ANNUAL REPORT 2019

CO INVEST
LONG SERVICE LEAVE

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ANNUAL REPORT 18/19

OVERVIEW

The portable Construction Industry Long Service Leave Scheme has now been operating for over 43 years in Victoria. Formerly under the statutory authority banner of the Building Industry Long Service Leave Board, the Scheme adopted the name CoINVEST in 1992 and later privatised on 1 December 1997 to become CoINVEST Limited as Trustee for the Construction Industry Long Service Leave Fund. The purpose of the Fund is to overcome the problem of few employees in the industry receiving long service leave due to the short-term, project-based employment that is a feature of much of the construction industry.

All members who carry out construction work in Victoria, including employers, directors, subcontractors, workers and apprentices are required by law to be registered with CoINVEST and comply with the Rules of the Scheme. CoINVEST works co-operatively with the interstate scheme partners under the principles of the 1987 National Reciprocal Agreement (including Northern Territory from 2005) which enables construction work from every state and territory to count towards a worker's long service leave.

The CoINVEST scheme is funded on a contributions model, whereby the employers in the industry are required to subsidise the Fund with a quarterly contribution fee proportionate to the size of their workforce – currently this is 2.7% of the total gross wages of all their workers. In this way, every employer no matter how large or small pays their fair share to contribute to the more than $1.46 billion paid to workers in long service leave claims since the scheme began in 1976.

The contribution rate is set by the Board and changes over time with consideration given to factors which may affect the Fund's performance. By way of example, in 1990 the contribution rate was reduced from 1% to 0.5% due to consistently good investment returns, and from 1993 to 2003 a 0% contribution rate was in place following favourable economic conditions.

Member Publications & Communications

Members are benefitting from CoINVEST's transition towards digital communications as part of its e-commerce strategy. The strategy includes sending annual worker statements via email with digital versions of The Reward magazine and The Fund Report to recap the notable events and key performance milestones of the year. Employers also receive digital versions of the CoINVEST News quarterly which contains key messages and references to supporting web sources and tutorial videos. All publications are available throughout the year at www.coinvest.com.au, as required by the Trust Deed.

Our publications provide important information to members and cover changes to the Scheme, profiles of new Board members, educational information, Board deliberations and decisions, survey results and reminders of important dates. Printed brochures are also produced to cater for all different member types and have a focus on promoting self-service solutions via our online services which are available on desktop, tablet and mobile devices.

Industry Outreach

As part of our ongoing engagement with the industry, CoINVEST conducts regular meetings with employer associations and visits employers at both commercial and residential developments. Having expanded our Mobile Platform to provide on-the-spot compliance reports for authorised third party users, CoINVEST aims to build trust and confidence with our members that the scheme is being managed both responsibly and responsively. CoINVEST Industry Representatives also make presentations to apprentices at TAFE colleges, workers on construction sites and to union officials. Each year in November CoINVEST holds an annual meeting where beneficiaries, potential beneficiaries and contributors to the fund can attend to hear a report of the year's operations and meet and question directors of CoINVEST Limited.

Today, CoINVEST is a strong and successful organisation that has earned a solid reputation for the responsible manner in which it has managed the industry's long service leave funds.

COINVEST'S MISSION IS TO ADMINISTER LONG SERVICE LEAVE BENEFITS TO THE CONSTRUCTION AND ALLIED INDUSTRIES.

COINVEST WILL DO THIS BY PROVIDING SECURITY, ACCURACY AND RESPONSIVENESS TO OUR CUSTOMERS, ON A COST EFFECTIVE BASIS.

CHAIRMAN'S REVIEW

The fund's return of 9.71% was a pleasing outcome and with the de-risking of the portfolio completed, the Board considers the fund to be in a strong position to weather any potential market correction. The long term funding ratio strengthened to 121.2%, up from 119.3% over the 12 months.

Although there were a number of factors in 2018/19 such as deteriorating world growth, trade war escalation and difficult international relations weighing on markets, CoINVEST's investment performance in this volatile market was strong. These factors are expected to have a greater effect in 2019/20 with return expectations lower.

Claims for long service leave marginally increased to a record amount of $130.8 million for 13,781 workers. The numbers were well up on the previous year despite employment numbers continuing to be strong, as evidenced by a record contribution amount of $186.5 million.

CoINVEST's role as Trustee for the fund gives it an obligation to administer the scheme on behalf of the industry in accordance with the Act and the Trust Deed. It does this fairly and impartially in an effort to ensure that no employer is disadvantaged and that workers can receive their proper entitlement to long service leave.

The Board of CoINVEST values its relationship with industry associations and unions in Victoria. It is grateful for their support when working through issues relating to coverage and compliance. Resolution of coverage issues is not easy and any changes do require the support of the overall industry.

At its annual strategy session in March the Board workshopped the challenges for the next 5 years and developed a new strategic plan. The priorities of Governance, Security, IT development and managing in difficult economic times were all at the forefront of discussion and action planning. The results of an independent review of the Board's performance were also discussed with a number of small improvements being implemented. The review found that the Board was well governed and performing strongly.

There are 8 schemes such as CoINVEST around Australia and the Chairs and CEOs meet several times a year to benchmark performance and look at areas where improvement will benefit the industry around Australia.

The Board is conscious of, and actively reviews risks to the Scheme in all areas of its operation including investment, compliance, coverage and the potential impact of Federal and State legislation. In conjunction with its Internal Auditors, Pitcher Partners, the Board has reviewed its risk profile and developed a risk framework and review program. It seeks legal advice in these areas where necessary.

The Board also ensures that Directors have the necessary skills and experience to properly administer and govern the scheme and the fund. To this end the Board ensures that Directors know their responsibilities as a Director of a public company. Directors on committees are also required to undertake training specific to the role of those committees. This is particularly relevant in an industry scheme such as ours where some Directors may have significant industry experience but varying levels of finance, investment and governance knowledge.

In October 2018 Barry Terzic was appointed to the Board to replace Craig Kelly as the Director representing Metal Trades workers. As mentioned in the last report Craig resigned from the Board in July 2018 due to a change in employment. Barry Mitchell also did not seek a further term as the Director representing Metal Trades Employers and was replaced by Tim Piper. Tim is the Victorian Director of the Australian Industry Group.

Barry Mitchell was first appointed to the Board in August 2006 and had served with distinction for almost 13 years. I thank Barry and Craig for their service and wish them well for the future.

On behalf of the Board, I thank John Hartley and his staff for their efforts over the year which has again been a busy and successful one.

This report will be my last as Chairman and as a Director of CoINVEST. I have spent an enjoyable 14 years at CoINVEST with my last four as Chairman.

Kate Spargo will take my place as Chairman of the Board from 1 October 2019. Kate has a longstanding involvement with CoINVEST, having been appointed to the CoINVEST Board as a director on 1st October 2005. She has been

the Chairman of the Audit Committee, as well as being on the Board's Finance and Investment and Remuneration Committees. Kate's background is in law both as a practitioner and in academia.

David St John will be the new independent director on the Board and will also commence on 1 October. David built his executive career in investment management and consulting, and was the Chief Investment Officer of UniSuper for eight years. Currently he is employed by PwC as an Expert Advisor, consulting in investment and superannuation. He is an experienced director bringing much experience to the position.

I would like to also thank all Directors for their continued service to the industry.

It has been a privilege to serve the construction industry on the CoINVEST Board and I am proud of the benefit that the long service leave fund provides for workers in this critical industry. It is a benefit that would be denied to the vast majority of workers if this great scheme did not exist.

Michael Anderson
Chairman, CoINVEST Limited

REVIEW OF OPERATIONS

Overview

The 2018/19 financial year was a busy and successful one for CoINVEST. Record claims, a strong investment return and an improved funding position were highlights of the year and provide a solid platform for the future.

In eCommerce strong gains were made in persuading employers to comply with the scheme by electronic means. Nearly 90% of employers now choose to comply this way representing around 96% of all workers.

The beginning of the financial year saw the launch of a worker web app for smart devices. It has immediately been successful with workers using it to check their service, update their details and make claims. It also provides them with an electronic registration card.

Strategic Direction

At its 2019 strategy meeting the Board again confirmed its direction, consolidating its priorities for the next 5 years under the headings of:

- Legal and Coverage
- eCommerce for Customers
- Risk Managing Investments and Funding
- Managing Fund Managers
- Risk Managing IT
- Succession Planning

The strategy session concentrated on behaviour, culture, risk, governance and eCommerce. These factors form an intrinsic part of the business plan for the next 12 months.

At the session our asset consultants, Willis Towers Watson conducted training on a risk based approach to investing in alternatives. This is a major focus for us as alternatives play a key part in our 3 year journey to restructure the investment portfolio to reflect our liability profile and the global investment conditions.

Performance of the Fund

With continuing global uncertainty and markets at record levels the strong investment year was welcome. The fund return of 9.71% was pleasing and achieved during the finalisation of our 3 year transition to a more diversified portfolio with less reliance on equities. The funding ratio finished the year at 121.2% with the total fund exceeding $1.45 billion. Active management remains the Board's preferred position when selecting and reviewing fund managers across all asset classes and the success of this approach is demonstrated by the majority of our managers again exceeding their benchmarks over the year.

The policy of being a 'manager of managers' continued with staff actively visiting and reviewing manager performance. Investment education is also critical to our management of the fund with directors and staff attending relevant investment training, seminars and conferences.

Table 1 shows the rate of return for CoINVEST for the twelve-month period under review, the previous three years, five years and ten years, compared to Average Weekly Ordinary Time Earnings for the construction industry in Victoria and the CPI.

With investments of $1.46 billion and assessed long-term liabilities of $1.21 billion at 30 June 2019, the increase in the long term funding ratio from 119.3% to 121.2% over the year (allowing for working subcontractor balances) was pleasing.

The structure of the Fund's asset allocation as at 30 June 2019 is shown in table 2.

The table structure reflects the restructure of the portfolio over time to move away from the traditional way of classifying assets. This restructure again has been assisted by the Board's Asset consultant Willis Towers Watson and was completed in September 2018.

Table 1

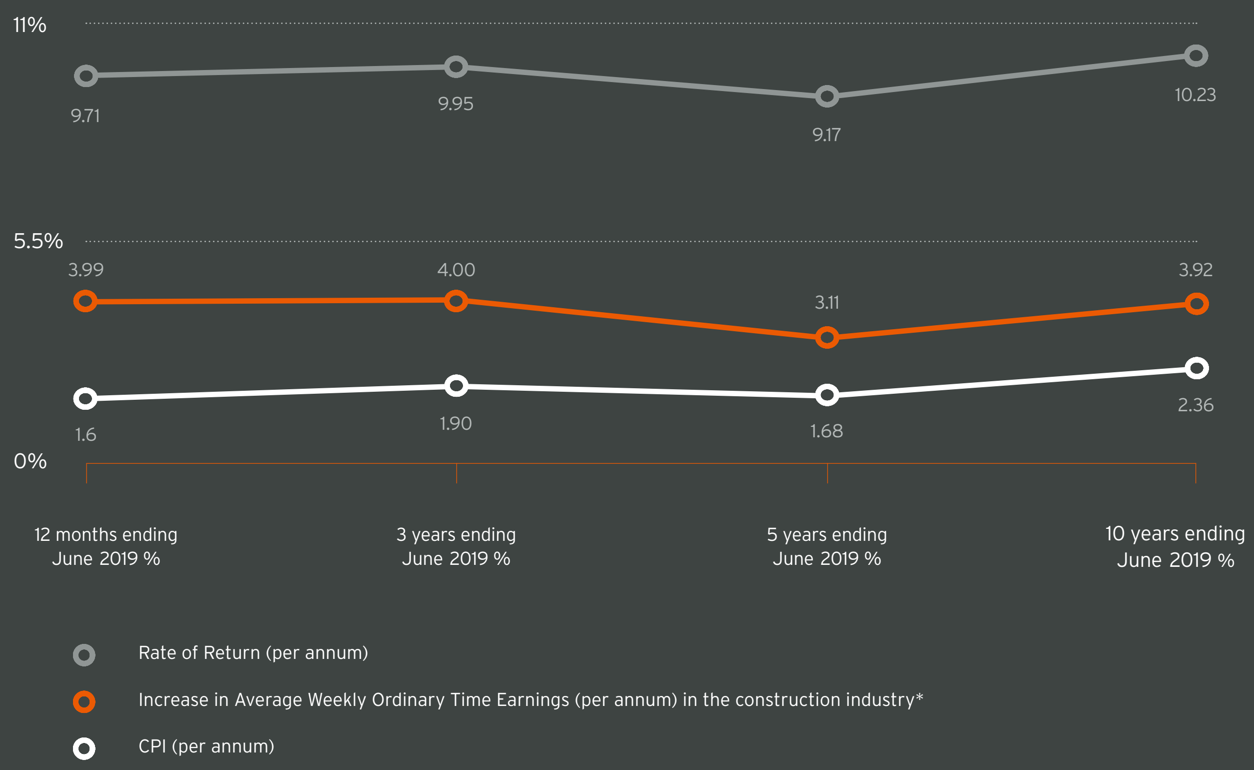


Table 2

Asset Allocation	Current Position	Long Term Range		Long Term SAA
Growth (including FM Cash)	**71.9%**	**75.0%**	**85.0%**	**70.0%**
Defensive	**28.1%**	**15.0%**	**25.0%**	**30.0%**
Equities (including FM Cash)	31.7%	42.0%	48.0%	35.0%
Real Assets	25.7%	18.0%	24.0%	20.0%
Alternatives	14.5%	13.0%	19.0%	15.0%
Fixed Income	26.6%	25.0%	30.0%	28.0%
Cash (internally managed)	1.5%	0.0%	5.0%	2.0%
Total	**100%**			**100%**

*from our workers' claims pay rates

REVIEW OF OPERATIONS
CONTINUED

The full list of managers employed to manage the portfolio as at 30 June 2019 is as follows:

International Equities
Wellington Global Research Equity
Veritas Asset Management
American Century Global Growth

Australian Equities
Hyperion Asset Management
Northcape Capital

Listed Global Property
Resolution Capital

Listed Global Infrastructure
Maple-Brown Abbott

Global Diversified Credit
Oakhill - OHA Diversified Credit Fund

Unlisted Global Infrastructure
Macquarie GIF 111
Morgan Stanley Asset Management (NHGIF 1 and 2)
Ancala Partners

Unlisted Australian Property
AMP Australian Wholesale Property Fund
Barwon Healthcare Property Fund

Unlisted European Property
Europa Capital

Global Multi Assets
Schroder Real Return Fund
Fulcrum Asset Management

Domestic Fixed Interest
Macquarie Enhanced Fixed Interest

Dynamic Currency Hedging
Insight Pareto Investment Management Limited

Direct Property and Cash
Managed in-house

Operations

Contributions

A record amount of $186.5 million was collected during the financial year.

While the vast majority of employers ultimately comply with their responsibilities, the timing of their compliance is an issue that continues to cost the administration of the scheme time and money. The return periods have been quarterly since 1 July 2008. This makes it even more important for timely compliance by employers.

Electronic invoicing has been an outstanding success with 97% of employers receiving invoices by electronic means.

Claims

CoINVEST has been making long service leave payments to workers and working subcontractors for 43 years. During this time around $1.46 billion has been paid in long service leave claims to 222,000 workers.

In the last twelve month period we paid 13,781 claims from workers and working subcontractors to the value of $130.8 million.

Statistics over the last 5 years

Note the increase in worker and employer numbers which indicates the current strength of the industry in Victoria.

Legal Matters

CoINVEST has an obligation to the industry to ensure that workers who are entitled are able to receive a long service leave benefit. It also has an obligation to ensure an even playing field for employers so that all employers who are covered by the scheme comply.

Where our advice indicates that an employer should be covered by the scheme, we will first attempt to negotiate to explain an employer's obligations under the Act. However when this is unsuccessful, as it has been in a small number of cases, we are compelled to take legal action. This is always done as a last resort as it is expensive and time consuming for both CoINVEST and the employer concerned.

The continued reduction in the number of prosecutions conducted is pleasing. This is a result of employers both improving compliance and efforts made to settle matters before they go to court. This area has been and remains a focus as our efforts are more than compensated by cost and time savings. In addition our debtor levels have markedly improved both in total amounts and speed of resolution.

One initiative that continues to be successful is our partnership with employer associations such as the Master Builders and Master Plumbers Associations in regional areas coupled with a debtor penalty amnesty for employers in those areas who register and become up to date with their contributions.

CoINVEST does receive requests from industry groups for inclusion into the scheme from time to time. It is important to note that these will only be considered if there is strong support from all sides of the industry. In addition any increases to the coverage of the scheme or changes to the rules that result in more workers being able to qualify for leave must be first agreed to by the Governor in Council.

Staffing

Staff numbers were stable over the year and we had 60 full time equivalent staff at 30 June 2019. Staff turnover was again an issue with a combination of retirement, lifestyle changes and other opportunities for staff being the major reason. We have a comprehensive staff succession plan which has been in existence for 18 years and has helped us manage vacancies at all levels.

CoINVEST is an equal opportunity employer and is proud of its record in this area. Our staff come from a wide variety of backgrounds and we have an equal number of male and female employees. We continue to support a Victorian Government initiative on gender pay equality where we pledged to support gender equality in the workplace. We report to the Board on our performance in this area annually.

Information Technology

Our IT system is stable and adds significant value to our ability to manage the large volume of processing that occurs each year. Enhancements and process improvement have continued during the year as we move towards our goal of being 'paper free' in our dealings with the industry.

The number of employers submitting returns over the internet continued to grow and now nearly 90% of all returns are received on line, covering 96% of workers. Importantly 65 % of all returns are processed automatically without our staff having to intervene. Strategies to increase this figure will be continued.

The release at the start of the financial year of a worker web app has increased markedly the number of workers communicating and making their claim online.

Corporate Values

The corporate values which were developed by staff are as follows:

Pride; Respect; Community; Adaptability

The CoINVEST staff values program continued during the year to reinforce those values with a series of ad hoc events. A strong contribution was made to the community with staff raising money for charitable causes. The relevance of the values was reconfirmed during the year.

Corporate Governance

The Board endeavours to maintain the highest standards of corporate governance in its administration of the fund and the long service leave scheme. Items of governance are given prominence at every meeting of the Board and its committees.

The Board has a formal Director training policy which aims to ensure that all Directors of CoINVEST limited are aware of the responsibilities of their position and have the skills necessary to carry out those responsibilities. This includes a formal induction program and a budget for training in relevant skills. Directors are encouraged to attend the annual conference of all state and territory construction industry long service leave authorities.

The Board also has a formal program of external and internal performance review involving all Directors as well as a code of conduct and a Board charter. An

REVIEW OF OPERATIONS CONTINUED

external review was carried out in the 2018/19 year which determined that the Board was a high performing Board.

The Board has a policy in place which outlines circumstances where Directors may seek independent professional advice at the expense of the entity.

Management considers that the systems in place for risk management, internal compliance and controls to be effective in identifying and managing risk and maintaining the integrity of the control environment.

National Issues

CoINVEST continues to play a leading role in National issues of co-operation for the benefit of all schemes and the industry. All scheme Chairs and CEOs met in Gosford NSW in June of this year to further this objective. These meetings will continue on a twice yearly basis.

Chairman

Michael Anderson will be retiring from the Board as of 30 September 2019. Michael was first appointed to the Board in 2005 and has been Chairman for the past 4 years. Michael's expertise and experience is in investment management and he has contributed to the fund's strong performance in this area. As Chairman he has been outstanding in his leadership and inclusiveness. I appreciate the help and advice he has given me and the management team over the years and wish him well in his retirement.

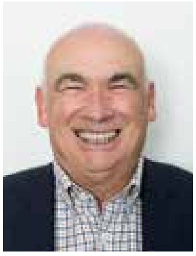
The Board has appointed Kate Spargo as the new Chairman from 1 October. Kate also has been a strong contributor to the Board over 14 years particularly in the governance and legal areas. I look forward to working with her in her new role.

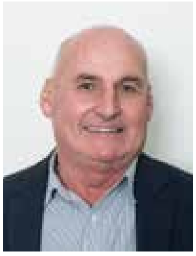
John Hartley
Chief Executive Officer

Statistics over the last 5 years

	2014-15	2015-16	2016-17	2017-18	**2018-19**
Workers					
Workers Currently Employed *(service during previous 12 months)*	112,999	114,907	119,938	127,134	**139,962**
Workers - Active *(all workers still registered with the Scheme - includes Workers Currently Employed)*	186,601	188,974	192,556	201,928	**219,435**
Employers					
Current Employers *(employ workers with service during previous 12 months)*	15,573	15,414	15,337	15,358	**15,863**
Working Sub-Contractors - Contributing	3,281	3,225	3,133	3,020	**2,806**
Working Subcontractors Non-Contributing	20,864	20,862	20,949	20,867	**20,744**
Claims					
Number	12,106	11.292	12,237	12,832	**13,781**
Value	$108.85 M	$108.00 M	$126.40 M	$130.74 M	**$130.80 M**

ORGANISATIONAL PROFILE




Directors during 2018/2019

The names and details of the company's Directors in office during the financial year are as follows. Directors were in office for this entire period unless otherwise stated.

Michael Anderson

Independent Chairman

Michael Anderson was appointed as a Director on 6th June 2005. He was the serving Chairman of the Board of CoINVEST Ltd and also chaired the Finance and Investment Committee and, was a member of the Audit and Remuneration committees of the Board. Michael's background is in finance and investment management. He has held Chief Executive and senior executive positions at National Australia Bank, Victorian Funds Management Corporation and Transport Accident Commission among others. Currently, he advises a number of organizations on investment related matters and is Chairman of the Board of 'the Protect Group'. Michael holds a Bachelor of Business (Distinction) degree from RMIT. He is a Fellow of the Australian Society of Certified Practicing Accountants (FCPA) and is a Graduate of the Australian Institute of Company Directors (GAICD).

Kate Spargo

Independent Director

Kate Spargo was appointed as a Director on 1st October 2005. She serves on the Audit, Finance and Investment, and Remuneration Committees of the Board. Kate's background is in law both as a practitioner and in academia. She holds Bachelor of Law (Honours) and Bachelor of Arts degrees from Adelaide University. Kate is a Director of CIMIC Ltd, Sonic Healthcare Ltd, Adairs Ltd, Sigma Healthcare, Future Fuels Cooperative Research Centre and the Geelong Football Club.

Di Fulton

Independent Director

Di Fulton was appointed as a director in October 2015. She has a background in operational and commercial management at executive level. Her career spans more than 20 years in the telecommunications and technology sector across a broad range of business and commercial operations roles. She was formerly the Executive Director, Commercial Operations globally for Telstra's Enterprise and Services business. Di holds a Graduate Diploma of Business and is a member of the Australian Institute of Company Directors. Di is a member of the Audit, Finance & Investment Committees and Chair of the Remuneration Committee.

Craig Kelly (resigned 2 July 2018)

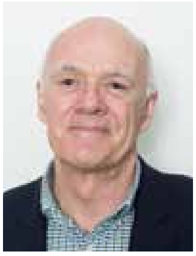
Representative of Metal Trades Workers

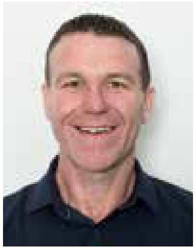
Craig Kelly was appointed to the Board on 6th February 2014. Craig had a long career working in the metal trades industry before his appointment as an Organiser of the AMWU in 2006. Since 2013 he was Assistant State Secretary responsible for providing leadership and support for organisers, officers and staff to meet their potential. Craig resigned from the Board from the 2nd July 2018.

Barry Terzic

Representative of Metal Trades Workers

Barry Terzic was appointed to the Board on 16th October 2018. After qualifying as a fitter and machinist in NSW in 1982, Barry worked in the trade for two years. After obtaining a degree in industrial relations in 1987, he commenced employment at what is now the Australian Manufacturing Workers' Union in 1988 as a national research officer. In 2002, Barry commenced employment as an adviser to the then shadow minister for industrial relations and shadow attorney general in the Commonwealth parliament. He commenced employment with the AMWU's Victorian branch in 2005 as an industrial officer. While there, he completed legal studies, was admitted as a lawyer and currently holds a lawyer's practising certificate.



From left: Michael Anderson, Barry Terzic, David Newnham, Grant Donald, Di Fulton, Kate Spargo, Michael Purnell, Paddy McCrudden, Arron Harris.

Absent are: Craig Kelly, Robert Graauwmans, Barry Mitchell.

Robert Graauwmans

Representative of Building Trades Workers

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

Arron Harris

Representative of Electrical Trades Workers

Arron Harris was appointed as a Director on 9th May 2017. Arron has worked in the electrical industry for 20 years. In 2006 Arron became a branch organiser with the ETU Victorian Branch representing electrical workers in the contracting industry sector. In November 2016, Arron was appointed as an Assistant Secretary of the ETU Victorian Branch.

Paddy McCrudden

Representative of Building Trades Workers

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

Grant Donald

Representative of Building Trades Employers

Grant Donald was appointed as a Director on 1st February 2017. Grant is a long term Director of a family run commercial plumbing business in Ballarat. Grant is an Executive Board Member & Treasurer of the Master Plumbers and Mechanical Services Association of Australia. Grant is also a member of the Australian Institute of Company Directors.

Barry Mitchell

Representative of Metal Trades Employers

Barry Mitchell was appointed as a Director on 23rd August 2006. He worked as an electrician for twelve years prior to joining the labour hire industry in 1976. He has since held executive positions with a number of companies in that industry and is the former General Manager of Chelgrave Contracting Australia Pty Ltd. Barry retired from the Board from 30th June 2019.

Michael Purnell

Representative of Electrical Trades Employers

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

David Newnham

Representative of Building Trades Employers

David Newnham was appointed to the Board on 1st July 2011 after being an alternate Director since March 2011. David has 40 years' experience in the construction industry after graduating as a civil engineer. He has been State Building Manager for AV Jennings and has recently retired as Managing Director of Stonehaven Homes. David has been a Director and President of the Master Builders Association of Victoria and was a member of the Building Practitioners Board from 1998 to 2006. He has also served as a Director of Incolink, the construction industry severance fund.

ORGANISATIONAL PROFILE

Board

The Board comprises eleven Directors, eight of whom are elected by the industry in accordance with the company's Memorandum and Articles of Association. Four are elected by workers in the industry (two representing building trades workers and one each representing electrical workers and metal trades workers) and four are elected by employers (two representing building trades employers and one each representing electrical employers and metal trades employers). The other three Board members are independent 'specialist' Directors appointed by the 'Industry' Directors in accordance with the Memorandum and Articles of Association.

Organisational Structure as at 30 June 2019

- BOARD OF DIRECTORS
- CHIEF EXECUTIVE OFFICER
- COMPANY SECRETARY & CORPORATE STRATEGY
  - COMPANY ADMINISTRATION
  - INFORMATION TECHNOLOGY
  - BUSINESS ANALYSIS
- MEMBERSHIP SERVICES
  - CUSTOMER RELATIONS
  - COMPLIANCE
  - MARKETING & TENANCY
- FINANCE AND INVESTMENT
  - INVESTMENTS
  - PROPERTY
  - FINANCE SERVICES
  - PAYROLL
- EXECUTIVE SUPPORT
- HUMAN RESOURCES

Board and Committee Attendance 2018/19

The Board meets bi-monthly alternating with the Finance and Investment committee. The Chief Executive Officer, Manager Corporate Strategy, Manager Membership Services, Manager Finance and Investment attend all Board meetings.

Standing Committees

	Board	Audit	Finance & Investment	Remuneration
ANDERSON, Michael	7/8	3/4	4/4	4/4
MITCHELL, Barry	8/8			
NEWNHAM, David	8/8		3/4	2/2
SPARGO, Kate	7/8	4/4	3/4	3/4
MCCRUDDEN, Paddy	7/8	1/1	4/4	2/2
TERZIC, Barry	5/6			
FULTON, Di	8/8	4/4	4/4	4/4
PURNELL, Michael	8/8	4/4		
DONALD, Grant	4/8			
HARRIS, Arron	8/8			
GRAAUWMANS, Robert	8/8	1/1	1/1	

Legend: Attendances/Possible attendances.

Special Coverage Committees

During the year the Board appointed two 'Coverage' Committees to investigate certain ambiguities in Coverage and also Benefit levels.

Attendance at Meetings during the year was as follows:

	Coverage A	Coverage B
MITCHELL, Barry	1/1	2/3
NEWNHAM, David	1/1	3/3
MCCRUDDEN, Paddy		3/3
TERZIC, Barry	1/1	
FULTON, Di	1/1	3/3
PURNELL, Michael		3/3
GRAAUWMANS, Robert	1/1	3/3

Committees

The Board considers some matters in detail through Committees of nominated Directors and members of the Executive. The minutes of Committee meetings are ratified by the Board at its next formal meeting.

Finance and Investment Committee

The Finance and Investment Committee meets on a monthly rotation with the Board and considers in detail all financial and investment matters for ratification by the Board. At 30 June 2019 this committee comprised Michael Anderson (Chairman), Di Fulton, David Newnham, Paddy McCrudden and Kate Spargo. The Chief Executive Officer, Manager Finance and Investment and Manager Corporate Strategy also attend.

Audit Committee

The Audit Committee assists the Board by monitoring risk management, internal and external audit matters and assists the Board to meet accounting and reporting standards. This Committee meets at least quarterly. At 30 June 2019 the Audit Committee comprised Kate Spargo (Chairman), Michael Anderson, Di Fulton, Rob Graauwmans and Mike Purnell. The Chief Executive Officer, Manager Corporate Strategy and Manager Finance and Investment also attend. Pitcher Partners (the appointed internal auditor) reports directly to the Audit Committee and attends each meeting.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board in regard to Directors' fees and Executive remuneration following receipt of independent advice from McGuirk Consulting. At 30 June 2019 the Committee comprised Di Fulton (Chairman), Michael Anderson and Kate Spargo. The Chief Executive Officer also attends meetings, which are held at least twice each year, although not in relation to his own remuneration. During the year the Committee reviewed its remuneration methodology and to assist in this co-opted Paddy McCrudden and David Newnham to the Committee for the review meetings.

ORGANISATIONAL PROFILE
CONTINUED

Executive

The Chief Executive Officer, Manager Membership Services, Manager, Finance and Investment and Manager Corporate Strategy form the Executive, which meets regularly to plan and control strategic management of CoINVEST's activities.

A Joint Consultative Committee comprising management, staff and union representatives meets regularly to monitor the implementation of the CoINVEST Limited Enterprise Bargaining Agreement for non-executive staff. An Occupational Health and Safety Committee also meets regularly.

Conflict of Interest and Third Party Related Transactions

At each Board and Committee meetings Directors are invited to declare any conflict of interest in regard to that meeting's agenda. No such declaration has been made.

The Directors have advised that there were no related third party transactions.

The Executive team from left:

George Pappas - Manager, Finance and Investment
John Hartley - Chief Executive Officer
Brian Hansen - Manager, Membership Services
Ben Boyd - Manager, Corporate Strategy

INDEPENDENT AUDIT REPORT

Building a better working world

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

Opinion

We have audited the financial report of Construction Industry Long Service Leave Fund (the Fund), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Trustees' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Trust Deed.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The trustees are responsible for the other information. The other information is the trustees' report accompanying the financial report.

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

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

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

INDEPENDENT AUDIT REPORT CONTINUED

2

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Responsibilities of the Trustees for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

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

Ernst & Young

Ernst & Young

Maree Pallisco
Partner
Melbourne
17 September 2019


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Skyreach

CERTIFICATION OF FINANCIAL STATEMENTS

Declaration by Trustee

The Directors of CoINVEST Ltd declare that in their opinion the accompanying financial statements and notes thereto:

A) comply with approved and applicable accounting standards, other authoritative announcements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001 ; and

b) present a true and fair view of the company's financial position as at 30 June 2019 and of its performance, as represented by the results of it's operations and it's cash flows, for the financial year ended on that date.

c) the financial statments and notes also comply with International Financial Reporting Standards as disclosed in note 2 (b).

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

This decleration is made in accordance with a resolution of Directors.

M Anderson
Director

K Spargo
Director

10 September 2019
East Melbourne
Victoria

TRUSTEE REPORT

The Trustee has pleasure in submitting the financial statements of the Construction Industry Long Service Leave Fund (the Fund) for the year ended 30 June 2019 and report as follows:

Structure

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

Principal Activities

The principal activities of the Fund are to provide for long service benefits to eligible workers in the Victorian Construction Industry. The Fund will generally invest in equities, managed investments schemes, property and interest bearing securities selected in accordance with the overall investment policy. The Fund did not have any employees during the reporting period.

Directors

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

M Anderson (Chairman)	appointed 6 June 2005, appointed Chairman 1 October 2015
C Kelly	appointed 6 February 2014, resigned 2 July 2018
B Terzic	appointed 16 October 2018
A Harris	appointed 9 May 2017
R Graauwmans	appointed 1 July 2017
P McCrudden	appointed 22 November 2012
B Mitchell	appointed 23 August 2006, resigned 30 June 2019
T Piper	appointed 1 July 2019
D Newnham	appointed 1 July 2011
K Spargo	appointed 1 October 2005
D Fulton	appointed 1 October 2015
M Purnell	appointed 16 March 2016
G Donald	appointed 1 February 2017

Results

The operations of the Fund for the year ended 30 June 2019 resulted in a net surplus of $102.87 million (2018: net surplus $95.53 million).

At balance date the Fund's total net assets exceeded its liabilities by $256.68 million (2018: $210.66 million). As detailed in note 3, the Fund is fully funded. Accordingly the net assets more than adequately cover both accrued and vested liabilities.

Distributions - Benefit Payments

Distributions for the year ended 30 June 2019 to eligible workers with a long service leave entitlement and to working subcontractors in accordance with the Trust Deed and Rules of the Fund were $126.0 million (2018: $126.3 million) and $2.8 million (2018: $3.0 million) respectively.

Likely Developments and Expected Results

There were no likely developments or expected results of operations that were not finalised as at 30 June 2019 and the date of this report.

Rounding and Comparatives

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

Environmental Regulation

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

Insurance of Trustee Directors

During the financial year the company paid a premium of $104,079 covering 18 months to November 2019 (2018: $99,291 covering 18 months to May 2018) in respect of Directors and officers liability insurance contracts. The contracts do not specify premiums in respect of individual Directors and officers.

Auditor Independence

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

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

M Anderson
Director

K Spargo
Director

East Melbourne
Victoria
10 September 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	June 2019 $'000	June 2018 $'000
Revenue			
Investment revenue	4	**47,513**	42,792
Changes in fair value of investments designated at fair value through profit or loss	5	**87,738**	81,636
Net foreign exchange gain/(loss)	5	**(11,530)**	(9,922)
Other revenue		**259**	278
Total revenue		**123,980**	114,784
Operating expenses			
Investment expenses	6	**5,891**	5,619
Related party trustee management fee	19(e)	**13,725**	12,511
Administration expenses		**279**	258
Provision for doubtful debts	8(a)	**1,217**	443
Total operating expenses		**21,112**	18,831
Net Surplus		**102,868**	95,953

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 2019

	Notes	June 2019 $'000	June 2018 $'000
Assets			
Cash and cash equivalents	7	**24,235**	33,831
Receivables	8	**46,053**	40,015
Financial assets designated at fair value through profit and loss	11.1	**1,389,738**	1,234,282
Derivative financial assets	11.1	**2,268**	1,399
Investment properties	12	**48,500**	44,200
Furniture, fittings and leasehold improvements	13	**926**	684
Total Assets		**1,511,720**	1,354,411
Liabilities			
Payables	14	**4,390**	3,869
Derivative financial liabilities	11.2	**493**	6,174
Accrued long service leave benefits liability	9	**1,209,365**	1,094,874
Working subcontractors' accounts	10	**40,789**	38,834
Total Liabilities		**1,255,037**	1,143,751
Excess of Assets Over Liabilities		**256,683**	210,660

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

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019

Excess of assets over liabilities/(Excess of liabilities over assets) at beginning of reporting period	**210,660**	149,047
Net surplus	**102,868**	95,953
Net change in member benefit liabilities	**(53,984)**	(31,417)
Interest credited to working subcontractors	**(2,861)**	(2,923)
Net assets/(liabilities) available for accrued benefits at end of the year	**256,683**	210,660

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	June 2019 $'000	June 2018 $'000
Cash flows from operating activities			
Payments to suppliers		**(12,755)**	(11,207)
Net cash flows from operating activities	15	**(12,755)**	(11,207)
Cash flows from financing activities			
Receipts from contributions		**180,754**	160,134
Payments for long service leave benefits		**(126,947)**	(127,252)
Net cash flows from financing activities		**53,807**	32,882
Cash flows from investing activities			
Proceeds from sale of furniture, fittings and leasehold improvements		**12**	5
Interest received		**607**	1,014
Miscellaneous Income		**-**	-
Net Rental income received		**1,947**	2,073
Other investment income received		**116,794**	107,345
Net purchases of furniture, fittings and leasehold improvements		**(492)**	(235)
Additions to investment properties		**(1,062)**	(74)
Purchase of investments designated at fair value through profit or loss		**(361,125)**	(272,006)
Proceeds from disposal of investments designated at fair value through profit or loss		**197,502**	126,988
Investment expenses paid		**(4,831)**	(5,056)
Net cash flows (used in)/from investing activities		**(50,648)**	(39,946)
Net (decrease)/increase in cash and cash equivalents		**(9,596)**	(18,271)
Cash and cash equivalents at beginning of period		**33,831**	52,102
Cash and cash equivalents at 30 June 2019	7	**24,235**	33,831

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

NOTES TO AND FORMING
PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

The financial report of the Construction Industry Long Service Leave Fund ("the Fund") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors of the trustee on 10 September 2019.

The Fund was created by an Act of the Victorian Parliament, The Construction Industry Long Service Leave Act 1997, to provide long service leave to workers in the Victorian construction industry on the basis of service to the industry rather than service to a single employer.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

2. Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in a decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months except for investments in financial assets, investment properties, plant and equipment, accrued long service leave benefits liability and working sub-contractor accounts. The timing of amounts expected to be recovered or settled for the excepted items cannot be reliably determined.

The financial statements are for the financial year from 1 July 2018 to 30 June 2019 ("the financial year").

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

(b) Statement of compliance

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

(c) New accounting standards and interpretations

The following major accounting standards and amendments have been applied for the first time for the reporting period:

AASB 9 Financial Instruments

The Fund adopted AASB 9 Financial Instruments on 1 July 2018. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurements and introduces new requirements for classification and measurement of financial instrument, impairment and hedge accounting.

The adoption of this standard did not have a material impact on the classification and measurement of the Fund's financial assets and financial liabilities.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations. AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as financial instruments). AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 provides further clarification on the definition of revenue and what constitute revenue from contracts with customer. As a result, a contribution by employers which was previously recognised as revenue no longer meets the definition of revenue under AASB 15.

The effect of adopting AASB 15 is as follow:

	As disclosed 30 June 2018	Adjustment	1 July 2018
Statement of Comprehensive Income			
Revenue			
Contribution by employers	164,155	(164,155)	-
Benefits expense			
Benefits Paid	126,324	(126,324)	-
Interest credited to working subcontractors	2,946	(2,946)	-
Accrued benefits liability expense	69,225	(69,225)	-
Net Surplus/(Deficit)	61,613	34,340	95,953
Statement of Changes in Net Assets			
Excess of assets as at beginning of reporting period	149,047	-	149,047
Net surplus	61,613	34,340	95,953
Net change in member benefit liabilities	-	31,417	(31,417)
Interest credited to working subcontractors	-	2,923	(2,923)
Net assets/(liabilities) available for accrued benefits at the end of the year.	210,660	198,495	210,660

2. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

The change did not have a material impact on the Statement of financial position and the Statement of cash flows.

AASB Interpretation 22

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration. There were no material impacts from the application of the amendment.

AASB 2017-1 *Amendments to Australian Accounting Standards*

AASB 2017-1 outlines a number of amendments made to the Australian Accounting Standards. The only amendment relevant to the Fund's financial statements is that relating to amendments made to AASB 140 *Investment Properties* as follow:

AASB 140 - The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Fund's financial statements.

Summarised below are Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2019.

Reference	Summary	Application date of standard	Application date for Fund	Impact
AASB 16	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.	1 January 2019	1 July 2019	The Fund expects no impact from the application of the amendment.

2. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

Reference	Summary	Application date of standard	Application date for Fund	Impact
Conceptual Framework for Financial Reporting, and relevant amending standards	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: › Chapter 1 – The objective of financial reporting › Chapter 2 – Qualitative characteristics of useful financial information › Chapter 3 – Financial statements and the reporting entity › Chapter 4 – The elements of financial statements › Chapter 5 – Recognition and derecognition › Chapter 6 – Measurement › Chapter 7 – Presentation and disclosure › Chapter 8 – Concepts of capital and capital maintenance Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.	1 July 2020	1 July 2020	The Fund expects no impact from the application of the amendment.

2. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

Reference	Summary	Application date of standard	Application date for Fund	Impact
Definition of a Business (Amendments to IFRS 3)	The Standard amends the definition of a business in IFRS 3 *Business Combinations.* The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquire process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	1 July 2020	1 July 2020	The Fund expects no impact from the application of the amendment.
Definition of Matenal (Amendments to IAS 1 and IAS 8)	This Standard amends IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 July 2020	1 July 2020	The Fund expects no impact from the application of the amendment.

2. Summary of Significant Accounting Policies (continued)

(d) Significant accounting judgments, assessments and assumptions

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions concerning the future and other key sources of estimation at reporting date are described below.

Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Fund as lessor

CoINVEST Ltd, the Trustee of the Fund, has entered into commercial property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property that all the significant risks and rewards of ownership of these properties are retained and these leases have been accounted for as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and investment properties

The Fund engaged an independent valuation specialist, m3property Strategists, to assess fair value as at 30 June 2019. For investment properties, a valuation methodology based on a discounted cash flow model was used. Land and buildings valuations were also referenced to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The determined fair value of the investment properties is most sensitive to the estimated yield. The yield assumptions used to determine the fair value of the investment properties are further explained in note 12.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 11 for further explanation.

Accrued Long Service Leave Benefits Liability

The cost of the Accrued Long Service Leave Benefits Liability and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future contribution increases. Due to the complexity of the valuation and its long-term nature, the liability is highly sensitive to changes in these assumptions.The liability is determined by an annual actuarial valuation. The assumptions used in arriving at that valuation are set out in note 2(j).

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short term deposits with an original maturity of three months or less. For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts.

(f) Investment properties

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

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

(g) Financial Instruments

(i) Classification
Financial assets and liabilities held at fair value through profit or loss
The Fund's investments are categorised as held at fair value through profit or loss. They comprise:

2. Summary of Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(i) Classification (continued)

Financial instruments designated at fair value through profit or loss upon initial recognition
These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These may include investments in exchange traded debt and equity instruments, such as listed equities, listed property trusts and cash deposits.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

The information on the fair value basis is provided internally to the Fund's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

Receivables/payables
Receivables/payables are non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. This category includes short-term receivables/payables.

(ii) Recognition/derecognition
The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the reporting period the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement
Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

- *Fair value in an active market*
  The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.
  A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- *Receivables/payables*
  Receivables/payables are measured initially at fair value plus transaction costs. Short term receivables/payables are carried at their initial fair values.

(h) Provision for doubtful debts

Long service leave contributions receivable are non-interest bearing and generally on 7 - 30 day terms. An allowance for doubtful debts is made where there is objective evidence that the Fund will not be able to collect the debts. A specific provision is recognised when there is reasonable doubt over the collectability of the contribution receivable. A general provision is raised for contributions receivable amounts not subject to specific provisioning based on historical debt write-off and appropriate collective provision is raised.

Bad debts are written off against the provision for doubtful debts when recognised. Any difference between bad debt written-off and provision for doubtful debts are recognised in the statement of comprehensive income.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

2. Summary of Significant Accounting Policies (continued)

(i) Furniture, fittings and leasehold improvements

All classes of plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements, furniture, plant and equipment
5 to 20 years (2018: 5 to 20 years)

Vehicles
5 years (2018: 5 years)

Fixtures and fittings
4 to 10 years (2018: 4 to 10 years)

Computer hardware and software
4 years (2018: 4 years)

Furniture, fittings and leasehold improvements assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. Fixed assets are the only non-current assets held by the Fund. The recoverable amount of fixed assets is the net amount expected to be recovered through the net cash inflows from its disposal.

(i) Impairment
The carrying values of plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of plant and equipment is the higher 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 and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For furniture, fittings and leasehold improvements, impairment losses are recognised in the statement of comprehensive income.

(ii) Derecognition and disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

(j) Accrued long service leave benefits liability

Liability for accrued long service leave benefits is determined as the present value of all expected future cash outflows that arise from the service of eligible workers up to the reporting date.

The stated amount has been calculated by the Fund's actuary using an actuarial valuation model, which takes into account the following assumptions:

Variable	Basis in Actuarial Assessment
Mortality rates	Based on Australian Life tables 2010-2012
Increases in wages	3.6% per annum
Discount rate (investment return)	5.8% per annum
Departure from industry benchmarks	Based on Fund history

The critical assumptions of the valuation are the wage growth and discount rates. These rates have been revised from last year. The Discount Rate has been reassessed at 5.8% reflecting the lower investment return environment. Additionally the Increases in wage have increased from 3.5% to 3.6% which reflects members' recent wages growth history. Note 3 below includes a sensitivity exercise that demonstrates the impact of investment returns and increases in wages on the funding of the liability. A full actuarial evaluation of the Fund was undertaken at June 2019.

(k) Working subcontractors' accounts

The liability represents an accumulation of long service leave charges paid by eligible working subcontractors. Interest accrued at rates determined by the Trustee from time to time, in accordance with the rules of the Fund, is also included.

Refunds of charges are payable at the working subcontractors' request. Payment of interest is in accordance with the eligibility provisions contained in the rules of the Fund.

(l) Trade and other payables

Trade and other payables including payables to the Trustee, a related party, are carried at amortised cost and represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obligated to make future payments in respect of the purchase of these goods and services.

(m) Revenue recognition

Trade and other payables including payables to the Trustee, a related party, are carried at amortised cost and represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obligated to make future payments in respect of the purchase of these goods and services.

2. Summary of Significant Accounting Policies (continued)

(m) Revenue recognition (continued)

i.) Investment income is accounted for on an accrual basis once the Fund has control of the right to receive the investment income. Dividend/distribution income is recognised as income on an entitlement basis.

ii.) interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the Statement of Comprehensive Income.

iii.) Rental income arising from operating leases on investment properties is recognised as revenue in the period in which they are earned. Initial direct costs incurred in negotiating an operating lease are expensed in the period in which they are incurred. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(n) Related party management fee expense

Management fee expense is recognised to the extent that it is probable that the economic benefits will flow out of the entity and the expense can be reliably measured. The expense is purely the reimbursement of costs incurred by the Trustee in accordance with the rules of the Fund.

(o) Taxes

Income Tax

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

Goods and Services Tax (GST)

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

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

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

(p) Foreign currency translation

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

3. Funding Policy

At 30 June 2019 the value of vested and accrued benefits liabilities, as assessed by the actuary, were $1,121.4 million (2018: $1,035.4 million) and $1,209.3 million (2018: $1,094.9 million) respectively. Vested benefits liability is the value attributed to workers who have satisfied the service qualification of the Fund, currently 7 years, and have an actual entitlement to long service leave. The accrued benefits liability is the vested benefits liability plus an actuarially calculated value for those workers currently employed in the industry that may achieve 7 years' service in the future and consequently have an actual entitlement to long service leave. The vested and accrued benefits ratios express in percentage form the extent to which the net assets of the Fund meet the respective liabilities.

The actuary's assessment of net assets available to satisfy those liabilities at 30 June 2019 is $1,466.1 million (2018: $1,305.5 million). At that date the vested benefits ratio was 130.7% (2018 126.1%) and the accrued benefits ratio was 121.2% (2018: 119.2%). At 30 June 2019 the Fund's total net assets exceeded its liabilities by $256.7 million (2018 total net assets exceeded liabilities by $210.7 million). The Fund has been fully funded from June 2015.

Accrued and vested benefits ratios are sensitive to the valuation assumptions adopted by the actuary in the actuarial review. Refer to note 2(j) for further information.

3. Funding Policy (continued)

The key assumptions are:

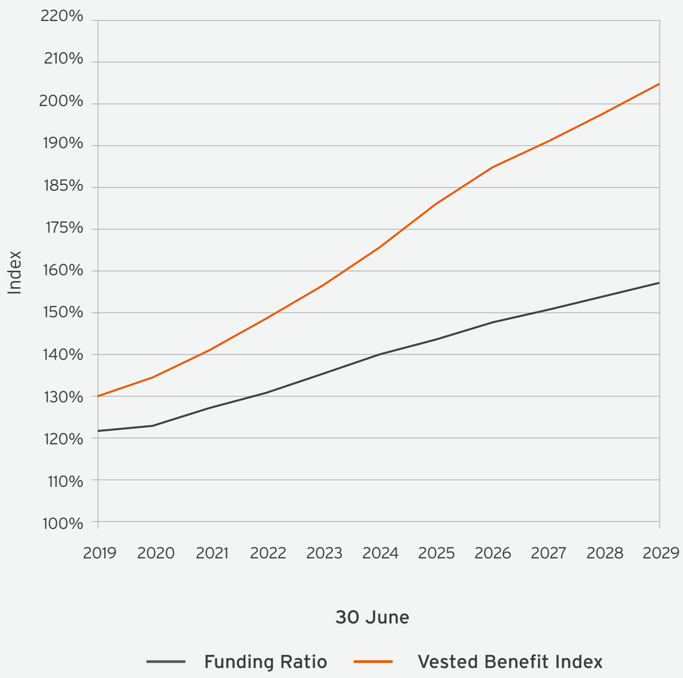
Key Assumptions p.a.	2019	2018
Investment return (discount rate)	5.8%	6.25%
Increases in wages	3.6%	3.5%
Percentage of leave taken	13.0%	13.0%
Contribution rate	2.7%	2.7%

As detailed in note 2(J) above the actuary reassessed the critical assumptions of the valuation being the Increases in wages and the Discount rate (investment return) in the 2019 financial year reducing the gap between the investment return and the wage rate increases from 2.75% to 2.20%

The funding projections below (source Mercer Consulting) also are based on the 2019 key assumptions noted above. The projection shows that both the vested benefits and the accrued benefits ratio will continue to exceed 100%.

The sensitivity table below (source Mercer Consulting) presents an indicative impact of variations in the long term gap between investment returns and wage rate increases on the vested and accrued actuarial liability projected at June 2020 and June 2024. This is subject to all other actuarial assumptions remaining unchanged.

Funding Projections



30 June 2020				
Assumed gap	**0.2% pa**	**1.2% pa**	**2.2% pa (current)**	**3.2% pa**
Accrued Liabilities	$1,417.0m	$1,347.2m	$1,283.5m	$1,225.4m
Assets	$1,543.0m	$1,557.8m	$1,572.6m	$1,587.3m
Impact on accrued liabilities of change from current basis	$133.5m	$63.6m	-	-$58.1m
Vested Benefits Ratio	132%	133%	134%	135%
Accrued Liability Ratio	109%	116%	123%	130%
30 June 2024				
Assumed gap	**0.2% pa**	**1.2% pa**	**2.2% pa (current)**	**3.2% pa**
Accrued Liabilities	$1,745.5m	$1,655.8m	$1,574.5m	$1,500.5m
Assets	$2,002.2m	$2,093.8m	$2,188.8m	$2,287.5m
Impact on accrued liabilities of change from current basis	$170.9m	$81.3m	-	-$74.0m
Vested Benefits Ratio	151%	158%	165%	173%
Accrued Liability Ratio	115%	126%	139%	152%

The Trustee Directors continue to closely monitor the Fund's overall funding position with the objective of maintaining fully funded vested and accrued benefit liabilities. The Trustee Directors have a statutory right to determine the rate of employer contributions, currently at 2.7%, with a maximum up to 3.0% of workers' wages.

The Fund's consulting actuary comments on the contribution rate in his report to the Trustee Directors following his review of the Fund each year. The actuarial review noted that there continued to be scope for the contribution rate to be reduced. This recommendation is being assessed with a potential future change.

Based on the actuary's assessment this recommended contribution rate reduction will maintain the vested benefits ratio and accrued benefits ratio over 100% without impacting the operational liquidity of the Fund. The Trustee also has the right to vary future benefit entitlements, if necessary, in order to protect the solvency of the Fund.

At the date of this report, the interest rates, share market indices and foreign currency exchange rates are within the ranges used in the sensitivity tables for each class of market risk in note 16.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Investment revenue

	Notes	2019 $'000	2018 $'000
Dividend and distribution revenue		**35,415**	32,719
Interest revenue		**9,090**	6,964
Rental revenue		**3,008**	3,109
		47,513	42,792

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

Investment properties	**3,238**	3,026
Financial assets	**84,500**	78,610
	87,738	81,636
Net foreign exchange gain/(loss)	**(11,530)**	(9,922)
	76,208	71,714

6. Investment expenses

Fee paid to fund managers and custodians	**4,831**	4,594
Outgoings on properties	**1,060**	1,025
	5,891	5,619

7. Cash and cash equivalents

Cash at bank and in hand	**2,211**	18,259
Short-term deposits	**22,024**	15,572
	24,235	33,831

Cash at bank earns interest at Westpac's 30 day bank bill rate less 75 basis points. The rate at 30 June 2019 was 0.51% p.a. (2018: 1.12% p.a.). The amount of undrawn borrowing facility at 30 June 2019 was $50,000 (2018: $50,000). Short term deposits earn interest at fixed rates. The rate of interest earned by short term deposits at 30 June 2019 range from 1.55% to 2.80%.

8. Receivables

Long service leave contributions receivable		**48,306**	41,934
Provision for doubtful debts	(a)	**(2,600)**	(2,218)
		45,706	39,716
Other receivables		**347**	299
		46,053	40,015

8. Receivables (continued)

(a) Movements in the provision for doubtful debts were as follows:

Provision for doubtful debts

	Notes	2019 $'000	2018 $'000
Opening Balance		**2,218**	2,600
Increase in provision		**1,217**	443
		3,435	3,043
Bad debts written off		**(835)**	(825)
Closing Balance		**2,600**	2,218

At 30 June 2019 ageing of long service leave contribution receivables was as follows:

		Total $'000	0-30 $'000	31-60 $'000	60-90 $'000	over 90 $'000
2019	**Receivables**	**48,306**	**43,929**	**817**	**617**	**2,942**
	Provision for doubtful debts	**(2,600)**	**(1,321)**	**(32)**	**(24)**	**(1,223)**
2018	Receivables	41,934	38,968	959	219	1,788
	Provision for doubtful debts	(2,218)	(1,496)	(40)	(9)	(673)

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it policy to transfer (on-sell) receivables to special purpose entities.

(c) Foreign exchange and interest rate risk

All receivables arise from transactions in Australian currency and are non-interest bearing.

9. Accrued long service leave benefits liability

The movement in the accrued long service leave benefits liability for the period was as follows:

		2019	2018
Opening Balance		**1,094,874**	1,025,649
Add	Net future benefits liability increase	**53,984**	31,417
	Contribution Deposits	**186,548**	164,132
		1,335,406	1,221,198
Less	Benefits Paid	**(126,041)**	(126,324)
Closing Balance		**1,209,365**	1,094,874

10. Working Subcontractors' accounts

The movement in the working subcontractors' accounts for the year was as follows:

	2019 $'000	2018 $'000
Opening Balance	**38,834**	36,816
Add Deposits	**1,899**	2,059
Interest Credited to working subcontractors	**2,861**	2,946
	43,594	41,821
Less Refunds	**(2,805)**	(2,987)
Closing Balance	**40,789**	38,834

These accounts accumulate deposits by working subcontractors each three months on which interest accrues.

The interest rate for the financial year ended June 2019 was 7.23% (June 2018: 7.88%). Deposits are refundable at any time, with the interest component being payable under the eligibility provisions of the rules of the Fund. Interest rates for crediting to working subcontractors' accounts are determined by the Trustee annually.

11. Financial Assets and Liabilities at fair value through profit or loss

11.1 Financial Assets

	2019 $'000	2018 $'000
Derivatives financial assets		
Forward foreign exchange contracts	**2,268**	1,399
Total derivatives financial assets	**2,268**	1,399

	2019 $'000	2018 $'000
Financial assets designated at fair value through profit or loss		
Listed equities and managed investment schemes		
Equities	**483,280**	584,737
Managed investment schemes	**536,266**	487,118
Interest bearing securities		
Corporate bonds	**104,826**	59,206
Government bonds	**265,366**	103,221
Total financial assets designated at fair value through profit or loss	**1,389,738**	1,234,282
Financial assets at fair value through profit or loss	**1,392,006**	1,235,681

11.2 Financial liabilities

	2019 $'000	2018 $'000
Financial liabilities at fair value through profit or loss		
Forward foreign exchange contracts	**(493)**	(6,174)
Total financial liabilities at fair value through profit or loss	**(493)**	(6,174)
Financial liabilities at fair value through profit or loss	**(493)**	(6,174)

11. Financial Assets and Liabilities at fair value through profit or loss (continued)

11.3 Classification of financial instruments under the fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2019, the Fund held the following assets and liabilities carried at fair value in the statement of financial position:

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000	Total $'000
Financial assets designated at fair value through profit or loss				
Forward foreign exchange contracts	-	2,268	-	2,268
Equities	483,280	-	-	483,280
Managed investment schemes	-	446,298	89,968	536,266
Interest bearing securities				
Corporate bonds	104,826	-	-	104,826
Government bonds	265,366	-	-	265,366
Financial assets carried at amortised cost				
Long service leave contributions receivable	-	8,509	37,197	45,706
Financial liabilities held for trading				
Forward foreign exchange contracts	-	(493)	-	(493)
Total financial instruments	**853,472**	**456,583**	**127,165**	**1,437,220**

11. Financial Assets and Liabilities at fair value through profit or loss (continued)

11.3 Classification of financial instruments under the fair value hierarchy (continued)

As at 30 June 2018, the Fund held the following financial instruments carried at fair value in the statement of financial position:

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000	Total $'000
Financial assets held for trading				
Forward foreign exchange contracts	-	1,399	-	1,399
Financial assets designated as at fair value through profit or loss				
Equities	584,737	-	-	584,737
Managed investment schemes	-	453,433	33,685	487,118
Interest bearing securities				
Corporate bonds	59,206	-	-	59,206
Government bonds	103,221	-	-	103,221
Financial assets carried at amortised cost				
Long service leave contributions receivable	-	7,399	34,535	41,934
Financial liabilities held for trading				
Forward foreign exchange contracts	-	(6,174)	-	(6,174)
Total financial instruments	**747,164**	**456,057**	**68,220**	**1,271,441**

The above table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

Listed equity and debt securities as well as publicly traded derivatives are classified as Level 1 and the fair value of these instruments is based on quoted market prices or binding dealer price quotations at the reporting date (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments classified as Level 2 and 3, fair value is determined using valuation techniques. Valuation techniques include net present value technique, comparison to similar instruments for which market observable prices exist, options pricing model and other relevant valuation models.

Currency exchange contracts (forwards and swaps) are classified as Level 2 and the fair value is calculated with reference to current exchange rates for contracts with similar maturity and risk profiles.

For Level 3 assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between Level 1 and 2 fair value measurements during the period.

11.4 Level 3 financial instrument transactions

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period being June 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

11. Financial Assets and Liabilities at fair value through profit or loss (continued)

11.4 Level 3 financial instrument transactions (continued)

	Infrastructure Unlisted $'000	Contribution Receivables $'000	Total $'000
Balance at 1 July 2018	**33,685**	**34,535**	**68,220**
Purchased during the year	62,842	-	62,842
Issued during the year	-	-	-
Sales during the year	(9,936)	-	(9,936)
Settlements during the year	4,336	-	4,336
Transfer into Level 3	-	372,466	372,466
Transfers out of Level 3	-	(369,804)	(369,804)
Total unrealised gains/(losses) on Level 3 financial instruments	(959)	-	(959)
Balance at 30 June 2019	**89,967**	**37,197**	**127,165**

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period being June 2018.

	Infrastructure Unlisted $'000	Contribution Receivables $'000	Total $'000
Balance at 1 July 2017	**29,360**	**29,283**	**58,643**
Purchased during the year	8,541	-	8,541
Issued during the year	-	-	-
Sales during the year	(7,046)	-	(7,046)
Settlements during the year	-	-	-
Transfer into Level 3	-	376,884	376,884
Transfers out of Level 3	-	(371,632)	(371,632)
Total unrealised gains/(losses) on Level 3 financial instruments	2,830	-	2,830
Balance at 30 June 2018	**33,685**	**34,535**	**68,220**

Gains and losses included in profit or loss presented as change in fair value of financial assets and liabilities at fair value through profit or loss as follows:

	2019 $'000	2018 $'000
Total gains or (losses) in profit or loss for the period	**(959)**	2,829
Total gains or (losses) included in profit or loss for the period for assets held at the end of the reporting period	**(959)**	2,829

For Level 3 instruments for which there is currently no active market, the Fund uses a valuation model which is accepted in the industry. Some of the inputs to that model may be market observable and are therefore estimated based on assumptions. Management will consider the appropriateness of the valuation inputs, methods and techniques used in the valuations. The valuation inputs are generally sourced from independent third party pricing sources without adjustment such as stock exchanges, pricing agencies and/or fund managers. Level 3 investments may be adjusted to reflect illiquidity and/or restrictions, however, the adjustments are not based on available market information and also include those that have a stale price, i.e., where the pricing for a particular security has remained static for an extended period of time (typically 6 months or greater).

11. Financial Assets and Liabilities at fair value through profit or loss (continued)

11.5 Level 3 financial instruments quantitative sensitivity analysis

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at June 2019, are as disclosed below:

Investment	Valuation technique	Significant unobservable input	Weighted average	Range /volatility	Sensitivity (Low)/High ($'000)
North Haven (Previously Morgan Stanley) GIF I	DCF	Long term forecast revisions	$165.3053	10%	($522)/$522
North Haven GIF II	DCF	Long term forecast revisions	$1.1947	10%	($2,149)/$2,149
Macquarie GIF	DCF	Long term forecast revisions	$0.8184	10%	($1,314)/$1,314
Ancala Infra II	DCF	Long term forecast revisions	$1.299		($5,012)/$5,012
Contribution Receivables	Management Estimate	Estimated contribution income	N/A	10%	($3,720)/$3,720

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at June 2018, are as disclosed below:

Investment	Valuation technique	Significant unobservable input	Weighted average	Range /volatility	Sensitivity (Low)/High ($'000)
North Haven (Previously Morgan Stanley) GIF I	DCF	Long term forecast revisions	$154.22	10%	($479)/$479
North Haven GIF II	DCF	Long term forecast revisions	$0.589	10%	($1,435)/$1,435
Macquarie GIF	DCF	Long term forecast revisions	$0.906	10%	($1,454)/$1,454
Contribution Receivables	Management Estimate	Estimated contribution income	N/A	10%	($3,454)/$3,454

12. Investments Properties

Property valuations were conducted at 30 June 2019 by m3property. The valuations adopted have been calculated using fair values based on the existing use of the properties.

Movements in fair value of investment properties were:

	2019 $'000	2018 $'000
Value at the beginning of reporting period	**44,200**	41,100
Acquisition	**-**	-
Addition	**1,062**	74
Disposal	**-**	-
Change in fair value	**3,238**	3,026
Value at the end of reporting period	**48,500**	44,200

The investment policy requires independent valuations to be conducted annually to assist the determination of the fair value of investment properties. The fair value represents the amount at which the properties could be exchanged between a willing knowledgeable buyer and a willing knowledgeable seller in an arm's length transaction at the valuation date, in accordance with the relevant valuation standards.

The highest and best use of the investment properties is not considered to be different from its current use.

12. Investments Properties (Continued)

	2019 $'000	2018 $'000
Rental income derived from investment properties	**3,007**	3,110
Direct operating expenses (including repairs and maintenance)	**(1,060)**	(1,037)
Net profit arising from investment properties carried at fair value	1,947	2,073

As at 30 June 2019, the Fund held the following properties carried at fair value in the statement of financial position:

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000	Total $'000
- Office properties	-	-	48,500	**48,500**
- Retail properties	-	-	-	-
- Commercial properties	-	-	-	-
Total financial properties	-	-	**48,500**	**48,500**

As at 30 June 2018, the Fund held the following properties carried at fair value in the statement of financial position:

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000	Total $'000
- Office properties	-	-	44,200	**44,200**
- Retail properties	-	-	-	-
- Commercial properties	-	-	-	-
Total financial properties	-	-	**44,200**	**44,200**

CoINVEST has no restrictions on the reliability of its investment property valuations and no contractual obligations to purchase, construct or develop investment properties.

The fair value of the properties has not been determined using observable transactions in the market because of the lack of comparable data given the nature of the property. Instead, a valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Inputs that form part of the valuation model include the rental yield, occupancy rates, value of improvements and the discount rate. There are interdependencies between a number of the assumptions made which mean that no single factor is likely to move independent of others.

The valuation model used is the income capitalisation approach using the following rental yield ranges 5.50% to 6.50% (2018: 5.71% to 7.05%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

13. Furniture, fittings and leasehold improvements

	2019 $'000	2018 $'000
Leasehold Improvements cost		
Opening Balance	663	634
Additions	292	29
Disposals	-	-
Closing Balance	955	663
Accumulated Depreciation		
Opening Balance	503	467
Depreciation for the year	40	36
Disposals	-	-
Closing Balance	543	503
Total Leasehold Improvements Net Book Value	412	160
Fixture and Fitting		
Cost		
Opening Balance	2,284	2,301
Additions	200	202
Disposals	(68)	(219)
Closing Balance	2,416	2,284
Accumulated Depreciation		
Opening Balance	1,760	1,783
Depreciation for the year	210	196
Disposals	(68)	(219)
Closing Balance	1,902	1,760
Total Fixture and Fitting Net Book Value	514	524
Total Fixture, fittings and leasehold improvements, at Cost	3,371	2,947
Total Fixture, fittings and leasehold improvements, Net Book Value	926	684

14. Payables

	Notes	2019 $'000	2018 $'000
Trade creditors and accruals		**945**	869
Related party trade and other payables	19	**3,391**	2,980
PAYG and GST payable		**54**	20
		4,390	3,869

15. Reconciliation of Operating Surplus/(Deficit) to Net Cash

Inflows (Outflows) from Operating Activities

Operating Surplus	**102,868**	95,953
Add/(Deduct) items classified as Investing Activities		
Gain on Sale of Furniture, fittings and leasehold improvements	**12**	5
Investment (Gains)	**(122,650)**	(113,933)
Investment Expenses	**4,831**	5,056
Add/(Deduct) Non - cash Items		
Depreciation - Furniture, fittings and leasehold improvements	**1,217**	232
Amounts Set Aside for Provision for Doubtful Debts	**250**	443
Net Cash Used in Operating Activities Before Change in Assets and Liabilities	**(13,472)**	(12,244)
Increase in Payables and Other Liabilities	**717**	1,037
Increase in Receivables	**-**	-
Net Cash Inflow from Operating Activities	**12,755**	(11,207)

16. Financial Risk Management Objectives and Policies

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

Credit risk

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

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

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

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

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

(i) Cash and Cash Equivalents

Credit Ratings

- At least 70% (by value) of the cash and cash equivalents	A-1 or higher rated bank
- A maximum of 30% (by value) of the cash and cash equivalents	A-2 or less rated bank
- No more than 20% of the portfolio	Unrated

Security Limits

(a) a maximum face value holding of $5,000,000
(b) a maximum deposit holding in any registered Australian bank A-1 or greater of $15,000,000
(c) a maximum deposit holding in any registered Australian bank A-2 of $10,000,000
(d) a maximum deposit holding in any registered Australian bank A-3 or less of $5,000,000

(ii) Australian Fixed Interest

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

In 2018 the Board approved deposits with an Australian registered bank exceeding that maximum by $15,000,000 as the Fund liquidated investments and transitioned to a revised strategic assets allocation. Other than as disclosed, there were no other breaches of these guidelines in both the current reporting period and the prior reporting period.

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

16. Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

2019	Total $'000	AAA to A+ $'000	A to BBB- $'000	Unrated $'000
Interest bearing securities designated at fair value through profit or loss				
- Corporate securities	104,826	79,022	25,804	-
- Government securities	265,365	253,577	11,788	-
	370,191	332,599	37,592	-

2018	Total $'000	AAA to A+ $'000	A to BBB- $'000	Unrated $'000
Interest bearing securities designated at fair value through profit or loss				
- Corporate securities	59,206	42,156	14,937	2,113
- Government securities	103,221	97,568	5,653	-
	162,427	139,724	20,590	2,113

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations as they fall due.

Contributions from employers and working subcontractors, property rental income and investments in financial instruments, that are readily convertible to cash under normal market conditions, enable the Fund to control this risk. They provide sufficient cash to meet normal operating requirements.

Financial liabilities of the Fund comprise long service liabilities, working subcontractor accounts and trade and other payables. Values in the tables below are not discounted.

Maturity of the Fund's financial liabilities at 30 June 2019 was expected to be:

	Within 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
2019							
Long service benefits	167,900	165,600	171,800	178,000	185,000	341,065	1,209,365
Working subcontractor accounts	5,663	5,585	5,794	6,004	6,240	11,503	40,789
Trade and other payables	4,586	-	-	-	-	-	4,586
Total undiscounted financial liabilities excluding settled derivatives	**178,149**	**171,185**	**177,594**	**184,004**	**191,240**	**352,568**	**1,254,740**
Forward currency contracts	493	-	-	-	-	-	493
Total undiscounted financial liabilities including settled derivatives	**177,656**	**171,185**	**177,594**	**184,004**	**191,240**	**352,568**	**1,254,247**
2018							
Long service benefit	159,000	158,900	163,100	168,500	172,000	373,400	1,194,900
Working subcontractor accounts	5,167	5,164	5,301	5,476	5,590	12,135	38,833
Trade and other payables	4,151	-	-	-	-	-	4,151
Total undiscounted financial liabilities excluding settled derivatives	168,318	164,064	168,401	173,976	177,590	385,535	1,237,884
Forward currency contracts	4,921	-	-	-	-	-	4,921
Total undiscounted financial liabilities including settled derivatives	173,239	164,064	168,401	173,976	177,590	385,535	1,242,805

16. Financial Risk Management Objectives and Policies (continued)

Liquidity risk (continued)

The Actuarial report at 30 June 2019 contained the following forecasts.

At years after balance dates	1 year $'000	2 years $'000	3 years $'000	4 years $'000	5 years $'000
2019					
Net assets available for long service benefits	1,572,600	1,701,300	1,845,700	2,007,900	2,188,800
Vested long service benefits liability	1,172,500	1,209,800	1,247,900	1,288,600	1,324,700
Potential long service benefits liability (Accrued less Vested long service benefits liability)	111,000	137,800	170,100	202,500	249,800
2018					
Net assets available for long service benefits	1,359,700	1,427,100	1,504,600	1,592,300	1,693,500
Vested long service benefits liability	1,081,100	1,124,100	1,153,000	1,176,000	1,198,100
Potential long service benefits liability (Accrued less Vested long service benefits liability)	54,200	52,600	70,600	99,400	126,500

An actuarial review of the Fund's long service liabilities is conducted annually. That review includes forecasts of the Fund's ability to meet its obligations and may include recommendations regarding the rate of employer contributions necessary to satisfy that funding objective.

Market risk

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Fund's investment policy is to keep between 15% and 21% of its investments in Australian interest bearing securities. The return on these financial assets will fluctuate in accordance with movements in market interest rates. Investment returns are reported monthly, including comparison to an external benchmark appropriate to the interest bearing securities held. At 30 June 2019 the fair value of interest bearing securities held represented 26.83% (2018: 14.9%) of the Fund's investments.

Financial assets exposed to interest rate risk were:

	2019 $'000	2018 $'000
Cash and cash equivalents	**24,235**	33,831
Australian Interest bearing assets	**370,191**	162,426
	394.426	196.267

The following sensitivity analysis is on the interest rate exposures in existence at year end and measures the effect on interest income for one year on the Fund's variable rate financial assets, and changes in fair value of the Fund's fixed rate financial assets for one year of a reasonably possible movement in interest rate.

Interest rate sensitivity considers changes in the Reserve Bank of Australia's official cash rate over the previous five years and market forecasts of future movements. If at balance date interest rates had moved as illustrated in the table below, with all other variables held constant the interest income and fair value of interest bearing assets would have been affected as follows:

16. Financial Risk Management Objectives and Policies (continued)

Interest rate risk (continued)

	Interest income Increase / (decrease)		Fair value Increase / (decrease)	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
+0.50% (2018: +0.50%)	812	264	(1,851)	(812)
-0.25% (2018: -0.25%)	(406)	(132)	925	406

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

Currency risk

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

The Fund engages global investment managers to invest in global markets. As a result the Fund is exposed to currency movements and recognises that these movements can have a significant impact – positive or negative, on the valuation and earnings from those investments.

The return on investment on these financial assets will fluctuate in accordance with movements in both market fair value and currency. Investment returns are reported monthly, including comparison to an external benchmark appropriate to the foreign currency assets held. The effect of foreign currency movements is considered at each meeting of the Finance and Investment Committee of the Trustee. A currency manager has been engaged to actively deal with the Fund's exposure to currency risk by use of forward exchange contracts. Accordingly, at 30 June 2019 the fair value of foreign currency assets net of currency hedging was 19.45% (2018: 15.05%) of the Fund's investments.

The Fund's exposure to currency risk net of currency hedging was as follows:

	2019 AUD $'000	2018 AUD $'000
United States of America (USD)	185,049	139,370
Euro (EUR)	43,750	8,650
Japan (JPY)	7,801	5,828
Great Britain (GBP)	14,837	15,602
Hong Kong (HKD)	7,045	6,878
Other currencies	22,840	20,058
Total net currency exposure	284,322	196,386

The following sensitivity analysis is on the currency risk exposures in existence at year end and measures the effect of a reasonably possible movement of the Australian dollar against the specified currencies on investment income for one year.

Currency sensitivity considers change in the Reserve Bank of Australia's official exchange rates for the nominated currencies over the previous five years and market forecasts of future movements.

At 30 June 2019 had the Australian dollar moved against foreign currencies as specified in the table below, with all other variables held constant investment income would have been affected as follows:

Investment income Increase/(decrease)

	2019 $'000	2018 $'000
AUD/USD + 10.0% (2018+8.0%)	(16,823)	(10,324)
AUD/USD – 10.0% (2018 -8.0%)	20,561	12,119
AUD/EUR + 10.0% (2018 + 8.0%)	(4,250)	(641)
AUD/EUR - 10.0% (2018 - 8.0%)	5,194	752
AUD/JPY + 10.0% (2018 + 8.0%)	(709)	(431)
AUD/JPY - 10.0% (2018 – 8.0%)	867	506
AUD/GBP + 10.0% (2018 + 8.0%)	(1,349)	(1,156)
AUD/GBP - 10.0% (2018 - 8.0%)	1,648	1,357
AUD/HKD +10.0% (2018 + 8.0%)	(641)	(509)
AUD/HKD - 10.0% (2018 – 10.0%)	783	598
AUD/OTH + 10.0% (2018 + 8.0%)	(2,076)	(1,486)
AUD/OTH - 10.0% (2018 - 8.0%)	2,538	1,744

The movements in investment income are due to gains/(losses) arising from foreign currencies translation to Australian currency that flow through to assets available for benefits in their entirety due to the Fund's tax exempt status.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

16. Financial Risk Management Objectives and Policies (continued)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments. Equity price risk exposure arises from the Fund's investment portfolio.

Equities at fair value through profit or loss exposed to equity price risk at balance sheet date were:

	2019 AUD $'000	2018 AUD $'000
Overseas equities	149,200	413,283
Australian equities	380,947	471,865
	530,147	885,148

The following sensitivity analysis is based on the equity price risk exposures in existence at the balance sheet date, and measures the effect of reasonably possible changes in market factors as represented by the equity indices. It considers change in the individual indices over the past 5 years and market forecasts.

If at 30 June 2019 had the equity markets moved as represented by market indices specified in the table below, with all other variables held constant the investment income would have been affected as follows:

Investment income		
	Increase/ (decrease)	Increase/ (decrease)
	2019 $'000	2018 $'000
MSCI World ex Australia		
+5.0% (2018: +5.0%)	19,047	20,664
- 15.0% (2018: - 15.0%)	(57,142)	(41,328)
ASX all ordinaries		
+5.0% (2018: +5.0%)	7,460	23,593
- 15.0% (2018: - 15.0%)	(22,380)	(70,780)

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

Fair values

Management have assessed that the carrying amounts of cash and cash equivalents, prepayments and other assets, investments, trade and other debtors and trade and other payables, approximate their fair value due to the short-term nature of these instruments.

17. Segment Information

The Fund operates solely in the business of provision of long service leave benefits to members and operates in Australia only.

18. Structured Entities

The Trustee considers that the Construction Industry Long Service Leave Fund meets the definition of a structured entity. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Trustee has no financial interest in the Fund it manages other than the receipt of management fees for services provided as Trustee. Total fees earned by the Trustee during the year were $13.7 million (2018: $12.5 million).

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

19. Related Parties

(a) Trustee Directors

The Directors are considered to be key management personnel of the Trustee. The Directors who held office during the reporting period are:

M Anderson	(Chairman) appointed 6 June 2005, appointed Chairman 1 October 2015
C Kelly	appointed 6 February 2014, resigned 2 July 2018
B Terzic	appointed 16 October 2018
A Harris	appointed 9 May 2017
R Graauwmans	appointed 1 July 2017
P McCrudden	appointed 22 November 2012
B Mitchell	appointed 23 August 2006, resigned 30 June 2019
D Newnham	appointed 1 July 2011
K Spargo	appointed 1 October 2005
D Fulton	appointed 1 October 2015
M Purnell	appointed 16 March 2016
G Donald	appointed 1 February 2017

(b) Trustee Director remuneration

Trustee Directors receive remuneration in relation to their duties as Directors of the Trustee Company.

Remuneration represents all compensation paid, payable or provided to or on behalf of, all Directors of the Trustee Company in respect of the management of the affairs of the Fund for the financial year.

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

	2019 $	2018 $
Short term benefits	588,526	556,080
Post-employment benefits	85,530	84,024
Total Directors' compensation	674,056	640,104

Directors' remuneration does not include an insurance premium of $104,079 cover 18 months to November 2019 (2018: $99,291 covering 18 months to May 2018) in respect of Directors and officers liability insurance contracts. The contracts do not specify premiums in respect of individual Directors and officers.

(c) Trustee key executives

In addition to the Directors noted above, the executives are considered to be Key Management Personnel with the authority for the strategic direction and management of the Trustee.

The key executives who held office during the financial year were:

J E Hartley	Chief Executive Officer
G T Pappas	Deputy Chief Executive Officer/Manager, Finance and Investment
B L Hansen	Manager, Membership Services
B Boyd	Manager, Corporate Strategy/ Company Secretary

(d) Trustee key executive remuneration

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

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

	2019 $	2018 $
Short term benefits	1,103,371	979,957
Post-employment benefits	99,535	101,030
Other long term benefits	37,980	32,786
Total Executive's remuneration	1,240,886	1,113,773

Executive officers' remuneration does not include an insurance premium of $104,079 covering 18 months to November 2019 (2018: $99,291 covering 18 months to May 2018) in respect of Directors and officers liability insurance contracts as the contracts do not specify premiums in respect of individual Directors and officers.

(e) Trustee Management Fee

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

	2019 $'000	2018 $'000
Related party trustee management fee	13,725	12,511
Related party trade and other payables	3,391	2,980

20. Commitments and contingencies

Operating lease commitments – as lessor

CoINVEST Ltd, the Trustee of the Fund, has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining terms of between 1 and 4 years. All leases include a clause to enable upward revision of the rental charge based on an agreed percentage increase, CPI or prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	2019 $'000	2018 $'000
Within one year	2,963	1,767
After one year but not more than five years	6,149	2,251
More than five years	1,203	-
	10,315	4,018

Commitments with related party

In accordance with the rules of the Fund, all expenses incurred by the Trustee in relation to the administration of the Fund are reimbursed by the Fund.

21. Remuneration of Auditors

	2019 $'000	2018 $'000
Fees paid to Ernst & Young for audit of the financial reports[1]	65	65
Fees paid to Pitcher Partners for internal audit services[1]	136	136
	201	201

[1] Fees related to audit for both the Company and the Fund. The remuneration of Auditors is paid by the Trustee and reimbursed by the Fund through Trustee Management Fee paid as disclosed in note 19.

22. Events Subsequent to Balance Date

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

ACTUARIAL LIABILITY CERTIFICATE

MERCER
MAKE TOMORROW, TODAY

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Mr John Hartley
Chief Executive Officer
CoINVEST
478 Albert Street
East Melbourne
VIC 3002

9 August 2019

Actuarial Liability as at 30 June 2019

Dear John,

We have carried out an investigation as at 30 June 2019 and have calculated the actuarial liability for accrued long service leave benefits to be $1,209.365 million. This does not include any amount in respect of Working Subcontractor account balances.

The actuarial liability is the present value of the future expected long service leave payments due to members of CoINVEST in relation to recognised service to 30 June 2019.

Our letter dated 15 July 2019 ("Preliminary Calculation of Accrued Long Service Leave Liabilities as at 30 June 2019") sets out the methodology and assumptions used in calculating this liability. The same methodology and assumptions will be used to prepare our 30 June 2019 actuarial report, which is due to be completed later this month.

The key assumptions used are the discount rate, the future salary increase rate and the probabilities affecting the entitlement to, and timing of, long service leave payments.

Yours sincerely

Julian Hotz
Fellow of the Institute of Actuaries of Australia

MARSH & McLENNAN COMPANIES

Board Members
Michael Anderson (Chairman)
Grant Donald
Barry Terzic
Di Fulton
Robert Graauwmans
Arron Harris
Paddy McCrudden
Barry Mitchell
David Newnham
Michael Purnell
Kate Spargo
Craig Kelly

Chief Executive Officer
John Hartley

Managers
Brian Hansen
Manager, Membership Services

George Pappas
Manager, Finance and Investment

Ben Boyd
Manager, Corporate Strategy

Auditor
Ernst & Young
8 Exhibition Street
Melbourne 3000

Internal Auditor
Pitcher Partners
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Melbourne 3000

Actuarial Adviser
Mercer
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Melbourne 3001

Banker
Westpac Banking Corporation
360 Collins Street
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Solicitors
Maddocks Lawyers
Collins Square, 727 Collins Street
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3 Degrees Marketing
454 Church Street
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CoINVEST Limited (ABN 35 078 004 985)

(as Trustee for the Construction Industry
Long Service Leave Fund)

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