



# Annual Report

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2021-22

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# Chair's Report

## I have much pleasure in presenting the Chair's Report for TasBuild Limited for the year ending 30 June 2022.

The economic and political climate remains challenging across the world and Australia is affected in ways we could not have imagined. The change in our Federal Government has brought a different lens to our economy and particularly our wages structure. This will affect the work of TasBuild and our primary role of safeguarding the Long Service Leave entitlements of our members in future years.

The past financial year has seen continued growth in the building and construction industry although confronted by staff and skills shortages, rising costs and growing inflation. This dynamic environment is challenging and we will need to ensure that we remain connected and accessible for our members and well informed by our specialist advisers.

Despite a volatile climate our investments have performed consistently with TasBuild's stated aims. We continue to use the services of Mercer as our Investment Consultants. As the fund has moved to a more mature phase with strong coverage of the Long Service Leave liability the Board has looked for diversification of our investments while seeking opportunities to invest in support of the Construction industry in Tasmania.

Our lead in setting up and investing in the Tasmanian Construction Fund has established a vehicle to provide finance to developers undertaking construction projects in Tasmania and has begun to bear fruit and we expect to report further on the significant benefits the Tasmanian Construction Fund has delivered.

Cyber Security has been front of mind as have administrative processes which streamline operations and improve the customer experience. An in-depth audit of our processes has been undertaken to develop a Cyber Security Plan which has now been adopted and will be embedded in our organisation.

There are many challenges ahead for TasBuild and as your incoming Chair I would like to recognise the efforts of Rod Scurrah and his nine years of service as Chairman. I would also like to acknowledge the contribution of Lyndon Fenton whose term expired in April 2022 and to welcome Matthew Pollock from Master Builders Tasmania to the Board.

As we look forward to the future, I believe that TasBuild is well positioned to serve the Construction and Building Industry with certainty and security for workers to benefit from Portable Long Service Leave.

The Board and all stakeholders are well supported by our CEO Michael Irwin and his excellent team of employees. TasBuild is well served by a strong Board that utilises its industry knowledge and experience to deliver robust governance of TasBuild and the Long Service Leave Fund.

As your new Chair, I would like to express my particular appreciation of the support of my fellow Directors and the CEO in assisting me in my new role. To all stakeholders I assert our commitment to bring to bear our best endeavours to ensure the success of the fund.

**Susan Parr**  
Independent Chair.

# Chief Executive Officer's Report

## The financial year ended 30 June 2022 has seen a combination of unexpected circumstances that have impacted on virtually every business including TasBuild.

These circumstances are having varying impacts on business operations and is continually demanding executive and Board attention to monitor, manage and reposition them. The matters of concern are:

- The ongoing impacts of COVID 19 and influenza on staff availability;
- The war in Ukraine;
- China in relation to challenging regional political stability, lock downs and their impact on supply chains as well as domestic economic activity contraction;
- The global rise of inflation and the central banks responses of increasing interest rates to manage the increases;
- The above issues impacting on worker productivity; and
- The construction and building industry in Tasmania coping with unprecedented growth and the challenges it presents on top of the supply and productivity impacts noted above.

The team at TasBuild have maintained their focus on service delivery to our employers and workers whilst they worked their way through the disruptions over the past 12 months. The priority has been service delivery improvements with special attention being paid to online services including the provision of a mobile friendly website for those employers and workers that do not have the luxury of working from a desk. A significantly enhanced website was launched in July 2022 presenting information in a manner that is more readily understood and with the website structured in a way that makes it easier to find the information that a worker or employer is seeking.

The investment performance of the portfolio plays a significant role in TasBuild's ability to meet entitlement payment obligations and the last 12 months have seen investment returns suffer a substantial downturn. Whilst this may be concerning, the investment strategy for the Fund is focused on the long term and recognises that there may be periods of negative performance. A prudent position has been taken to create a diversified portfolio to lessen the severity of the investment market downturn. This year's 1 year return to 30 June 2022 was -1.5% net of fees which outperformed the benchmark return by 1.0% whilst the longer-term return over 10 years was +7.5%.

The key measure of the Fund's financial position is the comparison of the fund's investments to estimated worker entitlement liability. As at 30 June 2022 the liability coverage was 149% which exceeds the Board's target of 120% and demonstrates that the Fund is in a sound financial position to withstand what is expected to be a relatively short-term market downturn followed by a period of market volatility.

## Corporate Governance

The Board Members and their meeting attendance for 2021 – 2022 is detailed below:

TITLE	NOMINATING ORGANISATION	MEETING ATTENDANCE	
		BOARD MEETING	INVESTMENT COMMITTEE
<b>Chair</b>			
Rod Scurrah*	TasBuild Board	5 of 5	5 of 5
Susan Parr	TasBuild Board	1 of 1	
<b>Directors</b>			
John Short	AMWU	6 of 6	
Lyndon Fenton*	MBT	4 of 5	
Matthew Pollock	MBT	0 of 1	
Kevin Harkins	CFMEU	6 of 6	4 of 5
Michael Anderson	Unions Tasmania	5 of 6	
Michael Shepperd	BISCO	6 of 6	
Michael Bailey	TCCI	5 of 6	4 of 5

\* Mr Scurrah's Board term expired on 29 April 2022 and he did not seek reappointment. Mr Fenton's Board term also expired on 29 April 2022.

Ms Susan Parr brings 30 years of experience in various Chair, Director and CEO roles across a number of industries. Her experience will provide invaluable guidance and insight to the Board.

Mr Fenton was replaced by Mr Pollock. Mr Harkins and Mr Shepperd were re-appointed on 22 April 2022 for a further term of four years.

The Board met on six occasions in the year and participated in six continuous professional development sessions in compliance with the Board's Training and Development Policy.

The Investment Committee consists of the Independent Chair, the CEO, two Board Members and an Independent Member. The Committee met on five occasions, charged with the responsibility of monitoring investments and reviewing performance, investment documentation and policies to ensure we keep abreast of best practice.

Board Members are appointed for a four-year term, with half the positions becoming vacant every two years. Investment Committee and Board member representatives are elected for a one-year term. The Independent Chair and the CEO are ongoing representatives while the Independent Committee Member appointment is reviewed every second year.

# Operational Overview

The following are the key statistical changes over the last 12 months:

**Contributing Employers**

↑ **9.9%**

**Current Workers**

↑ **10.6%**

**Entitlements Paid**

↑ **11.5%**

**Contributions**

↑ **15.7%**

**Investments**

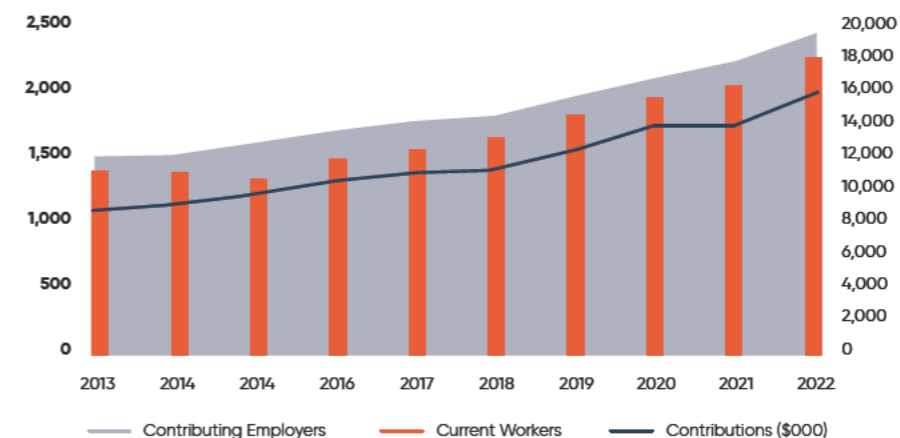
↑ **0.3%**

As can be seen from the above figures employer and employee numbers have increased substantially over the last 12 months but interestingly the wage growth pressures are easy to see with contribution growth significantly exceeding the worker and employer growth. A demonstration of the real benefit of the portable long service fund, is the substantial growth in entitlement payments, last year there was

growth of 13.5% and this year has seen further significant growth in entitlement payments this year of 11.5%. The payments this year are 80% higher than the entitlements paid 5 years ago. Over the last 12 months this has placed nearly \$12 million in entitlement payments in the hands of Tasmanian workers which is a significant benefit for the individuals and will have flow on effects for the Tasmanian economy.

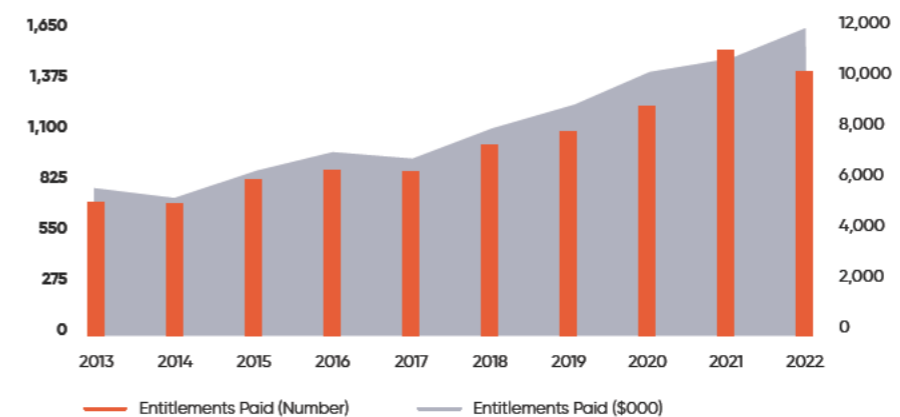
The trends to date over key areas are detailed below.

## Contributing Employers and Current Workers



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Employers	1,429	1,440	1,529	1,620	1,703	1,744	1,903	2,033	2,163	2,377
Workers	11,076	11,051	11,232	11,934	12,602	13,330	14,774	15,773	16,375	18,103
Contributions	8,024	8,368	8,958	9,847	10,393	10,557	11,702	13,314	13,298	15,392

## Entitlements Paid



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number	680	672	793	837	834	967	1,040	1,166	1,450	1,343
\$000	5,394	5,164	6,204	7,000	6,632	7,886	8,829	10,204	10,747	11,980

The strength of the industry over the last 10 years is clearly demonstrated by the strong growth over that period for contributing employers at 66.3%, current workers at 63.4% and employer contributions 91.8%.

This continues to supplement the strength of the fund and the ongoing financial stability allowing TasBuild to provide a valuable benefit to the workers and the construction industry in general.

It is very pleasing to see the level of entitlement payments, with employed workers receiving \$11.9 million and self-employed workers receiving \$735,067. Workers received a total of \$12.7 million and with employers estimated to be directly contributing only 65% of these payments, this is a very substantial benefit for the building and construction industry from both an employers and workers perspective. Over the last 12 months the average entitlement payment has also increased from \$7,412 to \$8,920 which demonstrates the increased benefit to individual workers.

Work continues to try and ensure all workers that have an entitlement are clearly advised about their eligibility to an entitlement and how to lodge a claim. This is an important reason for why TasBuild exists and every effort will be made to ensure the workers receive their benefits when they are entitled.

The last 12 months have seen non-compliant employer invoices decrease by 13.1% but is still 25% greater than two years ago which confirms employer compliance will remain an ongoing focus. Work continues to lift the profile of TasBuild, educate employers as to their responsibilities and to make it easier for them to voluntarily register, lodge returns and pay contributions. The compliance activity comes with a significant cost and over the last 12 months the compliance costs have exceeded \$300,000.

After considerable work, the launch of the new website occurred in July 2022 highlighting TasBuild's new corporate style, logo and colour scheme. Positive feedback has been received with the site being more user

## Chief Executive Officer's Report continued

friendly, easier to navigate and providing easy to understand information in relation to the Fund.

Our aim is to ensure interactions continue to become less time consuming and easier to understand. The website is the starting point and the focus has moved to review the way we interact with businesses and workers. To this extent we have implemented new online facilities including:

- New Employer registrations;
- Self-Employed registrations;
- Unrecorded Service claims; and
- Registering Interstate Service for workers.

Work will continue over the next year to add more online facilities so we can continually improve the services we offer. Alternatively, a TasBuild staff member will still be available to respond in a manner that is tailored to the worker or employer needs if person to person contact is preferred.

As a demonstration of our commitment to minimise the administrative burden on employers, we again conducted a clean up of workers that had no recorded service for more than 6 months which resulted in removing 1,600 workers from employer returns making completion of returns easier.

Another major focus over the last 12 months has been Cyber Security. This was identified as a significant concern in last years report and action has been taken over the course of the year to not only review our IT environment but also to update it to strengthen protection against third party threats. Board and staff

education has also been undertaken to ensure everyone has an appropriate level of understanding and knowledge to help protect TasBuild resources and information.

The self-employed worker registration was established to facilitate the preservation of previously accrued service as an employee in the construction industry. By voluntarily registering as a self-employed worker, the self-employed contributions would assist them in reaching a long service entitlement and any accrued service as an employee would not be lost. A rule change was implemented in the last quarter of the 2020/21 financial year whereby when self-employed workers reached an entitlement the account would be closed and paid out with one single payment.

This resulted in contact with 140 self-employed workers that had over ten years of service, advising the rule change and the requirement to take a termination and have their entitlement paid out. This resulted in just under \$1.5 million of entitlements being paid.

### Strategic Direction

During the year, the staff and the Board continued their work to achieve the outcomes required to deliver strategic initiatives.

The five Core Business Areas the Board has focused on are:

1. Administration and Governance;
2. Membership Management;
3. Investment Portfolio;
4. Industry Profile and Education; and
5. Compliance Monitoring.

During the financial year, the following activities have been undertaken to move the organisation towards the Plan's objectives:

#### 1. Administration and Governance

- Analysis of Australian Business Register (ABR) information and compliance checking has identified that there are approximately 4,000 businesses registered in the building and construction category that are registered for GST but are not registered with TasBuild.
- To address this potential noncompliance issue a full time Field Officer and full time Administrator have been employed to focus on registering ABR registered businesses in the building and construction industry as well as educating them about TasBuild's role, their legal responsibilities in relation to portable long service leave and the benefits portable long service provides for the industry.
- The new website has facilitated the provision of additional capability to transact online and access forms either via desk top computers or mobile phone. Future developments will look at expanding this capability to all interactions with employers and employees.

#### 2. Membership Management

- After identifying some legacy issues in relation to the database, a consultant has been engaged to review the database and put in place an action plan for rectification of inaccurate records. This work is expected to be completed prior to 31 December 2022 which will

ensure we have the correct detail when determining if a worker is entitled at claim time.

- The administration team have continued to work with employers to make sure their returns only contain current workers so as to reduce the administrative burden of completing returns.
- Worker entitlement eligibility is an area that has continued to be reviewed to ensure all workers that were either not aware of a current entitlement or have left a residual entitlement are alerted and advised of how to make a claim.
- Following the launch of the new website all worker and employer processes will be reviewed to identify where we can more purposely align the TasBuild response to the process so that the response, support or information provision more directly responds to the initial contact which helps simplify the recipient's understanding of the issue and what action needs to be taken.

#### 3. Investment Portfolio:

- TasBuild has an ongoing and regular cycle of investment and portfolio management as follows:
  - Review of benchmarks against which investment returns are measured;
  - Annual review and quarterly monitoring of investment objectives;
  - Annual review of all investment governance documents; and
  - Review of the format and quality of the reporting by Mercer.

# Chief Executive Officer's Report continued

- TasBuild is engaging with ESG experts to develop a more comprehensive ESG policy to ensure our investment activities align with broader community expectations. The aim is to support the growing investor focus to increase pressure on businesses to actively incorporate the pursuit of ESG goals that drive best business practice that incorporates environmental, social and governance aspects to improve the health and wellbeing of people, minimise or eliminate environmental harm and embody sustainable governance processes to facilitate ESG goals.
- Continuing to explore and expand the opportunities for investment in the Tasmanian building and construction industry to contribute to construction activity, job growth over the longer term and flow on benefits for the Tasmanian community as a whole.

4. Industry Profile and Education:

- Following the introduction of the new logo and launch of the new website, the focus has moved to progressively updating all information materials, forms and communication templates to provide clearer and easier to understand information and communications.
- Encouragement of workers and employers to engage through online communications or portals continues as it is more efficient and responsive for conduct of business. The benefits of online business engagement has been reinforced through the COVID-19 pandemic.

- We are also seeking opportunities to work with our industry stakeholders to engage with employers and workers to ensure they understand who TasBuild is, what we do and how we can help them to understand their rights, responsibilities and their legal obligations.

5. Compliance Monitoring:

- Data still suggests there is a significant number of unregistered businesses and workers in the building and construction industry in Tasmania. Pursuit of these unregistered businesses has taken our compliance costs to new levels and this pursuit will be maintained until business owners demonstrate a greater willingness to voluntarily register and maintain a significantly higher level of compliance.
- There is a continual drive to find new and useful sources of data to assist in identification of industry participants and to determine their registration status and to ensure that our knowledge and understanding of the industry is as comprehensive as it can be. This in turn helps TasBuild to maximise the provision of long service leave benefits to those workers that are entitled to receive them.

## Investments and Financial Performance

The return on investments for the year was negative 1.5%, whilst at the same time the Fund’s worker entitlement liability declined by 8.7%. During the course of the year the actuarial assumptions were updated and this along with the movement in the bond rate has resulted in the liability coverage increasing from 137% at 30 June 2021 to 149% at the end of June 2022. This position will be analysed in more detail with the triennial actuarial review to be conducted on TasBuild’s position as at 30 June 2022 and will provide input as to what strategic action the Board can take.

The Fund continues to be in a strong position. The surplus has allowed the Board to increase the portfolio’s allocation to unlisted assets which have made a significant contribution to protecting the fund’s financial position over the year despite the number of factors that have been causing investment market volatility.

### Financial

The movement for the year in investment and liability related figures is detailed below:

Investments	June 2018	June 2019	June 2020	June 2021	June 2022
Total Assets (\$000)	138,415	152,009	154,785	184,889	183,091
Total Funds Invested (\$000)	129,408	142,650	146,022	177,685	178,165
Actuarial Liability (\$000)	101,553	116,646	128,439	134,874	122,446
Assets/Liabilities Coverage (%)	135.3%	129.3%	119.3%	137.0%	149.0%

The Board takes a conservative view whereby the ‘Assets to Liabilities ratio’ must be at least 110 percent of the Worker Entitlement Liability as per the financial statement but with a preferred target of 120%. Achieving this level of liability coverage provides a buffer against unexpected market fluctuations and liability valuations. This in turn means that employer contribution rates do not have to be continually adjusted to maintain an appropriate liability coverage and provides certainty for employers.

As at 30 June 2022 the Assets to Liabilities ratio was 149% up from 137% at June 2021. Whilst this is a significant increase, it must be remembered that market fluctuations such as experienced during the COVID-19 pandemic, can have a significant impact on the calculated surplus and any action to address the surplus must be carefully considered to ensure it does not cause fluctuations requiring unnecessary adjustments to the employer contribution rate to restore the liability coverage to the targeted percentage.

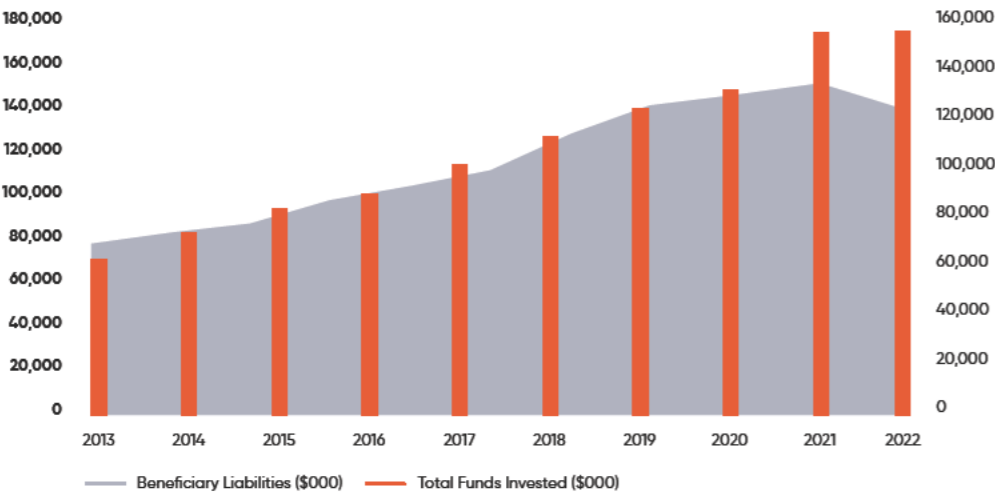
# Chief Executive Officer's Report continued

The triennial actuarial review undertakes an exhaustive review of TasBuild's:

- Employer registrations;
- Worker registrations;
- Financial position;
- Investment portfolio and performance; and
- Industry demographics;

to determine how the fund is positioned in relation to meeting worker entitlement liabilities now and into the foreseeable future. This in depth review will provide the detailed analysis required for TasBuild to develop a strategic management plan to ensure industry stakeholder needs are addressed.

## Beneficiary Liability vs Funds Invested



## Asset Liability Management

TasBuild Limited retains the services of an implemented consultant to manage the portfolio in accordance with the Board's investment objectives. Mercer was appointed in late 2011, reappointed in 2020 and over this time it has met or exceeded the Board's investment objectives and benchmarks.

Mercer has provided advice to TasBuild that our investment objectives can best be achieved through a portfolio that is diversified in a number of ways:

- Growth assets (70%) versus defensive assets (30%);
- 14 different assets classes are utilised;
- Investing in multi-manager investment funds;
- Exposure to unlisted real assets (25%); and
- Direct management of a discrete portfolio of investments by TasBuild.

The investment portfolio is constructed in a manner that is cognisant of the liabilities of the scheme which are impacted by changes in wage growth and the discount rate used to value liabilities. Growth assets such as equities and real assets provide returns that are higher than wage growth over time and contributes to increasing surplus assets, while defensive assets such as fixed interest is correlated to changes in interest rates which impact discount rates.

Despite a difficult year for local and offshore share markets which experienced significant falls, the portfolio's exposure to real assets (27.2% allocation to direct property and unlisted infrastructure) delivered strong returns, protected capital and outperformed wage inflation. Furthermore, despite the declines in fixed interest markets caused by rising yields on the back of soaring inflation and interest rate hikes, liabilities also declined due to lower discount rates and valuations.

## Investment Governance and Monitoring

Investment Governance is a critical aspect reviewed and monitored by both the Board and Investment Committee. A suite of documents dictates policy, strategy and beliefs and the guidance in these documents is proactively applied in the monitoring of investments and liabilities. Strategic decisions, benchmarks and investment objectives are assessed monthly and reviewed at least annually, or if market volatility dictates, on a more frequent basis.

The documentation including investment objectives are also scrutinised at least annually to determine whether they address current investment practice and/or market circumstances. The close interaction between the Board Members and Mercer's staff has ensured that the Fund's objectives are supported by the recommended investment strategy and fund solvency remains above the Board's benchmark.

## Investment Objectives

In consultation with the Board, the Investment Committee annually reviews the Fund's investment objectives. Based on the outlook for investment returns, market and liability forecasts combined with the advice of the Actuary, it was determined that the following investment objectives were appropriate for the financial year.

The approved investment objectives are:

1. Average weekly ordinary time earnings (AWOTE) + 2% over rolling 5-year periods after investment fees;
2. Chance of negative return, 1 in 5 years;
3. To outperform the strategic asset allocation (SAA)-weighted benchmark return, comprised of relevant market indices, by 1% p.a. (before investment management fees) over rolling 12-month periods; and
4. Achieve and maintain an asset value that is not less than 110% of the financial statement value of liabilities.

During the year the Board approved an increase in the investment return objective of outperforming AWOTE + 1.5% to AWOTE + 2% with an effective date of 1 April 2022. This follows a review of the composition of the investment portfolio and approval by the Board to increase the investment in unlisted asset classes. The change is expected to provide higher returns with attractive diversification benefits and will complement the existing asset classes.

The Board regularly reviews the performance of the investments held by Mercer against the stated investment objectives and industry benchmarks for each asset class.

## Chief Executive Officer's Report continued

The table below provides an overview of the investments' performance against each of the Board's objectives:

Objective	Result	Objective Met
AWOTE + 2% <sup>1</sup> over rolling 5-year periods after investment fees	5 year Portfolio Return after Fees 7.2% 5 year AWOTE + 2% <sup>1</sup> 4.3% Excess Return +2.9%	Yes
Chance of a negative return, 1 in 5 years	1 year Portfolio Return after Fees -1.5% Previous negative return year Since the fund's inception in 2013 the fund has never experienced a negative year	Yes
Outperform SAA benchmark by 1% before fees over rolling 12 month periods	1 year Portfolio Return before Fees -0.6% SAA Weighted Benchmark -2.5% Excess Return +1.9%	Yes
Achieve and maintain an asset value of 110% of liabilities	Asset value – 149% of worker entitlement liability	Yes

<sup>1</sup> AWOTE + 1.5% prior to 1 April 2022

### Portfolio Composition

Mercer makes recommendations as to the appropriate Strategic Asset Allocation (SAA) to achieve the Board's investment objectives. During the year the Board approved a revised SAA for the portfolio following the annual health check performed by Mercer. At the time, forward looking expected investment returns were revised downwards across listed asset classes as valuations remained heightened. The expected returns for fixed interest and cash remained low as real yields were negative and inflation was increasing. Conversely, the expectations for direct property, unlisted infrastructure and private debt have seen increased expectations. On balance, the changes in expected returns at the time decreased the probability of the portfolio meeting its investment objectives. To improve the robustness of the portfolio and the probability of the fund meeting its objectives, a revised portfolio composition was approved and implemented effective 1 April 2022.

The table below shows the Board-approved SAA for 2021-2022 compared to the SAA for 2020-2021 and the values of each asset class as at 30 June 2022:

MERCER MULTI-MANAGER FUND	(\$)	Actual (%)	SAA (%)	Previous SAA (%)	Lower Range (%)	Upper Range (%)
<b>SHARES</b>		<b>40.8%</b>	<b>42.0%</b>	<b>42.0%</b>		
Mercer Australian Shares Plus Fund	35,972,129	20.2%	21.0%	21.0%	5.0%	35.0%
Mercer International Shares Fund	16,558,637	9.3%	9.0%	9.0%	0.0%	20.0%
Mercer Hedged International Shares Fund	10,202,220	5.7%	6.0%	6.0%	0.0%	20.0%
Mercer Global Small Companies Shares Fund	4,166,771	2.3%	2.0%	2.0%	0.0%	10.0%
Mercer Emerging Markets Shares Fund	5,851,909	3.3%	4.0%	4.0%	0.0%	10.0%
<b>REAL ASSETS</b>		<b>30.0%</b>	<b>28.0%</b>	<b>28.0%</b>		
Mercer Australian Direct Property Fund	25,353,144	14.2%	13.0%	12.0%	0.0%	15.0%
Mercer Global Listed Property Fund	1,018,097	0.6%	0.0%	2.0%	0.0%	15.0%
Mercer Global Listed Infrastructure Fund	3,898,080	2.2%	0.0%	2.0%	0.0%	10.0%
Mercer Global Unlisted Infrastructure Fund	20,588,790	11.6%	12.0%	9.0%	0.0%	15.0%
Internally managed property	2,560,000	1.4%	3.0%	3.0%	0.0%	5.0%
<b>FIXED INTEREST</b>		<b>24.2%</b>	<b>25.0%</b>	<b>26.5%</b>		
Mercer Global Private Debt Fund	0	0.0%	5.0%	0.0%	0.0%	10.0%
Mercer Global Credit Fund	6,659,584	3.7%	3.0%	5.0%	0.0%	10.0%
Mercer Emerging Markets Debt Fund	4,082,174	2.3%	2.0%	3.0%	0.0%	10.0%
Mercer Australian Sovereign Bond Fund	12,223,775	6.9%	8.0%	9.0%	0.0%	25.0%
Mercer Australian Inflation Plus Fund	8,297,498	4.7%	4.0%	5.0%	0.0%	10.0%
Internally managed fixed interest	11,866,691	6.7%	3.0%	4.5%	0.0%	7.0%
<b>CASH</b>		<b>5.0%</b>	<b>5.0%</b>	<b>3.5%</b>		
Mercer Cash Fund Term Deposit Units	2,436,025	1.4%	1.0%	1.0%	0.0%	20.0%
Internally managed cash	6,429,741	3.6%	4.0%	2.5%	0.0%	5.0%

# Chief Executive Officer's Report continued

## Internally Managed Funds

The Board has determined that TasBuild should have a wider goal of contributing to growth of the Tasmanian building and construction industry. The goal is to facilitate construction projects which in turn generates additional employment opportunities, the broader Tasmanian community benefits and it has a positive economic impact for Tasmania. This goal has been pursued through the provision of construction finance for projects that can comply with a rigorous assessment to ensure the project is financially viable and the developer can provide sufficient security.

Internally managed assets by TasBuild are detailed below:

Investment Options	Asset Allocation %	Valuation at 30 June 2022
Direct Property	12.3	\$2.56 M
Term Deposits & Cash at Bank	30.8	\$6.43 M
Construction Loans	56.9	\$11.87 M
<b>TasBuild Total</b>	<b>100.0</b>	<b>\$20.86 M</b>

Note: direct property is recorded at valuation.

Construction loans over the past 12 months have included:

- the construction of 2 purpose-built houses for people living with disabilities for \$2.2 million;
- \$3.6 million finance for the refurbishment of a warehouse for an electrical wholesaler; and
- finance of \$12.5 million for a \$35 million project to construct a pre-cast concrete facility for provision of components for the new Bridgewater bridge is being assessed.

TasBuild is actively working with the managers of the Tasmanian Construction Fund to broaden the pool of developers and construction projects to be supported through the provision of construction finance. This facility is expected to become the primary vehicle for the provision of a pipeline of construction projects for consideration in the future.

## Market Performance

Geopolitical turbulence, volatile markets, tightening financial conditions and sharply rising global inflation have defined 2022 and materially impacted markets over the year ended 30 June 2022. Inflationary pressure and recession concerns drove equities down. Fixed Interest, typically a defensive asset class that provides protection when share markets fall, also declined in 2022 as central bank action to curb inflation by raising interest rates caused rising yields and losses in bond markets.

Hedged asset classes underperformed unhedged assets over the year caused by a depreciation of the Australian dollar, while asset classes more vulnerable to sentiment and economic woes (such as small cap shares and emerging markets) were more severely impacted compared to their developed and large cap counterparts. Direct property and unlisted infrastructure investments were one of the few asset classes to provide capital protection during this period.

The broad-based sell-off across markets in the year ended 30 June 2022 comes off an exceptionally strong performance in the year 30 June 2021 which saw share market returns in excess of 30% and solid returns across listed and unlisted real assets.

## Portfolio Performance

The investment portfolio returned -1.5% for the year after fees, outperforming its SAA benchmark by 1.0%. The portfolio's longer term absolute and relative performance is strong, comfortably meeting its investment objectives over 5 and 10 years.

The broad sell-off across asset classes negatively impacted the portfolio return for the year. This is the fund's first negative year in 9 years since inception of the Mercer fund investment in 2013. This is a better result than the expectation that a loss may occur once every 5 years given the nature of the invested asset classes. While 2020 and the onset of COVID also caused markets to sell-off, defensive assets such as fixed interest performed well in the risk-off environment and protected capital. This year was different as both shares and fixed income markets saw significant losses caused by investor's concerns about rising inflation and central bank actions to curb spending. However, the impact of these losses were minimised due to the portfolio's exposure to unlisted property and infrastructure which delivered strong returns. Unlisted asset classes are less impacted by market sentiment and shorter term demand and supply, and the valuation of these assets are less sensitive to changes in interest rates. These assets are known to be resilient through high inflationary environments due to their inflation-linked returns. Portfolio diversification and investment in markets with different return drivers such as private markets remains a cornerstone of the TasBuild portfolio to deliver results in line with its objectives.

## Chief Executive Officer's Report continued

The portfolio's performance against its benchmark was a good result in a difficult year, exceeding the benchmark by 1% after fees. Active management of instruments in asset classes is embedded throughout the portfolio and implemented through a multi-manager approach. 2021 and 2022 saw significant dispersion across regions, sectors and individual stocks in an environment which rewarded low quality value stocks, narrow leadership and fossil fuel price rises. Themes that form the foundation of Mercer's share funds such as high quality, diversification and sustainability, were under-rewarded, and so the active equity managers selected by Mercer had a difficult year. During this time Mercer's research and portfolio management team increased their engagements with fund managers to ensure regular monitoring and evaluation to maintain conviction in the underlying appointments. Mercer continues to believe that blending high conviction managers with a range of diversifying return drivers, quality as an investment style and incorporating sustainability should lead to better risk-adjusted returns over a long-term time horizon. Offsetting the underperformance in share markets were the fund's exposure to Mercer's Direct Australian Property and Global Unlisted Infrastructure funds, both materially outperforming their CPI + 4% and 5% benchmarks, despite record high inflation.

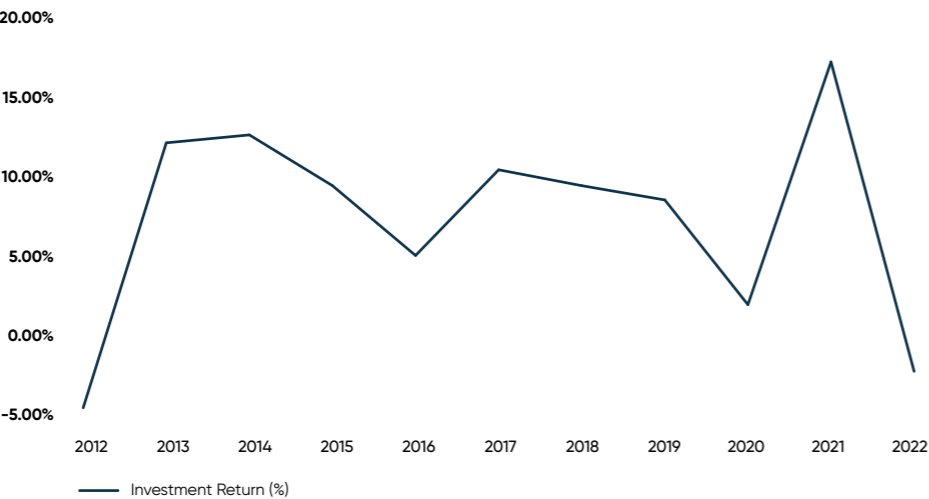
The table below provides an overview of the investment performance against the agreed benchmarks for each asset class as at 30 June 2022:

MERCER MULTI-MANAGER FUNDS	FINANCIAL YEAR (%)			THREE YEARS (%)			FIVE YEARS (%)			TEN YEARS (%)		
	Net Return	B'mark	Excess (+/ )	Net Return	B'mark	Excess (+/ )	Net Return	B'mark	Excess (+/ )	Net Return	B'mark	Excess (+/ )
<b>SHARES</b>												
Australian Shares Plus	-7.6	-6.8	-0.8	4.0	3.4	0.5	6.9	6.9	-0.1	9.4	9.2	0.2
International Shares	-7.9	-6.5	-1.4	7.2	7.8	-0.6	-	-	-	-	-	-
Hedged International Shares	-13.5	-12.5	-1.0	5.8	6.4	-0.6	6.9	7.3	-0.4	-	-	-
Global Small Companies Shares	-16.8	-14.8	-2.0	5.0	4.9	0.1	7.2	7.1	0.01	13.2	13.2	-0.1
Emerging Markets Shares	-21.4	-18.4	-3.0	0.3	1.2	-0.9	3.9	4.4	-0.6	7.0	7.3	-0.3
<b>REAL ASSETS</b>												
Australian Direct Property	16.9	9.1	7.8	9.4	6.7	2.7	10.0	6.4	3.6	10.0	7.7	2.3
Global Listed Property	-11.1	-10.5	-0.6	-1.3	-1.4	0.1	2.6	1.9	0.7	7.0	6.4	0.6
Global Listed Infrastructure	2.2	5.4	-3.1	1.8	3.7	-1.9	4.3	5.9	-1.6	9.6	10.6	-1.0
Global Unlisted Infrastructure	12.4	10.1	2.3	12.3	7.8	4.5	11.6	6.8	4.7	11.3	6.6	4.7
<b>FIXED INTEREST</b>												
Global Credit	-13.0	-12.7	-0.3	-1.9	-1.9	0.0	0.5	0.6	-0.1	3.4	3.4	0.0
Emerging Markets Debt	-10.8	-11.9	1.1	-4.7	-5.2	0.5	-0.9	-0.1	-0.7	1.9	2.5	-0.7
Mercer Australian Sovereign Bond	-10.8	-10.8	-0.1	-2.9	-3.0	0.1	1.0	0.8	0.1	2.3	2.2	0.1
Mercer Australian Inflation Plus	4.4	6.1	-1.7	4.2	3.7	0.4	4.0	3.4	0.5	3.0	2.9	0.1
<b>CASH</b>												
Mercer Cash – Term Deposit Units	0.2	0.1	0.1	0.6	0.3	0.2	1.2	0.9	0.2	2.0	1.7	0.3
<b>TOTAL FUND</b>	<b>-1.5</b>	<b>-2.5</b>	<b>1.0</b>	<b>5.9</b>	<b>4.2</b>	<b>1.8</b>	<b>7.2</b>	<b>5.7</b>	<b>1.5</b>	<b>7.5</b>	<b>6.3</b>	<b>1.2</b>

# Chief Executive Officer's Report continued

Our historical investment performance is highlighted in the following graph:

### Investment Performance



### Information Technology

TasBuild has continued to review and update the IT environment with cyber security being a major focus. Being a relatively small organisation, the decision was made to move the core components of our IT infrastructure into the cloud to be managed by 5GN. 5GN is a full service IT service provision company that has a national presence and by contracting them to host our core infrastructure, we also obtain access to all the up to date technology that usually, only a significantly larger company can access including security of our infrastructure and data.

Despite confidence in the capability of 5GN, TasBuild has still engaged external cyber security experts to undertake a review of our IT environment. External penetration testing has been undertaken

and the few identified matters of concern have been addressed. A review of TasBuild's IT operating environment is underway and 5GN have welcomed the review by an external party as it will provide a third party assessment of their IT environment design. A risk assessment of our core administration software provider, Formation Technologies, is also being conducted. A breach through the use of this software would have a major impact on TasBuild's operations and the risk mitigation is for an expert to undertake cyber security risk assessment. Formation Technologies also see the benefit in a third party review and has cooperated. A Cyber Security Response Plan has been established so that in the eventuality that TasBuild's security is breached we will already have a response process that will

assist in responding to the breach in a structured, considered and organised approach that should provide the guidance for achievement of the best outcome in a very difficult situation.

The Worker Customer Relationship Management software (wCRM) is the core administration software. This software has been built specifically to administer portable long service schemes and TasBuild has been working closely with the provider and other interstate Funds to improve the functionality of wCRM to achieve better service provision for our workers and employers. A new major upgrade of the software is expected to occur in the next 12 months and preparatory work is ongoing with TasBuild operational processes and staff to help facilitate this major upgrade.

As we embrace and understand the new capabilities wCRM has to offer, consideration will be given to how we can utilise them to enhance the service provided to our workers and employers.

### Human Resources

TasBuild's workforce currently comprises eleven full time and one part time staff member which has seen minimal changes to the staffing structure over the last few years. As a small team with each staff member having defined areas of responsibility, we are constantly monitoring the workload to ensure adequate resources and staffing levels to carry out the required work.

As a direct result of this an additional Field Officer was employed this year to increase the interaction with employers and workers with an educational focus in relation the Fund as well as lifting the profile of TasBuild with stakeholders in the Construction Industry. More recently an additional administration assistant has been employed to assist not only with daily operations but also to ensure all new Australian Business Register registrations are followed up on in a timely manner to register with TasBuild where applicable.

As at 30 June 2022 the following staff were employed by TasBuild Limited.

Chief Executive Officer	Michael Irwin
Operations Manager	Kristy Alexander
Field Officer	Mark Corrigan
Field Officer	Janine Martin
Compliance Officer	James Howatt

### Operations Team

Worker Entitlements Processing and Service Reviews	Vicky Blizzard
Legal Admin, Debt Management and Unrecorded Service	Juanita Johnson
Employer Returns Management and Entitlement Verification	Kylie McDonald
Registrations, Receipting and Accounts Receivable	Tammie O'Brien
Accounts Payable and Payroll	Rebecca Park
Reception, Entitlements, Returns and Project Work	Ronda Randall

Given the rising incidence of mental health issues associated with the COVID 19 pandemic staff have been reminded about the Employee Assistance Program that is in place and the services it provides. Registration with Head4Work was also undertaken which provides online access to tools to assist employees to understand how they can reduce workplace mental health risks and support themselves and co-workers when concerns arise about mental health.

Numerous policies have been updated over the last year with many of these being a direct outcome of the increased presence of COVID and ensuring we had an adaptable and resilient team, processes and procedures to work within the constraints and inconveniences imposed by COVID. This included an update of the Working from Home Policy and Checklist, Information Technology Policy, Employee Assistance Program Policy and the introduction of a new Pandemic Management Policy and Outbreak Management Plan.

Chief Executive Officer's  
Report continued

This directly resulted in procedures being put in place for staff to work from home where possible if they had COVID, were a contact of someone with COVID or were displaying cold and flu symptoms. Laptops were purchased for all staff to allow them to work remotely when necessary.

Whilst public health directions were slightly more lenient with this regard, TasBuild placed the health, safety and well-being of all staff at the forefront of these policies. Whilst this meant a substantial amount of time off for staff it has meant that a COVID outbreak has not occurred in the office and daily operations have continued with minimal interruptions.

Amid this challenging environment the staff have continued to operate at a high level whilst maintaining the core values of TasBuild - Respect, Accountability, Collaboration and Integrity. I commend those staff in particular for working together to cover workloads where other staff members were unable to work due to illness, which were primarily COVID related.

I would like to take this opportunity to thank and congratulate the entire team for their dedication, hard work, support and achievements throughout the last financial year. As a special mention I would also like to congratulate Mark Corrigan on achieving a milestone of 15 years of valued service with TasBuild.

The Future

The focus for the future is as follows:

- To make it easier for employers and workers to conduct business with TasBuild;
- Raising the profile of TasBuild by engaging with employers and workers to educate them about the long service fund, their rights and their responsibilities;
- Investing in Tasmania to support the industry and encourage additional employment;
- Bolstering our compliance capability through technology and appropriate staffing levels; and
- Improving information technology infrastructure to protect the business, data and the financial assets of TasBuild.

Michael Irwin  
Chief Executive Officer

The Board

The Construction Industry Long Service Board is established under the provisions of the Trust Deed. The Board consists of seven members.

Three members are appointed to represent employers. They are nominated by the Master Builders Association of Tasmania, the Tasmanian Chamber of Commerce and Industry and the Building Industry Specialist Contractors Association.

Three members are appointed to represent employees; they are nominated by the Construction, Forestry, Mining and Energy Union, the Australian Manufacturing Workers Union and Unions Tasmania.

The Board of Directors meets on a bi-monthly basis with other meetings scheduled on a need's basis. In 2021-2022 the board met on 6 occasions.

Other "Special" meetings are held to consider specific matters that require attention between scheduled meetings.

An independent Chair is nominated by the Board of Directors.

The membership of the Board as at 30 June 2022 financial year was:

Directors of TasBuild Limited

Ms Susan Parr

Chair

Susan is a Director of Spirit Super and was previously a Director of Tasplan from 2015 until the fund merged to become Spirit Super. Susan was also the CEO of St Ann's Homes from 1997 to 2016. She is a graduate of the Harvard Business School Program on Negotiation. Susan has over 30 years' experience in leadership positions on a range of boards including Aged and Community Services Tasmania, and was previously Chair of the Tasmanian Chamber of Commerce and Industry.

Appointment 22.04.2022

Term expires 22.04.2026

The Board continued

Mr Michael Shepperd

Representative of the Building Industry Specialist Contractors Organisation

After graduating with a Bachelor of Business Degree (Accounting), Michael gained work experience within Tasmanian Industry.

As a Certified Practising Accountant, Michael's involvement in public practice has concentrated on the provision of services to specialist contractors in the building and construction industry.

Appointment 29.04.1998  
Re -appointed 22.04.2022  
Term expires 22.04.2026

Mr John Short

Representative of the Australian Manufacturing Workers Union

John Short, past TasBuild Director and has been re-appointed. Tasmanian State Secretary of the Australian Manufacturing Workers Union. John, a Boilermaker by trade emigrated from the United Kingdom in 1981 working in the Steel, Oil, Vehicle, Shipbuilding and Construction Industries.

John commenced work with the Australian Manufacturing Workers Union in 2000 in the Unions National Office in Sydney as the head of the AMWU's National Organising Unit, he then moved to South Australia to work as an Organiser with the South Australian branch until July 2010 when he relocated to Tasmania to take up the position of State Secretary of the AMWU.

Appointment 17.08.2016  
Re-appointed 20.04.2020  
Term expires 20.04.2024

Mr Michael Bailey

Representative of the Tasmanian Chamber of Commerce and Industry

- Chief Executive Officer, TCCI - 2013
- Director of TasBuild - 2020
- Director of the Tasmanian Jack Jumpers - 2021

Michael has strong business experience across Australia in media, marketing and general management. His expertise in marketing was recognised in the 2009 National Marketing Award by winning "Best New Brand" against major national and international brands.

Michael has led the TCCI to realise its vision and drives a contemporary organisation as the peak employer body in Tasmania. Active at the national level through his activities with the Australian Chamber of Commerce and Industry (ACCI) and the Australian Chamber Alliance, Michael has strengthened the chamber movement in Tasmania through the TCCI's Regional Chamber Alliance.

Michael is a firm believer that Tasmanian business needs the best possible environment to succeed and provide wealth generation and employment for our community. Michael is committed to making it easy as possible to do business in Tasmania.

Michael is a strong supporter of growing Tasmania's sporting industry and believes that our state, though small, can compete at the highest levels if given the right opportunities. This proved to be true when in the Jack Jumpers inaugural season of 2022, the team made the Grand Final of the National Basketball League.

Michael is also a keen cyclist and tragic Carlton supporter.

Appointment 20.04.2020  
Term expires 20.04.2024

Mr Kevin Harkins

Representative of the Construction, Forestry, Mining & Energy Union

Kevin Harkins is now retired but was employed by the CFMEU, was a Secretary of Unions Tasmanian, was a State Secretary of the Tasmanian Branch of the Communications, Electrical and Plumbing Union (CEPU) and has been a Union Official since 1995.

Kevin is an "A" grade Electrician with many years' experience in all fields of electrical work.

Kevin has extensive experience working with apprentices as a Field Officer and Director of a large Group Training Company, a board member with the Tasmanian Electrotechnology Industry Training Board, and as a member of the Tasmanian Training Agreement Committee.

Kevin has held numerous other board and committee positions, and has undertaken a Directors course with the Australian Institute of Company Directors.

Appointment 16.08.2016  
Re-appointed 22.04.2022  
Term expires 22.04.2026

The Board continued

Mr Michael Anderson

Representative of the Unions Tasmania

Michael is a born and bred Tasmanian, beginning as an apprentice electrician and working for large and small contractors once qualified.

He has been an official with the Communications Electrical and Plumbing Union since 2013, beginning in the construction section, and becoming State Secretary in 2018. He is also the Vice President of the Electrical Trades Union nationally.

Michael’s Union roles have provided a wealth of knowledge in relation to governance and the nature and importance of true industry funds such as TasBuild.

He has undertaken the Australian Institute of Company Directors course, holds a Certificate IV in Health and Safety among other qualifications, and has a wealth of practical site knowledge having worked for a long period on sites and in jobs covered by TasBuild

Appointment 07.12.2017

Re-appointed 20.04.2020

Term expires 20.04.2024

Mr Matthew Pollock

Representative Master Builders Association

Matthew is the Chief Executive Officer of Master Builders Tasmania, representing 600+ members and their interests to government and stakeholders.

Matthew has worked as the Chief Economist at Master Builders Australia and prior to that he was a Senior Economist for Deloitte Access Economics and Senior Strategy Consultant with Monitor Deloitte.

Matthew has over 10+ years’ experience working in the building and construction industry, in Australia and overseas. He is an expert in government relations, infrastructure strategy and construction economics.

Matthew has a Bachelor of Economics (1st class honours) from the University of Canberra.

Appointment 22.04.2022

Term expires 20.04.2026

Directors' Report

The Directors of TasBuild Limited submit herewith the financial report for the financial year ended 30 June 2022.

The Directors who held office during the reporting period were:

Director	Appointed	Ceased
Rod Scurrah	20 August 2012	22 April 2022
Michael Shepperd	21 April 1998	
Kevin Harkins	16 August 2016	
Michael Anderson	7 December 2017	
Lyndon Fenton	20 April 2018	22 April 2022
John Short	19 July 2019	
Michael Bailey	20 April 2020	
Susan Parr	29 April 2022	
Matthew Pollock	22 April 2022	

The Directors were in office from the beginning of the year until the date of this report, unless otherwise stated. All the Directors of the Company are non-executive Directors. The appointment dates represent the initial date of the Directors appointment, reappointment dates have not been reported.

Principal Activities

TasBuild’s principal activities are to administer the *Construction Industry (Long Service) Act 1997*, the governing legislation for the construction industry based portable long service scheme. During the year there was no significant change in those activities.

Review & Results of Operation

The net profit/(loss) of the company for the financial year was \$10,404,000 which is a 57.7% decrease as compared with that of the prior year (2021: \$24,596,000).

Dividends

No dividend was paid or declared during the financial year, which is consistent with the 2021 financial year.

Director’s Report  
continued

Significant Events after  
Balance Date

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to this financial year.

Likely Development &  
Expected Results

The Directors do not predict any material change in the operations of the company or the expected results of those operations in future financial periods.

Significant Changes in  
the State of Affairs

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to this financial year

Environmental  
Regulation

The Company’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Employees

The company employed 10.4 FTE employees as at 30 June 2022 (2021: 10.4 FTE employees).

Indemnification &  
Insurance of Directors  
& Officers

During the financial year, the Company paid a premium insuring the Directors and Officers of the Company against liabilities incurred as a Director or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Company or of any related body corporate against a liability incurred as such an Officer or Auditor.

Proceedings on Behalf  
of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Directors Meetings

Directors	Eligible to Attend	Attended
Rod Scurrah	5	5
Michael Shepperd	6	6
Kevin Harkins	6	6
Michael Anderson	6	5
Lyndon Fenton	5	4
John Short	6	6
Michael Bailey	6	5
Susan Parr	1	1
Matthew Pollock	1	0

Information on Directors

Mr Rod Scurrah is retired and was the independent Chairman of the Board until 22 April 2022. He is a Graduate Member of the Australian Institute of Company Directors.

Mr Michael Shepperd holds a Bachelor of Business Degree (Accounting) and is a Certified Practising Accountant.

Mr John Short is the State Secretary of Australian Manufacturing Workers Union and is a Graduate Member of the Australian Institute of Company Directors.

Mr Kevin Harkins is currently employed by the CFMEU and is a past Secretary of Unions Tasmanian and State Secretary of the Tasmanian Branch of the Communications, Electrical and Plumbing Union (CEPU) and has been a Union Official since 1995.

Michael Anderson is the State Secretary of the CEPU.

Lyndon Fenton is a director of a Hobart based company and the past president of Master Builder Tasmania Inc.

Michael Bailey is the Chief Executive Officer of the Tasmanian Chamber of Commerce and Industry (TCCI).

Susan Parr is a graduate of the Harvard business School Program on Negotiation. She is a director of Spirit Super and previously CEO of St Ann’s Homes. Was previously chair of Tasmanian Chamber of Commerce and Industry. She is now the Independent Chair of the Board.

Matthew Pollock is an Executive Director of The Master Builders’ Association of Tasmania Inc.

Company Secretary

The following person held the position of company secretary at the end of the financial year: TasBuild Limited’s Chief Executive Officer Michael Irwin and was appointed on 27 April 2020.

This Directors’ Report is signed in accordance with a resolution of the Board of Directors:



Susan Parr  
Director



Kevin Harkins  
Director

Dated this 7<sup>th</sup> day of September 2022

# Primary Statements

## Statement of Comprehensive Income for the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Revenue</b>			
Contributions Accrued Liability	1L	1,581	1,819
Monthly/Quarterly Contributions	1L	15,533	13,503
Gain/(Loss) on Financial Assets	2	(4,327)	27,229
Income from Property		213	188
Gain/(Loss) on Disposal of Asset		12	(6)
Miscellaneous Income		31	76
<b>Total Revenue</b>		<b>13,043</b>	<b>42,809</b>
<b>Expenses</b>			
Long Service			
Benefits Paid to Members	19	12,715	11,240
Increase/(Decrease) in Liability to Beneficiaries		(12,428)	5,023
Administration			
Salaries and Associated Expenses		1,023	942
General Administration Expenses	3a	965	872
Other Expenses			
Bad Debts		254	105
Depreciation / Amortisation	3b	110	31
<b>Total Expenses</b>		<b>2,639</b>	<b>18,213</b>
<b>Net Profit/(Loss) Attributable to Members of TasBuild Limited</b>		<b>10,404</b>	<b>24,596</b>

This Statement of Comprehensive Income should be read in conjunction with the notes to and forming part of the financial statements.

## Statement of Financial Position as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
Cash and Cash Equivalents	5	3,943	1,904
Accounts and Other Receivables	6	3,768	6,317
Financial Assets	7	171,992	173,690
Right-of-Use Assets	8	161	–
Property, Plant & Equipment	9	159	116
Investment Property	10	2,560	2,560
Intangible Assets	11	9	1
<b>Total Assets</b>		<b>182,592</b>	<b>184,588</b>
<b>Liabilities</b>			
Lease Liabilities	8	164	–
Provision for Employee Benefits	12	169	120
Accrued Charges	18	43	228
Accrued Long Service Leave Benefits Liability	19	122,446	134,874
<b>Total Liabilities</b>		<b>122,822</b>	<b>135,222</b>
<b>Net Assets</b>		<b>59,770</b>	<b>49,366</b>
<b>Equity</b>			
Retained Earnings		59,770	49,366
<b>Total Equity</b>		<b>59,770</b>	<b>49,366</b>

This Statement of Financial Position should be read in conjunction with the notes to and forming part of the financial statements.

## Primary Statements

continued

### Statement of Changes in Equity for the Year Ended 30 June 2022

	Retained Earnings
<b>As at 30 June 2020</b>	<b>24,773</b>
Historical Balancing	(3)
Profit/(Loss) for the Year	24,596
<b>As at 30 June 2021</b>	<b>49,366</b>
Historical Balancing	–
Profit/(Loss) for the year	10,404
<b>As at 30 June 2022</b>	<b>59,770</b>

*This Statement of Changes in Equity should be read in conjunction with the notes to and forming part of the financial statements.*

### Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Contributors		19,463	11,962
Other Receipts		444	114
Interest Received		993	1,376
Payments to Suppliers and Employees		(2,374)	(1,723)
Liability to Beneficiaries		(12,715)	(11,240)
<b>Net Cash Flows from / (used in) Operating Activities</b>	17	<b>5,811</b>	<b>489</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds on Sale of Property, Plant & Equipment		33	7,064
Purchase of Property, Plant & Equipment		(101)	(10)
Purchase of Financial Assets		(3,622)	(8,858)
Realised Income Fund Manager		–	1
<b>Net Cash Flows from / (used in) Investing Activities</b>		<b>(3,690)</b>	<b>(1,803)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of Lease Borrowings		(82)	–
		<b>(82)</b>	<b>–</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>2,039</b>	<b>(1,314)</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>		<b>1,904</b>	<b>3,218</b>
<b>Cash and Cash Equivalents at End of the Period</b>	5	<b>3,943</b>	<b>1,904</b>

*This Statement of Cash Flows should be read in conjunction with the notes to and forming part of the financial statements.*

# Note to the Financial Statements

The financial statements and notes represent those of TasBuild Limited, a company limited by guarantee, incorporated and domiciled in Australia.

## 1. Summary of Significant Accounting Policies

### Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts in the financial statements have been rounded to the nearest thousand dollars.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

### Accounting Policies

#### (a) Income Tax

The Fund is exempt from income tax under Div. 50 of the *Income Tax Assessment Act 1997*.

#### (b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

#### (c) Property, Plant and Equipment

All items of Plant and Equipment are stated at cost less accumulated depreciation and any impairment in value. Land and Buildings are not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they occur.

#### Depreciation

All other items of Plant and Equipment are depreciated on a diminishing value basis over the estimated useful life of the asset as follows:

Category	2022	2021
Furniture and Fittings & Office Equipment	12-27%	12-27%
Motor Vehicles	20%	20%
Computer Equipment	27%	27%

#### Impairment

The carrying values of property, plant and equipment are reviewed for impairment at the end of each reporting period, or more often when events or changes in circumstances indicate the carrying value may not be recoverable.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### (d) Investment Property

Investment property, comprising of NRAS properties, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value.

Fair value of investment properties is determined on a valuation by an independent valuer who has recognised and appropriate professional qualifications and experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

Changes to fair values of investment property are recognised in profit or loss in the period in which they occur.

#### (e) Leases

At inception of contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

# Notes to the Financial Statements

## For the year ended 30 June 2022

### 1. Summary of Significant Accounting Policies

#### continued

#### (e) Leases continued

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### (f) Financial Instruments

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value using the net market value of the investment at period end as provided by the relevant fund manager.

##### *i. Financial assets at fair value through profit or loss*

Financial assets are classified as "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in the profit or loss.

##### *ii. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss through the amortisation process and when the financial asset is derecognised.

##### *iii. Held-to-maturity investments*

Held to maturity investments are non-derivative financial assets that have fixed maturities with fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss and other comprehensive income through the amortisation process and when the financial asset is derecognised.

##### *iv. Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity, nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairments losses and foreign exchange gains and losses recognised in the profit and loss and other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within twelve (12) months after the end of the reporting period. All other available-for-sale assets are classified as current assets.

##### *v. Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in statement of comprehensive income through the amortisation process and when the financial liability is derecognised.

Notes to the Financial Statements  
For the year ended 30 June 2022

1. Summary of Significant Accounting Policies  
continued

(f) Financial Instruments continued

*Impairment*

At the end of each reporting period, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of an asset are not primarily dependent upon the asset's ability to generate net cash inflows and when TasBuild would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the company would estimate the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a re-valued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

*Derecognition*

The derecognition of a financial instrument takes place when the company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(g) Impairment of Non-Financial Assets

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money.

(h) Intangible Assets Other than Goodwill

*Software*

Software is considered to have a finite useful life and is amortised on a systematic basis over its useful life to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software becomes operational.

The amortisation rate used for software is 25% (2021: 25%).

(i) Employee Benefits

*Short-Term Employee Benefits*

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee rendered the related service, including wages, salaries, and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as salaries and wages and sick leave are recognised as part of the current liability section of the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

*Other Long-Term Employee Benefits*

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates that approximate the terms of the obligations.

Upon the remeasurement of obligations due to change in assumptions for the long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense in the periods in which the change occurs.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as short-term borrowings in current liabilities in the statement of financial position.

Notes to the Financial Statements  
For the year ended 30 June 2022

1. Summary of Significant Accounting Policies  
continued

(l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after considering any discounts allowed.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Contribution Income

Effective from 1 January 2006 workers commenced accruing 13 weeks after 10 years, a change from 13 weeks after 15 years. Effective from 01 October 2017 the discounted contribution rate was changed to 1.8% of an employee's ordinary weekly wage (previously 2%). Income is recognised when the payment is received.

Rental Income

Rental income arising from investment buildings is accounted for on a straight-line basis over the lease term.

Interest

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax

(m) Trade and Other Receivables

Accounts receivable relate mainly to contributions. Contributions are non-interest bearing and generally on 30-day terms from invoice date. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Receivables are initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment. Bad debts are written off as incurred.

(n) Trade and Other Payables

Trade and Other Payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance of trade payables is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Contributions Payable including GST

With the enactment of the *Construction Industry (Long Service) Act 1997*, employers that had elected to contribute to the former fund under the Termination Scheme had an accrued liability to the Trustee for unpaid contributions. In accordance with the Rules, payment of this liability may be postponed until the employee leaves the employer or becomes eligible for the payment of an entitlement. Contributions payable includes any accrued liability prior to registration together with monthly or quarterly contributions by registered employers. In respect of contributions payable between 1 July 2000 and 30 June 2005 amounts invoiced include GST. Amounts expected to be paid within 12 months of the end of the reporting period are classified as current liabilities. All other contribution payables are classified as non-current liabilities.

(o) Goods and Services Tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The amount of GST recoverable has been netted off against GST Payable and recorded as a current liability in the Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Comparative figures

Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Critical Accounting Estimates and Judgements

Key Estimates

(i) Accrued Long Service Benefits Liability

The liability for accrued long service benefits is determined as the present value of all expected future payments that arise from the service of eligible workers up to the balance date.

The stated amount has been calculated by the Fund's actuary using an actuarial valuation method which considers assumptions of the rates of departure from the industry, mortality rates, increases in wages and rates of return on investments.

(r) Subsequent Events

There were no subsequent events noted during the year affecting the operations of TasBuild.

## Notes to the Financial Statements

For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
<b>2. Income from Financial Assets</b>		
<b>(a) Domestic Market</b>		
Interest Income	993	1,376
<b>(b) Funds Held by Fund Managers</b>		
Unrealised Gain/(Loss)	(5,320)	25,853
<b>Total Income from Financial Assets</b>	<b>(4,327)</b>	<b>27,229</b>
<b>3. Expenses</b>		
<b>(a) General Administration Expenses</b>		
Postage	20	16
Telephone	12	18
Printing and Stationery	25	17
General Expenses	130	218
Consultancies	37	15
IT Expenses (excluding depreciation)	233	194
Board Members' Allowances	121	109
Audit Fees	15	16
Vehicle Expenses (excluding depreciation)	19	14
Legal Expenses	306	230
Actuarial Services	21	14
Advertising and Promotion	26	11
<b>Total General Administration Expenses</b>	<b>965</b>	<b>872</b>
<b>(b) Depreciation / Amortisation</b>		
Office Equipment	4	2
Motor Vehicles	18	20
Computer Equipment	7	7
Furniture and Fittings	1	2
Office Lease	80	–
<b>Total Depreciation</b>	<b>110</b>	<b>31</b>

	2022 \$'000	2021 \$'000
<b>4. Auditor's Remuneration</b>		
Amounts received or due and receivable by WLF Accounting & Advisory for:		
Audit and review of the financial report of TasBuild Limited	16	16
Other services performed	–	14
<b>Total Auditors Remuneration</b>	<b>16</b>	<b>30</b>

## 5. Cash and Cash Equivalents

Cash at bank and in hand	3,943	1,904
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Cash at bank earns interest at floating rates based on daily bank deposit rates.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with and original maturity of three months or less.

	Note	2022 \$'000	2021 \$'000
<b>6. Trade and Other Receivables</b>			
<b>Current</b>			
Trade Receivables	6(a)	4,142	6,617
Provision for Impairment	6(b)	(500)	(300)
Accrued Interest		126	–
<b>Total Current Trade and Other Receivables</b>		<b>3,768</b>	<b>6,317</b>

(a) Terms and conditions relating to the above financial instruments:

Trade receivables are generally 30-day terms. These receivables are assessed for recoverability and a provision for impairment would be recognised when there is objective evidence that an individual trade receivable is impaired. These amounts would be included in other expense items.

(b) Lifetime Expected Credit Loss; Credit Impaired

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of lifetime expected credit loss provision for all trade receivables.

## Notes to the Financial Statements

### For the year ended 30 June 2022

#### 6. Trade and Other Receivables continued

##### (c) Credit Risk

The Company has no significant concentration of credit risk with respect to any single debtor included in the balance above.

The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The Company writes off a trade receivable when there is information indicating the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

	2022 \$'000	2021 \$'000
<b>7. Financial Assets</b>		
Term Deposits	2,800	2,821
Funds under Management	157,309	162,629
Loans Receivable	11,867	8,224
Bond – Office Lease	16	16
<b>Total Investments</b>	<b>171,992</b>	<b>173,690</b>
<b>(a) Financial Assets Measured at Fair Value through Profit or Loss</b>		
Funds Under Management	157,309	162,630
Bond – Office Lease	16	16
	157,325	162,646
<b>(b) Financial Assets at Amortised Cost</b>		
Term Deposits	2,800	2,821
Loans Receivable	11,867	8,224
	14,667	11,045

Funds under management and Other Investments are held for long-term planned purposes and are not held for trading. The company has elected to designate the funds under management as at fair value through profit and loss.

	Note	2022 \$'000	2021 \$'000
<b>8. Right-of-Use Assets</b>			
Right of Use Asset		241	–
Less Accumulated Amortisation		(80)	–
<b>Total Right-of-Use Assets</b>	<b>8(a)</b>	<b>161</b>	<b>–</b>
<b>(a) Movements in Carrying Amounts</b>			
Carrying amount at beginning		–	–
Additions		241	–
Amortisation expense		(80)	–
Carrying amount at end		161	–
<b>Lease Liability</b>			
Current		80	–
Non-Current		84	–
<b>Total Lease Liability</b>		<b>164</b>	<b>–</b>
<b>9. Property, Plant and Equipment</b>			
Office Equipment at cost		15	14
Less Accumulated Depreciation		(10)	(9)
	9(a)	5	5
Motor Vehicles at cost		152	119
Less Accumulated Depreciation		(32)	(39)
	9(a)	120	80
Computer Equipment at cost		77	67
Less Accumulated Depreciation		(54)	(47)
	9(a)	23	20
Furniture and Fixtures at cost		35	34
Less Accumulated Depreciation		(24)	(23)
	9(a)	11	11
<b>Total Property, Plant and Equipment</b>		<b>159</b>	<b>116</b>

## Notes to the Financial Statements

For the year ended 30 June 2022

### 9. Property, Plant and Equipment continued

	Note	2022 \$'000	2021 \$'000
<b>(a) Movements in Carrying Amounts</b>			
<i>Office Equipment</i>			
Carrying amount at beginning		5	3
Additions		1	5
Disposals		–	(2)
Depreciation expense		(1)	(1)
Carrying amount at end		5	5
<i>Motor Vehicles</i>			
Carrying amount at beginning		80	123
Additions		78	–
Disposals		(20)	(23)
Depreciation Expense		(18)	(20)
Carrying amount at end		120	80
<i>Computer Equipment</i>			
Carrying amount at beginning		20	26
Additions		10	4
Disposals		–	(3)
Depreciation expense		(7)	(7)
Carrying amount at end		23	20
<i>Furniture and Fixtures</i>			
Carrying amount at beginning		11	12
Additions		1	1
Depreciation expense		(1)	(2)
<b>Carrying amount at end</b>		<b>11</b>	<b>11</b>

### 10. Investment Property

	2022 \$'000	2021 \$'000
Balance at Beginning of year	2,560	2,560
Increase/(Decrease) in Valuation	–	–
<b>Balance at end of year</b>	<b>2,560</b>	<b>2,560</b>

The Company's investment properties consist of twelve units in Latrobe. These units are rented out in accordance with the National Rental Affordability Scheme (NRAS).

The fair values of the properties are based on valuations performed by Acumentis Pty Ltd, formerly Saunders & Pitt, an accredited independent valuer.

### 11. Intangible Assets

	Note	2022 \$'000	2021 \$'000
Computer Software at cost		22	12
Less Accumulated Depreciation	11(a)	(13)	(11)
		9	1
<b>(a) Movements in Carrying Amounts</b>			
<i>Computer Software</i>			
Carrying amount at beginning		1	2
Additions		10	–
Depreciation Expense		(2)	(1)
<b>Carrying amount at end</b>		<b>9</b>	<b>1</b>

## Notes to the Financial Statements

### For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
<b>12. Provision for Employee Benefits</b>		
Current	153	97
Non-Current	16	23
<b>Total Provision for Employee Benefits</b>	<b>169</b>	<b>120</b>

### 13. Segment Reporting

TasBuild operates predominantly in one business and geographical segment, being the administration of the *Construction Industry (Long Service) Act 1997* throughout Tasmania.

	2022 \$	2021 \$
<b>14. Related Party Transactions</b>		
<b>(a) Directors and Key Management Personnel Remuneration</b>		
Short-term benefits	174,926	181,511
Post-employment benefits	22,170	22,056
Other long-term benefits	–	21
	<b>197,096</b>	<b>203,588</b>

#### (b) Other Related Parties

Fees paid to the bodies which nominate a Director:	58,442	57,998
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For all Directors of TasBuild, excluding the Chairman, Directors' fees are paid directly to the body which nominates the Director.

### 15. Contingent Assets and Contingent Liabilities

There are no contingent liabilities or contingent assets known at the date of preparing this report.

### 16. Events after the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

### 17. Reconciliation of Net Profit/(Loss) to Net Cash Flows from Operating Activities

	2022 \$'000	2021 \$'000
Net Profit / (Loss)	10,404	24,596
<i>Adjustments for:</i>		
(Profit)/Loss on Sale of Plant and Equipment	(12)	6
Reinvestment of Financial Asset Income	5,320	(25,853)
Depreciation	29	31
Amortisation of Right-of-Use Asset	80	–
Interest on Lease Liability	5	–
<i>Changes in Assets and Liabilities</i>		
(Increase)/Decrease in Receivables and Other Assets	2,549	(3,510)
(Increase)/Decrease in Prepaid Expenses	–	12
Increase/(Decrease) in Employee Provisions	49	25
Increase/(Decrease) in Liability to Beneficiaries	(12,428)	6,435
Increase/(Decrease) in Other Liabilities	(185)	(1,253)
<b>Net Cash Increase/(Decrease) from Operating Activities</b>	<b>5,811</b>	<b>489</b>

# Notes to the Financial Statements

## For the year ended 30 June 2022

### 18. Financial Risk Management Objectives and Policies

The Trustee of the Construction Industry (Long Service) Fund, TasBuild Limited, is responsible for the management and investment of the Fund. The Board of Directors has overall responsibility for the establishment and oversight of the Trustee's risk management framework, including its investment strategies.

The principal investments of the fund are:

Cash and Other	5.4%
Australian Shares	20.9%
Overseas Shares	21.4%
Property and Infrastructure	36.5%
Bonds	15.8%

Investment strategies have been developed by the Trustee to manage the Fund's investments which aim to build on the surplus funds to maintain the best subsidised contribution rate for employers within the construction industry whilst maximising employee benefits by matching performance, on a rolling basis, to identified benchmarks and minimising the frequency of negative returns.

This is achieved through the appointment of appropriate and reputed fund managers who are responsible for the management of most of these investments and all associated investment risks on behalf of the Trustee. The current fund manager is Mercer.

Mercer is required to invest the assets managed by it in accordance with the terms of a written investment mandate, appropriate for the objectives of the fund. No direct trading in financial instruments of any kind is conducted by the Trustee.

The Funds investing activities expose it to material risk and investment manager risk. The fund is exposed to a lesser degree to liquidity risk and credit risk. The Board are responsible for the oversight of investment manager risk. The Board has delegated the oversight of market risk to the Fund Manager and the oversight of the other risks to management.

The Board oversees these risks through receiving monthly management reports on the performance and position of the fund including monthly fund manager movements. Detailed quarterly reports are received from the fund manager detailing investment performance benchmarks and stated objectives.

### Investment Manager Risk

The Trustee undertakes a rigorous assessment process when selecting and reviewing fund managers. The selection, review and replacement of fund managers is undertaken by the Board of the Trustee. The Trustee ensures that fund managers have appropriately diversified its investments across a range of investment products.

The Trustee receives financial updates on a monthly basis measuring performance for the month. Detailed performance reporting is received on a quarterly basis showing performance against benchmarks, investment objectives and general market conditions, allowing manager performance to be monitored throughout the year. Compliance with the agreed investment philosophy is also monitored.

On an annual basis a rigorous review of fund manager performance is conducted by the Board in accordance with the Trustee's investment strategies and the trust deed.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Board may invest in financial instruments and enter into transactions denominated in currencies other than the Australian Dollar within the constraints of the investment strategy. The Board's strategy for management of currency risk is driven by its investment objective and strategy.

### Market Price Risk

Market price risk is the risk that the value of investments will fluctuate as a result of changes in the market prices. The investments placed with fund managers invest in the following securities exposing them to market price risk:

Cash and Other	5.4%
Australian Shares	20.9%
Overseas Shares	21.4%
Property and Infrastructure	36.5%
Bonds	15.8%

Market price risk is mitigated by the appointment of an appropriate fund manager and ensuring the investment portfolio is diversified across a range of asset classes and global markets.

Notes to the Financial Statements  
For the year ended 30 June 2022

18. Financial Risk Management Objectives  
and Policies continued

Market Price Risk Sensitivity

The information to complete a materially correct sensitivity analysis based on market movements is not currently obtainable. The investment portfolio is diversified across a broad range of investment funds in the Australian and Global markets with no single base measure currently available to calculate an accurate sensitivity analysis as at 30 June 2022. The Trustee will endeavour to put systems in place to ensure this analysis can be conducted in the future.

Interest Rate Risk

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

Most of the Fund’s investments are held in non-interest bearing investments. The Trustee’s exposure to interest rates relates primarily to the Trustee’s investment in cash and fixed interest funds. Returns on these investments will fluctuate with movements in market interest rates.

Interest Rate Sensitivity

The sensitivity of the Fund to movements in interest rates is restricted to its cash investments. As the value of cash investments are immaterial it is assessed that a 100-basis point movement in interest rates would not cause a material change in the income or investment values of the fund.

Credit Risk

Credit risk is the risk that a counter party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure is equal to the carrying amount in the statement of financial position. Receivable balances are monitored on an ongoing basis with the result that the Trustee’s exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Trustee’s holdings with the exception of being concentrated in the construction industry.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund’s approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities as and when they fall due through maintaining sufficient holdings in investments which are readily convertible to cash in the short term.

The following are the contractual maturities of the Fund’s financial liabilities:

	Contractual Cash Flows		Due Less than 1 month	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial Liabilities				
Accrued Charges	43	228	43	228
Total	43	228	43	228

Estimation of Fair Value

TasBuild’s financial assets and liabilities included in the statement of financial position are carried at net market value which the Board believes approximates net fair value. The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in Note 1.

Notes to the Financial Statements

For the year ended 30 June 2022

19. Accrued Long Service Benefits Liability

Long Service Benefits Liability Verified by Actuary

The most significant factor impacting the Fund’s provision during 2021/22 has been the change to the discount rate, which has reduced the provision by around \$25.8m. Other significant factors have been the accrual of new service days and the benefits paid to members. New accrual of service has added \$18m to the provision, while benefits paid during the year have reduced to provision by \$12.7m.

	2022 \$’000	2021 \$’000
Current	13,162	11,800
Non-Current	109,284	123,074
<b>Total Accrued Long Service Benefits Liability</b>	<b>122,446</b>	<b>134,874</b>
<i>Movement in Provision</i>		
<b>Value of provision at start of period</b>	<b>134,874</b>	<b>128,439</b>
Allowance for administration at start of period	(3,600)	(3,500)
	<b>131,274</b>	<b>126,349</b>
Change in provision due to:		
– Unwinding of interest / discounting	1,874	1,811
Impact of benefit accrual and payments		
– New accrual of service days accrued in period	18,018	13,193
– Benefits paid to members in period	(12,715)	(11,240)
– Change in provision for self-employed workers	207	(210)
Economic Factors		
– Change in discount rate	(25,802)	–
– Change in assumed future wage inflation rate	8,558	2,464
– Wage increases higher than assumed	2,680	1,282
Demographic Factors		
– Change in demographic assumptions	(8,605)	–
Other Factors	3,457	(2,375)
Allowance for administration	3,500	3,600
<b>Value of provision at end of period</b>	<b>122,446</b>	<b>134,874</b>

Actuarial Statement

We have carried out an investigation of the fund as at 30 June 2022 and have calculated the actuarial liability for accrued long service leave benefits (inclusive of allowances for the cost of paying the accrued entitlements) to be \$122.446 million.

Geoff Morley, BSc, BCom  
Fellow of the Institute of Actuaries of Australia  
GM Actuaries Pty Ltd

Alfred Au, BCom, LLB (Hons)  
Fellow of the Institute of Actuaries of Australia  
GM Actuaries Pty Ltd

Dated: 18 August 2021

20. Entity Details

The registered office of the Company is:

TasBuild Limited  
Level 3/6 Bayfield Street  
Rosny Park TAS 7018

# Directors' Declaration

In accordance with a resolution of the directors of TasBuild Limited, the directors declare that:

- 1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
  - a. Comply with Australian Accounting Standards; and
  - b. give a true and fair view of the financial position of the Company as at 30 June 2022 and of its performance for the year ended on that date.
- 2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Susan Parr  
Director



Kevin Harkins  
Director

Date: 7 September 2022



Auditor's Independence Declaration under S307C of the *Corporations Act 2001* to the Directors of TasBuild Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



DANNY MCCARTHY  
Partner  
Wise Lord & Ferguson  
Chartered Accountants  
160 Collins Street  
Hobart TAS 7000

Dated: 7.9.22



INDEPENDENT AUDITOR'S REPORT

To the directors of TasBuild Limited

Opinion

We have audited the financial report of TasBuild Limited and the Construction Industry (Long Service) Fund, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and statement by the trustees.

Separate unqualified audit opinions have been issued on these two entities in accordance with the governing rules and legislation. This audit report is a special purpose audit report as required by clause 10.3 of TasBuild Limited's Trust Deed dated 19 June 1998, in accordance with TasBuild Limited's Articles of Association, recital 25 and Memorandum of Association, clause 5.

In our opinion the financial report of TasBuild Limited and the Construction Industry (Long Service) Fund for the period ended 30 June 2022 are properly drawn up:

- a) so as to give a fair and reasonable view of:
  - i. the remuneration appropriated out of the Fund by the Trustee; and
  - ii. the remuneration paid by the Trustee to each member of the Board; and
  - iii. the expenses reimbursed by the Trustee to each member of the Board;
- b) in accordance with TasBuild Limited's:
  - i. Trust Deed, clause 10.3; and
  - ii. Articles of Association, recital 25; and
  - iii. Memorandum of Association, clause 5.

Basis for Opinion

This special purpose audit report is prepared to express an opinion on whether the financial report of TasBuild Limited and the Construction Industry (Long Service) Fund for the period ended 30 June 2022 is properly drawn up:

- a) so as to give a fair and reasonable view of:
  - i. the remuneration appropriated out of the Fund by the Trustee; and
  - ii. the remuneration paid by the Trustee to each member of the Board; and
  - iii. the expenses reimbursed by the Trustee to each member of the Board;
- b) in accordance with TasBuild Limited's:
  - i. Trust Deed, clause 10.3; and
  - ii. Articles of Association, recital 25; and
  - iii. Memorandum of Association, clause 5.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the

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ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of TasBuild Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors of Tasbuild Limited ('the directors') are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors of Tasbuild Limited for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with the conditions outlined at (a) and (b) in the Basis for Opinion above, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity'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 the directors either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion, based on our audit, on conditions outlined at (a) and (b) in the Basis of Opinion above, to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

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

  
WISE LORD & FERGUSON

  
DANNY MCCARTHY  
Partner  
Wise Lord & Ferguson  
Date: 7.9.22



INDEPENDENT AUDITOR'S REPORT

To the members of TasBuild Limited

Opinion

We have audited the financial report of TasBuild Limited, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the trustees.

In our opinion, the accompanying financial report of Tasbuild Limited, is in accordance with the *Corporations Act 2001*, including:

- a. the financial report of TasBuild Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of TasBuild Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors of TasBuild Limited (the directors) are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

**Responsibilities of the Directors of TasBuild Limited for the Financial Report**

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Entity's ability

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

  
WISE LORD & FERGUSON

  
DANNY MCCARTHY  
Partner  
Wise Lord & Ferguson  
Date: 7.9.22



INDEPENDENT AUDITOR'S REPORT

To the trustee and members of Construction Industry (Long Service) Fund

Opinion

We have audited the financial report of Construction Industry (Long Service) Fund, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the trustees.

In our opinion, the accompanying financial report of Construction Industry (Long Service) Fund, is in accordance with the *Corporations Act 2001*, including:

- a. the financial report of Construction Industry (Long Service) Fund is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the trustee of Construction Industry (Long Service) Fund, would be in the same terms if given to the trustee as at the time of this auditor's report.

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

Other Information

The trustee of Construction Industry (Long Service) Fund ('the trustee') is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Trustee of Construction Industry (Long Service) Fund for the Financial Report

The trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the trustee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustee is responsible for assessing the Company'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 the trustee either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

  
WISE LORD & FERGUSON



DANNY MCCARTHY  
Partner  
Wise Lord & Ferguson  
Date: 7.9.22

