2021-22. The Report from the Independent Auditor provides an independent view and outlines any issues of concern.

Statutory certification

The attached financial statements for the Portable Long Service Benefits Authority have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and the accompanying notes, presents fairly the financial transactions during the financial year ended 30 June 2022 and the financial position of the Authority as at 30 June 2022.

At the date of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 20 September 2022.



Julius Roe
Chair
Portable Long Service
Benefits Authority



Joseph Yeung
Chief Executive Office
and Registrar
Portable Long Service
Benefits Authority



Sheridan Wyatt
Chief Financial Officer
Portable Long Service Benefits
Authority

Independent Auditor's Report

To the Board of the Portable Long Service Benefits Authority

Opinion	<p>I have audited the financial report of the Portable Long Service Benefits Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statutory certification. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my 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 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal 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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority 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.

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

MELBOURNE
6 October 2022



Timothy Maxfield
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2022

	Notes	2022 (\$'000)	2021 (\$'000)
Income from transactions			
Government grants	2.2.2	232	692
Contributions from employers and contractors	2.2.1	111,789	93,250
Investment income	2.2.3	8,728	5,748
Interest		59	26
Net gain/(loss) on financial instruments	4.2.1	(22,642)	2,117
Total income from transactions		98,166	101,833
Expenses from transactions			
Employee benefits expense	3.3.1	5,541	4,711
Portable long service benefits expense	3.4.1	93,059	88,658
Administration expense	3.2	2,203	1,990
Interest expense	6.2.2	5	10
Depreciation	4.1.2	215	274
Total expenses from transactions		101,023	95,643
Net result from transactions (net operating balance)		(2,857)	6,190
Net result		(2,857)	6,190
Comprehensive result		(2,857)	6,190

Balance sheet

As at 30 June 2022

	Notes	2022 (\$'000)	2021 (\$'000)
ASSETS			
Current assets			
Cash and deposits	6.3	27,212	9,444
Receivables	5.1	47,219	35,864
Investments and other financial assets	4.2	19,839	14,987
Prepayments		26	12
Total current assets		94,296	60,307
Non-current assets			
Property, plant and equipment	4.1	86	262
Investments and other financial assets	4.2	149,724	93,618
Total non-current assets		149,811	93,880
TOTAL ASSETS		244,106	154,187
LIABILITIES			
Current liabilities			
Payables	5.2	195	309
Employee benefits	3.3.2	731	812
Accrued portable long service benefits	3.4.2	29,367	15,984
Borrowings	6.1	10	191
Total current liabilities		30,303	17,296
Non-current liabilities			
Employee benefits	3.3.2	122	57
Accrued portable long service benefits	3.4.2	200,034	120,358
Borrowings	6.1	59	30
Total non-current liabilities		200,215	120,445
TOTAL LIABILITIES		230,517	137,741
NET ASSETS		13,589	16,446
EQUITY			
Reserves	6.5	6,818	6,818
Accumulated surplus		6,771	9,628
NET WORTH		13,589	16,446

Cash flow statement

For the financial year ended 30 June 2022

Cash Flows from Operating Activities	Notes	2022 (\$'000)	2021 (\$'000)
Receipts			
Receipts from Government		235	1,191
Receipts from employers		104,023	81,664
Goods and services tax received from the ATO (i)		49	68
Total receipts		104,308	82,923
Payments			
Payments to suppliers and employees		(7,354)	(6,379)
Payments to scheme employers and workers		(1,534)	(615)
Total payments		(8,887)	(6,994)
Net cash flows from / (used in) operating activities	6.3.1	95,420	75,929
Cash Flows from Investing Activities			
Payments for investments		(83,600)	(81,281)
Proceeds from sale of investments		6,128	1,081
Proceeds from sale of property, plant and equipment		20	-
Payments for property, plant and equipment		(7)	(6)
Net cash flows from / (used in) investing activities		(77,459)	(80,206)
Cash Flows from Financing Activities			
Repayment of finance lease liabilities	6.2.3	(193)	(238)
Net cash flows from / (used in) financing activities		(193)	(238)
Net increase in cash and cash equivalents		17,768	(4,515)
Cash and cash equivalents at the beginning of the financial year		9,444	13,959
Cash and cash equivalents at end of financial year	6.3	27,212	9,444

The accompanying notes form part of these financial statements.

⁽ⁱ⁾ Goods and Services Tax paid to the Australian Taxation Office is presented on a net basis.

Statement of changes in equity

For the financial year ended 30 June 2022

	Reserves (\$'000)	Accumulated surplus (\$'000)	Total (\$'000)
Balance at 1 July 2020	1,782	8,474	10,256
Net result for the year	-	6,190	6,190
Transfer to reserves	5,036	(5,036)	-
Balance at 30 June 2021	6,818	9,628	16,446
Net result for the year	-	(2,857)	(2,857)
Transfer to reserves	-	-	-
Balance at 30 June 2022	6,818	6,771	13,589

Notes to the financial statements

For the financial year ended 30 June 2022

NOTE 1: ABOUT THIS REPORT

Introduction

The Portable Long Service Benefits Authority is a government agency of the State of Victoria, established pursuant to an order by the Governor in Council under the *Long Service Benefits Portability Act 2018*. It is an administrative agency acting on behalf of the Crown. Its principal address is:

Portable Long Service Benefits Authority
Level 1, 56-60 King Street
Bendigo VIC 3550

Structure

1.1 Basis of preparation

1.1 Basis of Preparation

Compliance information

This financial report of the Portable Long Service Benefits Authority (the Authority) is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and notes accompanying these statements. The Authority is a not-for-profit entity for the purpose of preparing the financial statements. Where appropriate, those Australian Accounting Standards (AASs) paragraphs applicable to not-for-profit entities have been applied.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid. This financial report has been prepared on a going concern basis.

The Authority administers three schemes which provide portability of long service benefits for registered workers in the Community Services Industry (Community Services), Contract Cleaning Industry (Contract Cleaning) and the Security Industry (Security) in Victoria. The Authority makes payments and keeps registers of employers and workers for the covered industries in accordance with the *Long Service Benefits Portability Act 2018* (the Act).

The Authority's primary stakeholders are the employers, workers and independent contractors engaged in the Community Services, Contract Cleaning and Security Industries in Victoria. The Authority's financial statements are an aggregation of the financial statements of the administered schemes. The Authority

has established separate funds for each administered scheme and funds are not cross-subsidised.

These financial statements were authorised for issue by the Governing Board of the Authority on 20 September 2022. The Authority's reporting period is from 1 July 2021 to 30 June 2022. The reporting period for last year was from 1 July 2020 to 30 June 2021.

Accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Functional and presentation currency

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Authority's operational cycle.

Notes to the financial statements For the financial year ended 30 June 2022

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

Accounting estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience from the period and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in applying AASs that have significant effects on the financial statements and estimates relate to:

- Employee benefits expense (Note 3.3); and
- Portable long service benefits expense (Note 3.4).

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

Introduction

This note presents the sources and amounts of income raised by the Authority and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

Structure

- 2.1** Summary of income that funds the delivery of our services
- 2.2** Income from transactions
 - 2.2.1 Contributions from employers and contractors
 - 2.2.2 Government grants
 - 2.2.3 Investment income

2.1 Summary of income that funds the delivery of our services

	Notes	2022 (\$'000)	2021 (\$'000)
Contributions from employers and contractors	2.2.1	111,789	93,250
Government grants	2.2.2	232	692
Investment income	2.2.3	8,728	5,748
		120,749	99,690

Income that funds the delivery of the Authority's services is accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.2 Income from transactions

2.2.1 Contributions from employers and contractors

	2022 (\$'000)	2021 (\$'000)
Community Services Industry	87,331	69,267
Contract Cleaning Industry	12,788	12,594
Security Industry	11,670	11,389
	111,789	93,250

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

The levies applied to each industry are as per below:

- Community Services Industry 1.65%
- Contract Cleaning Industry 1.80%
- Security Industry 1.80%

Notes to the financial statements For the financial year ended 30 June 2022

2.2.2 Government grants		
	2022	2021
	(\$'000)	(\$'000)
Department of Premier and Cabinet	232	692
	232	692

Income from grants is recognised when the Authority obtains control over the contribution. The Authority has determined that this grant income is recognised as income of not-for-profit entities in accordance with AASB 1058. Income is recognised when the Authority has an unconditional right to receive cash which usually coincides with raising of invoices by the Authority.

2.2.3 Investment income		
	2022	2021
	(\$'000)	(\$'000)
Community Services Industry	6,479	4,155
Contract Cleaning Industry	1,167	818
Security Industry	1,082	775
	8,728	5,748

Investment income is recognised by the Authority on an accrual basis.

Gains/losses arising from changes in the fair value of investments is disclosed in Note 4.

NOTE 3: THE COST OF DELIVERING OUR SERVICES

Introduction

This note provides information about how the Authority's funding is applied in delivering services and outputs, and the accounting policies that are relevant for an understanding of the items reported in the financial statements.

Structure

- 3.1** Expenses incurred in the delivery of our services
- 3.2** Administration expenses
- 3.3** Employee benefits expense
 - 3.3.1 Employee benefits in the comprehensive operating statement
 - 3.3.2 Employee benefits in the balance sheet
- 3.4** Portable long service benefits expense
 - 3.4.1 Portable long service benefits in the comprehensive operating statement
 - 3.4.2 Portable long service benefits in the balance sheet

3.1 Expenses incurred in the delivery of our services

	Notes	2022 (\$'000)	2021 (\$'000)
Administration expenses	3.2	2,203	1,990
Employee benefits expense	3.3	5,541	4,711
Portable long service benefits expense	3.4	93,059	88,658
		100,803	95,359

Expenses are recognised net of goods and services tax (GST).

3.2 Administration expenses

	2022 (\$'000)	2021 (\$'000)
Office expenses	1,266	714
Information technology costs	566	678
Professional services	278	514
Internal and external audit fees	93	84
	2,203	1,990

Administration expenses relate to costs incurred in administering the three schemes which provide portability of long service benefits for registered workers. These costs relate to the day to day information technology, office expenses and professional services.

NOTE 3: THE COST OF DELIVERING OUR SERVICES

3.3 Employee benefits expense

3.3.1 Employee benefits in the comprehensive operating statement

Employee benefits in the Comprehensive Operating Statement are a major component of administration expenses and include all costs related to employment, including salaries and wages, superannuation, leave entitlements and WorkCover payments. The majority of employee expenses in the Comprehensive Operating Statement are salaries and wages.

	2022	2021
	(\$'000)	(\$'000)
Salaries and wages	4,666	3,856
Annual leave	400	363
Superannuation	441	363
Long service leave	34	129
	5,541	4,711

The amount recognised in the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Authority to the relevant superannuation plans in respect to the services of the Authority's staff. Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Authority is required to comply with.

3.3.2 Employee benefits in the balance sheet

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

	2022	2021
	(\$'000)	(\$'000)
<i>Current provisions:</i>		
Annual leave:		
Unconditional and expected to settle within 12 months	306	262
Unconditional and expected to settle after 12 months	96	70
Long service leave:		
Unconditional and expected to settle within 12 months	39	61
Unconditional and expected to settle after 12 months	186	307
Provisions for on-costs:		
Unconditional and expected to settle within 12 months	57	52
Unconditional and expected to settle after 12 months	47	60
Total current provisions for employee benefits	731	812
<i>Non-current provisions:</i>		
Employee benefits	105	49
On-costs	17	8
Total non-current provisions for employee benefits	122	57
Total provisions for employee benefits	853	869

NOTE 3: THE COST OF DELIVERING OUR SERVICES

Salaries and wages, annual leave and sick leave

Liabilities for salaries and wages (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Authority does not have an unconditional right to defer settlement of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Authority expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the entitlement to which they relate has occurred.

Long service leave

Unconditional LSL is disclosed as a current liability; even where the Authority does not expect to wholly settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if the Authority expects to wholly settle within 12 months; or
- present value – if the Authority does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is conditional right to defer the settlement of the entitlement until the employee has completed the required years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.4 Portable long service benefits expense

3.4.1 Portable long service benefits in the comprehensive operating statement

Portable long service benefits in the Comprehensive Operating Statement include all benefits, for each relevant scheme, for which a provision has been estimated for future payments to workers in each industry.

	2022	2021
	(\$'000)	(\$'000)
Community Services Industry	75,434	64,247
Contract Cleaning Industry	8,679	12,519
Security Industry	8,946	11,892
	93,059	88,658

NOTE 3: THE COST OF DELIVERING OUR SERVICES

3.4.2 Portable long service benefits in the balance sheet

Accrued portable long service benefits liability

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

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

The total provision for accrued long service benefits is estimated at the present value of all expected future payments which arise from the service of eligible workers up to the reporting date. The expected future payments are discounted based on the current market assessments of the time value of money and the risks specific to the liability. The liability is calculated by the Authority's actuary using an actuarial valuation method that takes into account assumptions of rates of departure from the industry, mortality rates, increases in wages and rates of return on investment.

Accrued portable long service benefit is classified as a current liability where the Authority does not have an unconditional right to defer the settlement of the liability for at least 12 months. The remaining balance of the liability is classified as non-current. In the context of a statutory scheme, the current liability is calculated on a conservative basis making the assumption all workers with sufficient service to receive long service benefits leave the industry within the next 12 months and claim their entitlements. This includes entitlements resulting from recognised service with an employer prior to joining the Scheme.

	2022	2021
	(\$'000)	(\$'000)
<i>Accrued portable long service benefit liability:</i>		
Unconditional and expected to settle within 12 months	29,367	15,984
Unconditional and expected to settle after 12 months	200,034	120,358
Total accrued portable long service benefit liability	229,401	136,342

Reconciliation of the provision for accrued long service benefits

2021- 2022	Community Services	Contract Cleaning	Security	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Carrying amount as at beginning of the year	100,574	19,114	16,654	136,342
Provisions recognised	72,281	7,860	8,748	88,889
Accrued portable long service benefits	3,153	819	198	4,170
Carrying amount at the end of the year	176,008	27,793	25,600	229,401
2020- 2021	Community Services	Contract Cleaning	Security	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Carrying amount as at beginning of the year	36,327	6,595	4,762	47,684
Provisions recognised	57,967	9,176	10,292	77,435
Accrued portable long service benefits	6,280	3,343	1,600	11,223
Carrying amount at the end of the year	100,574	19,114	16,654	136,342

NOTE 3: THE COST OF DELIVERING OUR SERVICES

Portable long service benefits recognition and measurement

At any time after completing 7 years of recognised service, a registered active worker for the Community Services, Contract Cleaning and Security Industry is entitled to an amount of portable long service benefit equal to 1/60th of the worker's total period of recognised service less any period of long service leave taken during that period. Registered active workers in the relevant sectors are credited in the workers register for each hour of service worked in each service period after the worker's registration day.

The *Long Service Benefits Portability Act 2018* requires that actuarial investigations be undertaken to investigate the state and adequacy of the money and funds of the Authority at the request of the Governing Board and at least once every three years. An actuarial investigation was performed in August 2021.

The Authority recognises a total liability for accrued portable long service benefits based on an assessment performed by an independent actuary. The actuary estimates the liability using a cash flow projection model using a number of assumptions that are based on historical data and the current profile of the registered workers.

Accrued portable long service benefit liability

A summary of the demographic actuarial assumptions made for each industry include:

Per annum:	Community Services Industry	Contract Cleaning Industry	Security Industry
Industry Exit Rates	180 per 1000 (age 20) to 0 per 1000 (age 55+)	300 per 1000 (1 YoS) to 30 per 1000 (7+ YoS)	390 per 1000 (1 YoS) to 39 per 1000 (7+ YoS)
Death Rates	0.41/0.19 per 1000 (age 20) to 2.42/1.58 per 1000 (age 50+)		
Disability Rates	0.17 per 1000 (age 20) to 1.65 per 1000 (age 50)	0.17 per 1000 (age 20) to 1.66 per 1000 (age 50)	0.34 per 1000 (age 20) to 3.31 per 1000 (age 50)
Early Retirement	70 per 1000 (age 55) to 250 per 1000 (age 75)	75 per 1000 (age 55) to 250 per 1000 (age 75)	70 per 1000 (age 55) to 250 per 1000 (age 75)
Leave Utilisation Rates	13% of vested benefits p.a.	0.5 weeks (7-10 YoS) to 1 week (10+ YoS)	0.5 weeks (7-10 YoS) to 2 weeks (10+ YoS)
Discount Rate	5.5% p.a.	5.5% p.a.	5.5% p.a.
General Salary Inflation Rate	2.5% p.a.	2.5% p.a.	2.5% p.a.
Promotional Salary Inflation Rate	8% (age 21) to 1% (age 49)	2.5% (1-9 YoS) to 0% (10+YoS)	25% (1 YoS) to 0% (9+ YoS)

Note: YoS stands for Years of Service

For the purposes of the above valuations, the following number of workers were valued:

Number of workers	Community Services Industry		Contract Cleaning Industry		Security Industry	
	2022	2021	2022	2021	2022	2021
Total	147,815	114,853	52,036	38,212	24,193	19,131

Expected timing of settlement	Community Services Industry		Contract Cleaning Industry		Security Industry	
	2022	2021	2022	2021	2022	2021
	22,217	11,060	3,579	2,354	3,571	2,570
	76,034	41,109	14,860	9,533	14,865	8,769
	77,757	48,405	9,354	7,227	7,164	5,315
Total	176,008	100,574	27,793	19,114	25,600	16,654

Notes to the financial statements For the financial year ended 30 June 2022

Commentary about the assumptions are provided below:

Exit Rates

The rate at which workers of different ages or years of service are expected to permanently leave the schemes due to exiting the industry, death, disability or retirement.

Leave Utilisation Rates

The future rates assumed for the taking of portable long service benefits whilst in service are based on experience investigations and analysis of similar portable schemes on the rate at which the workers have taken their portable long service benefits. The leave taking behaviour is modelled by determining either the actual days taken or the proportion of the actual taken portable long service benefit assumption relative to the portable long service balance at the start of each period, split by years of service.

Salary Inflation Rates

The long term general salary inflation is set at 2.5% p.a. for Community Services, Contract Cleaning and Security Industries. An allowance has also been made for promotional salary increases.

Additional assumptions that are applicable to all industries are provided below:

Rates of Accrual of Service

The rate of accrual of service is 1/60th as specified in the Act.

Discount Rates

The discount rate used to determine the present value of the portable long service benefits provisions is the expected return on assets. The scheme's actuary regarded the expected return on assets is a reliable measure, according to AASB 137, of the time value of money for the portable long service benefits liabilities. The expected return on assets used as a discount rate, 5.5% p.a. is based on the long term return rate of the Authority's investments in the Balanced Fund, provided by VFMC.

Expenses

In addition to accrued portable long service benefits, an allowance for the cost of settling the accrued liabilities has also been made. A unit cost for each worker (active and inactive) with an expense inflation has been applied for each worker while they have a balance.

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Authority controls property, plant and equipment and other investments entrusted to be administered for the purpose of delivering its objectives to its stakeholders in line with its mission and values.

Structure

- 4.1** Total property, plant and equipment and vehicles
 - 4.1.1 Total right-of-use assets: building and vehicles
 - 4.1.2 Depreciation
 - 4.1.3 Change in accounting policy - leases
- 4.2** Investments and other financial assets
 - 4.2.1 Amounts recognised in profit and loss

4.1 Total property, plant and equipment and vehicles

Portable long service benefits in the Comprehensive Operating Statement include all benefits, for each relevant scheme, for which a provision has been estimated for future payments to workers in each industry.

	2022	2021
	(\$'000)	(\$'000)
Property, plant and equipment and vehicles at fair value	805	798
Less accumulated depreciation	(719)	(536)
Net carrying amount	86	262

The following table is a subset of property, plant and equipment and vehicles right-of-use assets.

4.1.1 Total right-of-use assets: building and vehicles

Portable long service benefits in the Comprehensive Operating Statement include all benefits, for each relevant scheme, for which a provision has been estimated for future payments to workers in each industry.

	2022	2021
	(\$'000)	(\$'000)
Buildings at fair value	620	620
Less accumulated depreciation	(620)	(451)
	-	169
Vehicles at fair value	72	72
Less accumulated depreciation	(3)	(24)
	68	48
Net carrying amount	68	217
Opening balance - 1 July	217	454
Additions	72	-
Disposals	(39)	-
Depreciation	(182)	(237)
Closing balance - 30 June	68	217

Notes to the financial statements For the financial year ended 30 June 2022

Initial recognition

Total property, plant and equipment and vehicles represent non-current physical assets comprising equipment and right-of-use assets used by the Authority in its operations. Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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Items with a cost value in excess of \$1,500 (2020-21: \$1,500) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed. Assets acquired at no cost or for nominal consideration by the Authority are recognised at fair value at the date of acquisition.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement

Property, plant and equipment as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). In addition, for right-of-use assets the net present value of the remaining lease payments is often the appropriate proxy for fair value of relevant right-of-use assets.

The Authority depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

4.1.2 Depreciation

	2022	2021
Charge for the period	(\$'000)	(\$'000)
Buildings	169	226
Plant, equipment and vehicles	46	48
Total depreciation	215	274

All property, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

	2021-22	2020-21
Asset	Useful Life	Useful Life
Buildings - leased assets	3 years	3 years
Plant, equipment and vehicles (including leased assets)	2-3 years	2-3 years

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

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Authority obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the Authority will exercise a purchase option, the Authority depreciates the right-of-use asset over its useful life.

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

4.2 Investments and other financial assets

2021- 2022	Community Services Industry	Contract Cleaning	Security	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Current investments and other financial assets				
Term deposits:				
Australian dollar term deposits	14,745	2,644	2,450	19,839
Total current investment and other financial assets	14,745	2,644	2,450	19,839
Non-current investments and other financial assets				
Equities and managed investment schemes:				
Australian Equities	30,120	5,401	5,005	40,526
International Equities (not currency hedged)	30,246	5,424	5,026	40,695
Australian Bonds	25,457	4,565	4,230	34,252
US Bonds (currency hedged)	10,208	1,830	1,696	13,735
Australian Credit	10,208	1,830	1,696	13,735
Emerging Markets Debt (50% currency hedged)	5,041	904	838	6,783
Total non-current investment and other financial assets	111,279	19,955	18,490	149,724
Total investments and other financial assets	126,024	22,599	20,941	169,563
2020- 2021				
	Community Services Industry	Contract Cleaning	Security	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Current investments and other financial assets				
Term deposits:				
Australian dollar term deposits	10,874	2,117	1,996	14,987
Total current investment and other financial assets	10,874	2,117	1,996	14,987
Non-current investments and other financial assets				
Equities and managed investment schemes:				
Australian Equities	19,306	3,758	3,544	26,608
International Equities (not currency hedged)	18,833	3,666	3,457	25,956
Australian Bonds	14,972	2,915	2,748	20,635
US Bonds (currency hedged)	5,516	1,074	1,013	7,603
Australian Credit	6,146	1,197	1,128	8,471
Emerging Markets Debt (50% currency hedged)	3,152	614	579	4,345
Total non-current investment and other financial assets	67,925	13,224	12,469	93,618
Total investments and other financial assets	78,799	15,341	14,465	108,605

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Investments are held as units in wholesale pooled funds managed by an independent investment manager and the underlying portfolio includes cash deposits, fixed interest investments and equity investments. Investments are measured at fair value with any adjustments to the fair value recorded in the Comprehensive Operating Statement. 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. Fair value is based on quoted market prices of the underlying investments as at the reporting date. The quoted market price used is the current bid price.

The investment trusts are managed by Victoria Funds Management Corporation (VFMC). The investment manager allocates funds in the underlying trust portfolio amongst the asset classes below:

- Australian and International fixed interest;
- Australian and International equities;
- Australian and International credit markets; and
- Australian cash.

The Authority measures all its managed investment schemes at fair value through profit or loss.

4.2.1 Amounts recognised in profit and loss

During the year, the following (losses)/gains were recognised in profit or loss:

	Community Services Industry	Contract Cleaning	Security	Total
2021- 2022				
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Change in fair value of investments	(16,775)	(3,042)	(2,825)	(22,642)
Total change in fair value of investments	(16,775)	(3,042)	(2,825)	(22,642)
2020- 2021				
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Change in fair value of investments	1,325	397	395	2,117
Total change in fair value of investments	1,325	397	395	2,117

NOTE 5: OTHER ASSETS AND LIABILITIES

<p>Introduction</p> <p>This note sets out those other assets and liabilities that arise from the Authority's operations.</p>	<p>Structure</p> <p>5.1 Receivables</p> <p>5.1.1 Movement in provision for impaired receivables</p> <p>5.1.2 Ageing analysis of contractual receivables</p> <p>5.2 Payables</p> <p>5.2.1 Ageing analysis of contractual payables</p>
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5.1 Receivables

Receivables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

	2022	2021
	(\$'000)	(\$'000)
Current receivables		
<i>Contractual:</i>		
Accrued investment income	7,885	5,228
<i>Statutory:</i>		
Accrued employer levy contributions	35,011	27,147
Employer levy receivables	4,878	3,441
Amount owing from the Victorian Government	-	3
GST receivables	19	68
Allowance for impairment losses of statutory receivables	(574)	(23)
Total receivables	47,219	35,864

Receivables consist of:

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Authority holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Accrued investment income relates to the distribution of investment income from VFMC as at 30 June 2022 but received in July 2022.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Authority applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Accrued employer levy contributions relate to an estimate of employer contributions for the Apr-Jun 2022 quarterly return due 31 July 2022.

Employer levy receivables is the outstanding employer contribution invoices as at 30 June 2022.

Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the Authority's exposure to credit risk are set out in Note 7.1.4.

NOTE 5: OTHER ASSETS AND LIABILITIES

5.1.1 Movement in provision for impaired receivables

The Authority recognises an impairment where there is no reasonable expectation of recovering an amount owed by a debtor.

As at 30 June 2022, impaired receivables were as follows:

	2022	2021
	(\$'000)	(\$'000)
Balance at the beginning of the year	23	-
Provision for impaired receivables recognised during the year	551	23
Receivables written off during the year as uncollectable	-	-
Closing provision balance at 30 June	574	23

Nature and extent of risk arising from receivables

Refer to Note 7.1.4 for the nature and extent of risks arising from receivables.

5.1.2 Ageing analysis of contractual receivables

The ageing at 30 June 2022 includes accrued investment income. Statutory receivables and provision for impaired receivables are excluded.

	<i>Not past due & not impaired</i>	<i>Past due but not impaired</i>				
		Less than 1 month	1 to 3 months	3 month to 1 year	1 to 5 years	5+ years
2021- 2022						
Accrued investment income	7,885	-	-	-	-	-
Total receivables	7,885	-	-	-	-	-
2020- 2021						
Accrued investment income	5,228	-	-	-	-	-
Total receivables	5,228	-	-	-	-	-

Not past due and not impaired receivables relate to investment distributions from VFMC which were subsequently received in July 2022.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

NOTE 5: OTHER ASSETS AND LIABILITIES

5.2 Payables

Payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

	2022	2021
	(\$'000)	(\$'000)
Current payables		
<i>Contractual:</i>		
Trade payables	140	50
Accrued expenses	55	259
Total receivables	195	309

Payables consists of:

Contractual payables are classified as financial instruments and measured at amortised cost.

The contractual payables are unsecured and are usually paid within 30 days of recognition.

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accrued expenses are recognised when the Authority, as a result of a past event, has a present obligation that can be estimated reliably, and it is probable that a payment will be required to settle the obligation. The amount recognised as accrued expenses is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

5.2.1 Ageing analysis of contractual payables

The ageing at 30 June 2022 includes trade payables and accrued expenses. Statutory payables are excluded.

	Carrying Amount	Nominal Amount	Maturity Dates				
			Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5+ years
2021- 2022							
Trade payables	140	140	140	-	-	-	-
Accrued expenses	55	55	55	-	-	-	-
Total payables	195	195	195	-	-	-	-
2020- 2021							
Trade payables	50	50	50	-	-	-	-
Accrued expenses	259	259	259	-	-	-	-
Total payables	309	309	309	-	-	-	-

NOTE 6: FINANCING OUR OPERATIONS

Introduction

This note provides information on the balances related to the financing of the Authority, including financial commitments at year-end. The Authority's recurrent operations are generally financed from cash flows from operating activities (see Cash Flow Statement).

Structure

- 6.1** Borrowings
- 6.2** Leases
 - 6.2.1 Right of use assets
 - 6.2.2 Amounts recognised in the Comprehensive Operating Statement
 - 6.2.3 Amounts recognised in the Cash Flow Statement
- 6.3** Cash flow information and balances
 - 6.3.1 Reconciliation of net result for the period to cash flow from operating activities
- 6.4** Commitments for expenditure
 - 6.4.1 Operating commitments
- 6.5** Reserves

6.1 Borrowings

	2022	2021
	(\$'000)	(\$'000)
Current borrowings		
Lease liabilities	10	191
Total current borrowings	10	191
Non-current borrowings		
Lease liabilities	59	30
Total non-current borrowings	59	30
Total borrowings	68	221

6.2 Leases

The Authority leases office premises and motor vehicles. The lease contracts are typically made for fixed periods of 1-3 years.

6.2.1 Right of use assets

Right-of-use assets are presented in note 4.1.1.

6.2.2 Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2022	2021
	(\$'000)	(\$'000)
Interest expense on lease liabilities	5	10
Total amount recognised in the Comprehensive Operating Statement	5	10

NOTE 6: FINANCING OUR OPERATIONS

6.2.3 Amounts recognised in the Cash Flow Statement

The following amounts are recognised in the Cash Flow Statement for the year ending 30 June 2022 relating to leases:

	2022	2021
	(\$'000)	(\$'000)
Total cash outflow for leases	193	238

For any new contracts entered into, the Authority considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Authority assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Authority and for which the supplier does not have substantive substitution rights;
- the Authority has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Authority has the right to direct the use of the identified asset throughout the period of use; and
- the Authority has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee

Lease liability - initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Authority's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments);
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability - subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Presentation of right-of-use assets and lease liabilities

The Authority presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

NOTE 6: FINANCING OUR OPERATIONS

6.3 Cash flow information and balances

The following amounts are recognised in the Cash Flow Statement for the year ending 30 June 2022 relating to leases:

	2022	2021
	(\$'000)	(\$'000)
Cash and deposits		
Total cash and deposits disclosed in the balance sheet - Authority	9,818	7,885
Total cash and deposits disclosed in the balance sheet - Schemes	17,394	1,559
Balance as per cash flow statement	27,212	9,444

6.3.1 Reconciliation of net result for the period to cash flow from operating activities

The following amounts are recognised in the Cash Flow Statement for the year ending 30 June 2022 relating to leases:

Net result for the period	(2,857)	6,190
Non-cash movements		
Depreciation and amortisation	215	274
Fair value (increase)/decrease in other financial assets	22,642	(2,117)
Net (gain)/loss on financial instruments	(8,728)	(5,748)
Movements included in investing and financing activities	(72)	(26)
	11,201	(1,427)
Movements in assets and liabilities		
Decrease/(increase) in receivables	(8,697)	(11,685)
Decrease/(increase) in prepayments	(14)	9
(Decrease)/increase in payables	(143)	38
(Decrease)/increase in employee benefits	14	336
(Decrease)/increase in accrued portable long service benefits	93,059	88,658
Net cash flows from/(used in) operating activities	95,420	75,929

Cash flows arising from operating activities are disclosed inclusive of GST.

NOTE 6: FINANCING OUR OPERATIONS

6.4 Commitments for expenditure

6.4.1 Operating commitments

Commitments for future expenditure include operating commitments arising from contracts which are disclosed at their nominal value and inclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

Operating commitments in nominal values including GST as at 30 June 2022 totalled \$1.040 million (\$0.479 million in 2020-21). This amount is represented by one contract for the provision of licensed software, maintenance, support and cloud hosting managed services for a period of two years from 1 July 2022. Operating expenditure commitments under this contract are due and payable as follows:

	2022	2021
	(\$'000)	(\$'000)
Operating expenditure commitments		
Not later than one year	520	479
Later than one year and not later than five years	520	-
Total operating expenditure commitments	1,040	479
Less GST recoverable	95	44
Total operating expenditure commitments (excluding GST)	945	435

6.5 Reserves

Valuation Model Assumption Risk: - The Portable Long Service Benefits Scheme commenced on 1 July 2019 and so as at balance sheet date, the Authority and its actuarial advisors have only 3 years of actual worker information available. As a result, the Authority has determined that a reserve for valuation model assumption risks is appropriate within the Community Services, Contract Cleaning and Security schemes.

The reserve will be reviewed periodically and revised annually at each balance sheet date.

	2022	2021
	(\$'000)	(\$'000)
Reserves		
Balance at beginning of financial year	6,818	1,782
Transfer from/(to) accumulated surplus	-	5,036
Balance at end of financial year	6,818	6,818

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The Authority is exposed to risks from both its activities and external factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section presents information on the Authority's financial instruments, contingent assets and liabilities.

Structure

- 7.1** Financial instruments specific disclosures
 - 7.1.1 Categories of financial assets
 - 7.1.2 Categories of financial liabilities
 - 7.1.3 Financial instruments: categorisation
 - 7.1.4 Financial risk management objectives and policies
- 7.2** Contingent assets and contingent liabilities

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Authority currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2022-23 reporting period.

Due to the nature of the Authority's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

7.1.1 Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Authority to collect contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment.

The Authority recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income.

The Authority recognises its managed investments at fair value through net result.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Authority retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Authority has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

7.1.2 Categories of financial liabilities

Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Authority recognises the following liabilities in this category:

- trade payable and accrued expenses (excluding statutory payables); and
- borrowings (including lease liabilities).

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the Comprehensive Operating Statement.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

7.1.3 Financial instruments: categorisation

The carrying amounts of the contractual financial assets and financial liabilities by category are disclosed below:

2021-2022	Financial assets at fair value through net result	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Contractual financial assets				
Cash and cash deposits	-	27,212	-	27,212
<i>Receivables (excluding statutory receivables)</i>				
Accrued investment income	-	7,885	-	7,885
<i>Investments and other financial assets</i>				
Investments	169,563	-	-	169,563
Total contractual financial assets	169,563	35,097	-	204,660
Contractual financial liabilities				
<i>Payables</i>				
Trade payables and accrued expenses (excluding statutory payables)	-	-	195	195
Borrowings	-	-	68	68
Total contractual financial liabilities	-	-	263	263
2020-2021	Financial assets at fair value through net result	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Contractual financial assets				
Cash and cash deposits	-	9,444	-	9,444
<i>Receivables (excluding statutory receivables)</i>				
Accrued investment income	-	5,228	-	5,228
<i>Investments and other financial assets</i>				
Investments	108,605	-	-	108,605
Total contractual financial assets	108,605	14,672	-	123,277
Contractual financial liabilities				
<i>Payables</i>				
Trade payables and accrued expenses (excluding statutory payables)	-	-	309	309
Borrowings	-	-	221	221
Total contractual financial liabilities	-	-	530	530

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

7.1.4 Financial risk management objectives and policies

The activities of the Authority expose it to a variety of financial risks, market risk, credit risk and liquidity risk. This note presents information about the Authority's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The Governing Board of the Authority has the overall responsibility for the establishment and oversight of the risk management framework. The overall risk management program seeks to minimise potential adverse effects on the financial performance of the Authority. The Authority uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis for credit.

Risk management is carried out by the Authority's management under policies approved by the Governing Board. The Governing Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risks, credit risk and non-derivative financial instruments, and investment of excess liquidity.

The main risks that the Authority is exposed to through its financial instruments are as follows:

(a) Credit risk

Credit risk is the risk of financial loss to the Authority as a result of an employer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from receivables.

The Authority minimises concentrations of credit risk by undertaking transactions with a large number of employers who must pay a levy for eligible workers for portable long service benefits in the Community Services, Contract Cleaning and Security Industries. The Authority is not materially exposed to any individual debtor. The Authority's is also exposed to credit risk in relation to financial instruments that are designated at fair value through net result. The maximum exposure at the end of the reporting period is the carrying amount of these investments. There has been no material change to the Authority's credit risk profile in 2021-22.

(b) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Authority's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Authority's exposures to market risk are primarily through equity price risk and interest rate risk. To a lesser extent there is exposure to foreign exchange risk and other price risk. The Authority's exposure is outlined in Note 4.2.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

(i) Interest rate risk

The Authority has minimal exposure to interest rate risk through its holding of other financial assets.

(ii) Other price risk

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

To manage price risk, the investments are managed by VFMC who is the Authority's independent professional investment manager. VFMC target a balanced portfolio allocation of assets based on direction from the Authority's Governing Board. Actual allocations are permitted to deviate from the target allocation provided that they are within the set allocation ranges.

The investment fund seeks to match the weighted average return of the target indexes of the underlying funds before taking into account fund fees and expenses. The following table indicates the Authority's exposure to price risk, by showing the estimated impact on the profit/(loss) and equity of the Authority of a +/- 15% movement in unit price of the fund in which the schemes have invested and therefore a +/- 15% in the value of the investments. The Authority considers a +/- 15% movement in markets to be reasonably foreseeable.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

2021-2022	Carrying Amount	-15% Price Movement Profit/Equity	+15% Price Movement Profit/Equity
	(\$'000)	(\$'000)	(\$'000)
Financial assets			
Investments and other financial assets	169,563	(25,434)	25,434
Total	169,563	(25,434)	25,434
2020-2021	Carrying Amount	-15% Price Movement Profit/Equity	+15% Price Movement Profit/Equity
	(\$'000)	(\$'000)	(\$'000)
Financial assets			
Investments and other financial assets	108,605	(16,291)	16,291
Total	108,605	(16,291)	16,291

(c) Liquidity risk

Liquidity Risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's policy is to settle financial obligations within 30 days and in the event of a dispute make payments within 30 days from the date of resolution.

The Authority manages liquidity risk by maintaining adequate reserves of cash and by continuously monitoring actual cash flows against forecast cash flows of the Authority.

7.1.4 Financial risk management objectives and policies

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and, if quantifiable, are measured at nominal value.

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

There were no material contingent assets or liabilities at 30 June 2022 (30 June 2021: \$nil).

NOTE 8: OTHER DISCLOSURES

Introduction

This note provides information on other disclosures that impact the Authority.

Structure

- 8.1** Responsible persons
- 8.2** Remuneration of executives
- 8.3** Related parties
- 8.4** Events occurring after the balance date
- 8.5** Auditors remuneration
- 8.6** Correction of a prior period error
- 8.7** Australian Accounting Standards issued that are not yet effective

8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

The following lists the responsible persons for the Authority during the year:

Name	Title	Period of appointment	
		From	To
The Hon. Tim Pallas MP	Minister for Industrial Relations	01 July 2021	30 June 2022
Julius Roe	Director (Chair)	01 July 2021	30 June 2022
Claire Filson	Director (Deputy Chair)	01 July 2021	30 June 2022
Emma King	Director	01 July 2021	30 June 2022
Kate Marshall	Director	01 July 2021	07 April 2022
Elisa Dickenson	Director	08 April 2022	30 June 2022
Timothy Piper	Director	01 July 2021	30 June 2022
Rachaell Saunders	Director	01 July 2021	30 June 2022
Julie Warren	Director	01 July 2021	30 June 2022
Linda White	Director	01 July 2021	07 April 2022
Joseph Yeung	Director and Chief Executive Officer	01 July 2021	30 June 2022

NOTE 8: OTHER DISCLOSURES

Remuneration

The number of Responsible Persons whose remuneration from the Authority was within the specified bands were as follows:

	2022	2021
Income band (\$):	No.	No.
\$10,000 - \$19,999	3	-
\$20,000 - \$29,999	5	7
\$50,000 - \$59,999	1	1
\$270,000 - \$279,999	-	1
\$290,000 - \$299,999	1	-
Total Numbers	10	9

Remuneration received, or due and receivable, during 2021-22 by Responsible Persons including the Accountable Officer from the Authority in connection with the management of the Authority was \$526,363 (\$508,640 in 2020-21).

8.2 Remuneration of executives

The number of executive officers, other than the Minister and Accountable Officer listed in Note 8.1 and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the Authority, or on behalf of the Authority, in exchange for services rendered, and is disclosed in the following categories:

- **Short-term employee benefits** include amounts such as wages, salaries, annual leave, cashed out annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services;
- **Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased;
- **Other long-term benefits** include long service leave, other long-service benefit or deferred compensation; and
- **Termination benefits** include payments made when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment.

During the year, the employment contract for the one executive officer engaged by the Authority was completed. No new contract was entered into.

	2022	2021
Remuneration of Executive Officers	(\$'000)	(\$'000)
Short-term employee benefits	179	253
Post-employment benefits	17	22
Other long-term benefits	4	4
Termination benefits	30	-
Total remuneration ⁽ⁱ⁾	230	279
Total number of executives	1	1
Total annualised employee equivalents ⁽ⁱⁱ⁾	0.7	1

(i) No Executive Officers meet the definition of Key Management Personnel (KMP) of the Authority under AASB 124 *Related Party Disclosures* and as such, are not included in the related parties note disclosure (Note 8.3).

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

NOTE 8: OTHER DISCLOSURES

8.3 Related Parties

The Authority is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Authority include:

- All key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- All cabinet ministers and their close family members; and
- All departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

During the year, the Authority had the following government-related entity transactions (exclusive of GST):

	2022	2021
	(\$'000)	(\$'000)
<i>Amounts recognised as income in the Comprehensive Operating Statement</i>		
Entity and nature of transaction		
Department of Premier and Cabinet - Grant funding to establish the Authority	232	692
Total	232	692

Key management personnel

KMP (as defined in AASB 124 Related Party Disclosures) are those persons having authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly. KMP of the Authority includes the Portfolio Minister, all Directors and the Chief Executive Officer as listed under responsible persons in Note 8.1.

	2022	2021
	(\$'000)	(\$'000)
Compensation of Key Management Personnel ⁽ⁱ⁾⁽ⁱⁱ⁾		
Short-term employee benefits	479	463
Post-employment benefits	44	42
Other long-term benefits	4	4
Total	527	509

(i) The Authority did not employ any KMPs as a contractor through an external service provider during the reporting period.

(ii) The compensation detailed above excludes the salaries and benefits the Portfolio Minister receives.

Transactions with key management personnel and other related parties

Outside of normal citizen type transactions with the Authority, there were no related party transactions that involved key management personnel and their close family members.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

NOTE 8: OTHER DISCLOSURES

8.4 Events occurring after the balance date

There have been no matters and/or circumstances that have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

8.5 Auditors Remuneration

Auditors remuneration for auditing the financial statements of the Authority excluding GST for 2021-22 has been set at \$35,700 (\$35,000 in 2020-21) by the Victorian Auditor-General's Office. No other benefits were received or are receivable by the Victorian Auditor-General's Office.

8.6 Correction of a prior period error

During the current period, the Authority became aware of an error in the value of its investments and other financial assets. This error had the effect of overstating the value of investments and other financial assets as at 30 June 2021 by \$5,228,000 and the net gain on financial instruments for the year ended 30 June 2021 by \$4,692,000 (\$536,000 in 2019-20). The error also had the effect of overstating the accumulated surplus as at 30 June 2021 by \$5 228 000.

Each of the effected financial statements for the 2021 financial year have been restated, as shown in the tables below.

COMPREHENSIVE OPERATING STATEMENT	Restated	Previously presented
For The Financial Year Ended 30 June 2021	(\$'000)	(\$'000)
Income from transactions		
Government grants	692	692
Contributions from employers and contractors	93,250	93,250
Investment income	5,748	5,748
Interest	26	26
Net gain/(loss) on financial instruments	2,117	6,809
Total income from transactions	101,833	106,525
Expenses from transactions		
Employee benefits expense	4,711	4,711
Portable long service benefits expense	88,658	88,658
Administration expense	1,990	1,990
Interest expense	10	10
Depreciation	274	274
Total expenses from transactions	95,643	95,643
Net result from transactions (net operating balance)	6,190	10,882
Net result	6,190	10,882
Comprehensive result	6,190	10,882

NOTE 8: OTHER DISCLOSURES

BALANCE SHEET	Restated	Previously presented
As at 30 June 2021	(\$'000)	(\$'000)
ASSETS		
Current assets	9,444	9,444
Cash and deposits	35,864	35,864
Receivables	14,987	15,709
Investments and other financial assets	12	12
Prepayments	60,307	61,029
Total current assets	101,833	106,525
Non-current assets		
Property, plant and equipment	262	262
Investments and other financial assets	93,618	98,124
Total non-current assets	93,880	98,386
TOTAL ASSETS	154,187	159,415
LIABILITIES		
Current liabilities		
Payables	309	309
Employee benefits	812	812
Accrued portable long service benefits	15,984	15,984
Borrowings	191	191
Total current liabilities	17,296	17,296
Non-current liabilities		
Employee benefits	57	57
Accrued portable long service benefits	120,358	120,358
Borrowings	30	30
Total non-current liabilities	120,445	120,445
TOTAL LIABILITIES	137,741	137,741
NET ASSETS	16,446	21,674
EQUITY		
Reserves	6,818	6,818
Accumulated surplus	9,628	14,856
NET WORTH	16,446	21,674

NOTE 8: OTHER DISCLOSURES

STATEMENT OF CHANGES IN EQUITY For The Financial Year Ended 30 June 2021	Reserves (\$'000)	Accumulated surplus (\$'000)	Total (\$'000)
Balance at 30 June 2020 - as presented	1,782	9,010	10,792
Correction of prior period error		(536)	(536)
Balance at 30 June 2020 - adjusted	1,782	8,474	10,256
Net result for the year - as presented	-	10,882	10,882
Transfer to reserves	5,036	(5,036)	-
Balance at 30 June 2021	6,818	14,320	21,138
Correction of prior period error	-	(4,692)	(4,692)
Balance at 30 June 2021 - adjusted	6,818	9,628	16,446

8.7 Australian Accounting Standards issued that are not yet effective

As at 30 June 2022, the following applicable standards and interpretations had been issued but were not mandatory for the financial year ending 30 June 2022. The Authority has not and does not intend to adopt these standards early.

Standard/ Interpretation ⁽¹⁾	Summary	Effective date	Effective date for the entity	Estimated impact
AASB 2020-1 <i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. <i>AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date</i> was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted. The Authority will not early adopt the Standard.	1/1/23	1/7/23	Based on a preliminary assessment by the Authority, there will be no significant impact.

NOTE 8: OTHER DISCLOSURES

The following accounting pronouncements are also issued but not effective for the 2021-22 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- *AASB 2020-3 Amendments to Australian Accounting Standards*
– *Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2021-2 Amendments to Australian Accounting Standards*
– *Disclosure of Accounting Policies and Definitions of Accounting Estimates*
- *AASB 2021-5 Amendments to Australian Accounting Standards*
– *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *AASB 2021-6 Amendments to Australian Accounting Standards*
– *Disclosure of Accounting Policies: Tier 2 and other Australian Accounting Standards*
- *AASB 2021-7 Amendments to Australian Accounting Standards*
– *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

NOTE 9: SCHEME INFORMATION

Introduction

This note provides information relating to the Comprehensive Operating Statement and Balance Sheet for each Scheme that the Authority administers. These financial statements include Administration expenses which relates to the Authority's cost to administer the Schemes. The Administration expense is calculated at 0.15% of Total Ordinary Pay within each Scheme and was determined at the time the Actuarial Report calculated the levy rates. When consolidated, the Administration expense is eliminated.

Structure

- 9.1** Community Services scheme
 - 9.1.1 Comprehensive operating statement
 - 9.1.2 Balance sheet
- 9.2** Contract Cleaning scheme
 - 9.2.1 Comprehensive operating statement
 - 9.2.2 Balance sheet
- 9.3** Security scheme
 - 9.3.1 Comprehensive operating statement
 - 9.3.2 Balance sheet

NOTE 9: SCHEME INFORMATION

9.1 Community Services scheme

9.1.1 Comprehensive operating statement

	Notes	2022	2021
Income from transactions		(\$'000)	(\$'000)
Contributions from employers and contractors	2.2.1	87,331	69,267
Investment income	2.2.3	6,478	4,155
Interest		25	8
Net gain/(loss) on financial instruments	4.2.1	(16,775)	1,326
Total income from transactions		77,059	74,756
Expenses from transactions			
Portable long service benefits expense	3.4.1	75,434	64,247
Administration expenses		7,609	5,689
Total expenses from transactions		83,043	69,936
Net result from transactions (net operating balances)		(5,984)	4,820
Net result		(5,984)	4,820
Comprehensive result		(5,984)	4,820

9.1.2 Balance sheet

ASSETS

Current assets

Cash and deposits	6.3	14,188	851
Receivables	5.1	34,095	25,106
Investments and other financial assets	4.2	14,745	10,874
Total current assets		63,028	36,831

Non-current assets

Investments and other financial assets	4.2	111,279	67,925
Total non-current assets		111,279	67,925

TOTAL ASSETS

		174,307	104,756
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LIABILITIES

Current liabilities

Payables	5.2	133	32
Accrued portable long service benefits	3.4.2	22,217	11,060
Total current liabilities		22,350	11,092

Non-current liabilities

Accrued portable long service benefits	3.4.2	153,791	89,514
Total non-current liabilities		153,791	89,514

TOTAL LIABILITIES

		176,141	100,606
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NET ASSETS

		(1,834)	4,150
--	--	---------	-------

EQUITY

Reserves	6.5	5,029	5,029
Accumulated surplus/(deficit)		(6,863)	(879)

NET WORTH

		(1,834)	4,150
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NOTE 9: SCHEME INFORMATION

9.2 Contract Cleaning scheme

9.2.1 Comprehensive operating statement

	Notes	2022	2021
		(\$'000)	(\$'000)
Income from transactions			
Contributions from employers and contractors	2.2.1	12,788	12,594
Investment income	2.2.3	1,167	818
Interest		4	2
Net gain/(loss) on financial instruments	4.2.1	(3,042)	397
Total income from transactions		10,917	13,811
Expenses from transactions			
Portable long service benefits expense	3.4.1	8,679	12,519
Administration expenses		1,071	892
Total expenses from transactions		9,750	13,411
Net result from transactions (net operating balances)		1,167	400
Net result		1,167	400
Comprehensive result		1,167	400

9.2.2 Balance sheet

ASSETS

Current assets

Cash and deposits	6.3	1,785	574
Receivables	5.1	7,058	5,697
Investments and other financial assets	4.2	2,644	2,117
Total current assets		11,487	8,388

Non-current assets

Investments and other financial assets	4.2	19,955	13,224
Total non-current assets		19,955	13,224

TOTAL ASSETS

		31,442	21,612
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LIABILITIES

Current liabilities

Payables	5.2	5	21
Accrued portable long service benefits	3.4.2	3,579	2,354
Total current liabilities		3,584	2,375

Non-current liabilities

Accrued portable long service benefits	3.4.2	24,214	16,760
Total non-current liabilities		24,214	16,760

TOTAL LIABILITIES

		27,798	19,135
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NET ASSETS

		3,644	2,477
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EQUITY

Reserves	6.5	956	956
Accumulated surplus		2,688	1,521

NET WORTH

		3,644	2,477
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NOTE 9: SCHEME INFORMATION

9.3 Security scheme

9.3.1 Comprehensive operating statement

	Notes	2022	2021
		(\$'000)	(\$'000)
Income from transactions			
Contributions from employers and contractors	2.2.1	11,670	11,389
Investment income	2.2.3	1,082	775
Interest		3	1
Net gain/(loss) on financial instruments	4.2.1	(2,825)	394
Total income from transactions		9,930	12,559
Expenses from transactions			
Portable long service benefits expense	3.4.1	8,946	11,892
Administration expenses		1,149	857
Total expenses from transactions		10,095	12,749
Net result from transactions (net operating balances)		(165)	(190)
Net result		(165)	(190)
Comprehensive result		(165)	(190)

9.3.2 Balance sheet

ASSETS

Current assets

Cash and deposits	6.3	1,421	134
Receivables	5.1	6,046	4,990
Investments and other financial assets	4.2	2,450	1,996
Total current assets		9,917	7,120

Non-current assets

Investments and other financial assets	4.2	18,490	12,469
Total non-current assets		18,490	12,469

TOTAL ASSETS

LIABILITIES

Current liabilities

Payables	5.2	38	1
Accrued portable long service benefits	3.4.2	3,571	2,570
Total current liabilities		3,609	2,571

Non-current liabilities

Accrued portable long service benefits	3.4.2	22,029	14,084
Total non-current liabilities		22,029	14,084

TOTAL LIABILITIES

NET ASSETS		2,769	2,934
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EQUITY

Reserves	6.5	833	833
Accumulated surplus		1,936	2,101

NET WORTH		2,769	2,934
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Appendix 1: Disclosure Index

The annual report of the Authority is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
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