



PORTABLE
LONG SERVICE
LEAVE

annual report 2018-2019

Contract Cleaning Industry
(Portable Long Service Leave) Authority



- ➔ **VISION** – To be Australia’s most effective provider of portable long service leave benefits to the contract cleaning industry
- ➔ **PURPOSE** – Contribute to a contract cleaning industry whose workers are retained, rewarded and treated with equity
- ➔ **VALUES** – To support us in achieving our strategic goals, QLeave has adopted the five organisational values of the Queensland Public Service.



CUSTOMERS FIRST

- Know your customer
- Deliver what matters
- Make decisions with empathy



IDEAS INTO ACTION

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries



UNLEASH POTENTIAL

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback



BE COURAGEOUS

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency



EMPOWER PEOPLE

- Lead, empower and trust
- Play to everyone’s strengths
- Develop yourself and those around you

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QLeave administers the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* on behalf of the Contract Cleaning Industry (Portable Long Service Leave) Authority. For specific details of the statutory reporting requirements please access the QLeave – Building and Construction Industry (Portable Long Service Leave) Authority Annual Report 2018-19 at www.qleave.qld.gov.au

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LETTER OF COMPLIANCE

The Honourable Grace Grace MP
Minister for Employment and Minister for Industrial Relations
PO Box 15033
CITY EAST QLD 4002

26 August 2019

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2018-19 and financial statements for the Contract Cleaning Industry (Portable Long Service Leave) Authority.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at www.qleave.qld.gov.au

Yours sincerely



Don Brown
CHAIRPERSON
Contract Cleaning Industry (Portable Long Service Leave) Authority

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ABOUT THE AUTHORITY

The Contract Cleaning Industry (Portable Long Service Leave) Authority is a statutory body responsible for administering the portable long service leave scheme for workers and employers in the contract cleaning industry in Queensland.

The Scheme is established under the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. It is funded by a statutory and actuarially determined levy on registered employers and the investment of these collected funds. Based on actuarial recommendations indicating the strong financial position of the scheme, on 1 July 2018, the levy rate was reduced to 0.75% of workers' ordinary wages.

At 30 June 2019, the Scheme had over 55,228 workers and 784 employers registered. Since the Scheme's inception on 1 July 2005, over \$12.34 million has been paid in long service leave to 3,533 industry workers.

Opportunities to improve customer service delivery continue to be explored. In 2018, industry workers received their annual long service leave statement which showed a record of service credits and earnings. In addition, their statement also included an alert if no new service had been added in the financial year. This enhancement gives the worker an opportunity to ensure their employer/s are submitting service for all eligible work performed, and assures accuracy of long service leave entitlements for the industry.

QLLeave commenced a major project to scope an appropriate Customer Relationship Management solution to achieve the strategic goal of providing excellence in customer engagement and service delivery. This initiative has enabled significant process review to ensure optimal customer service delivery, improved business efficiency and meet the objective of being a responsive Government. System implementation is scheduled to occur in the next financial year.

The Board made a significant investment by committing additional resources to ensure equity of the Scheme. An initial investigation to determine the size of the contract cleaning industry in Queensland was conducted. Subsequently, a strategic goal of increasing the number of employers registered with the Scheme, by 5% over three years, was introduced and surpassed in the financial year. A compliance project to support this goal was initiated in July 2018 with the recruitment of additional staff dedicated to undertaking a range of state-wide stakeholder activities. This project will continue in the 2019-20 financial year.

We would like to express our appreciation to our Minister, the Honourable Grace Grace MP, and the Government for continuing to ensure legislative provisions support portable long service leave benefits for the contract cleaning industry in the future.

Thanks also to the Board for their support and commitment to improved administrative efficiency and excellence in customer service delivery.



Don Brown
CHAIRPERSON



Helen Sharpley
ACTING GENERAL MANAGER












OBJECTIVES AND PERFORMANCE INDICATORS

GOALS	STRATEGY	MEASURES	ACHIEVED
Effective systems and technology that provide confidence	<ul style="list-style-type: none"> → Maintain a secure reliable contemporary technology platform that meets the needs of our customers → Progress the implementation of a Customer Relationship Management (CRM) solution → Improve vendor relationship management 	<ul style="list-style-type: none"> → Availability and speed of network and systems → CRM – current state mapped, scoped, future state agreed, costed, implementation partner on board, implemented → Services and projects delivered in accordance with agreed contract requirements 	<ul style="list-style-type: none"> → The implementation of QLeave's ICT Roadmap is continuing → Current and future state business processes have been mapped, scoped and agreed → Translation into functional requirements revealed greater than expected complexity that has delayed system build → Implementation is likely to occur in the next year
Excellence in customer engagement and service delivery	<ul style="list-style-type: none"> → Develop multi-channel communications in conjunction with customers and stakeholders → Drive interjurisdictional collaboration → Progress formal customer service accreditation → Develop a strong QLeave brand 	<ul style="list-style-type: none"> → Commence adhoc and annual cyclic surveying of our customers – workers and employers → Satisfaction measured against customer experience objectives (be clear, be helpful, make it easier and do what you say) → Staged implementation of customer service accreditation – preparation, self-assessment, submission and test → Measures and reporting frameworks designed for all functional areas. → 5% increase in registered contract cleaning industry workers over the next three years 	<ul style="list-style-type: none"> → The survey schedule was deployed across all customer groups → The process of formal customer service accreditation is continuing → Measures and reporting frameworks continue to be developed → An 18% increase in registered contract cleaning industry workers was achieved
A customer focussed workforce that is engaged, resilient and results oriented	<ul style="list-style-type: none"> → Develop a formal implementation plan for Working for Queensland survey results → Human Resources Management frameworks developed to achieve objectives 	<ul style="list-style-type: none"> → Improvements in engagement, leadership and innovation measures → Succession planning embedded → Performance management embedded 	<ul style="list-style-type: none"> → An external consultant is working with the leadership and management team in engagement and capability development → Embedding of succession planning is ongoing → An electronic performance development system was introduced
Maintain responsible investment strategies to support levy stability	<ul style="list-style-type: none"> → Manage the investment portfolio in accordance with risk and return profile outlined in the Investment Policy Statement. Investment strategy monitored and reviewed annually with Investment Adviser 	<ul style="list-style-type: none"> → Accrued Benefits Reserve Index in a range of 105-120% → Targeted levy compliance activity 	<ul style="list-style-type: none"> → Q1 284.06% → Q2 265.76% → Q3 285.83% → Q4 245.87% <p>Compliance objectives were met</p>

CLIENT SERVICES

PERFORMANCE MEASURES

		2014-15	2015-16	2016-17	2017-18	2018-19
	Workers registered	45,383	44,571	43,689	44,589	55,228
	Active workers*	17,110	19,345	18,486	19,276	21,166
	Employers registered	722	704	694	730	784
	Number of claims paid to employers	133	104	90	120	122
	Value of claims paid to employers	\$459,455	\$356,294	\$353,384	\$363,546	\$325,141
	Number of claims paid to workers	196	252	348	431	433
	Value of claims paid to workers	\$818,161	\$1.1m	\$1.49m	\$1.89m	\$2.00m
	Levy collected	\$5.3M	\$4.3M	\$3.78M	\$4.04m	\$3.39m
	Levy paid electronically	91%	95%	97%	99%	99%

* Active workers are workers who have recorded service in one of the previous four quarters.

- Legislation requires the Authority to conduct an annual review of all worker records and cancel the membership of those workers who have not recorded service in the previous four financial years. QLeave has begun communicating with relevant members and this process will continue to identify and cancel any registrations as appropriate over the coming months.
- Long service leave statements were made available to workers in October 2018. The statement shows a worker's record of service credits for the financial year and their recorded earnings as well as their total service credits since registration, based on the information reported by their employer in the quarterly returns.
- A newsletter was included with the statement providing instructions for reading the statement, general Scheme information, interpreter information and other relevant content.
- Feedback provided by employers is being used to improve services related to usability of online lodgement facilities, including the time taken to complete the return. Quarterly newsletters were provided to employers focussed on the online employer return facility and other education and awareness issues relating to their registration. Further information was provided to support employers to claim reimbursement following long service leave payment to their workers.



COMPLIANCE THROUGH ENGAGEMENT

The Board set a goal of increasing registered contract cleaning industry workers by 5% in the next three years. A dedicated project team was established to increase scheme compliance in the industry. Throughout the year, the team travelled extensively across Queensland focussing on compliance to ensure eligible workers receive their long service leave entitlements and employers meet their reporting and levy-paying obligations. Outcomes of this additional compliance activity include:

- 2,743 new workers (representing an increase of 18%)
- 1,143 workers engaged onsite with compliance staff
- 186 new employers identified
- \$227,893 in levies collected
- 1,755 investigative activities
- 1,228 site visits
- 8 books and audit inspections

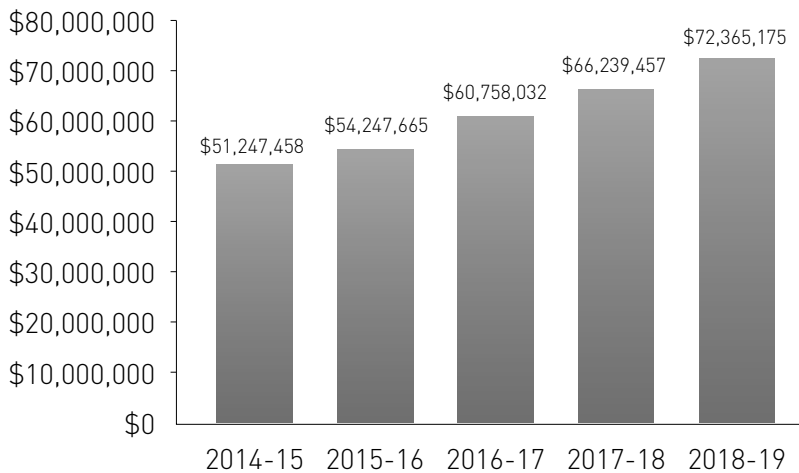
In addition, stakeholder engagement was increased by supporting a range of industry activities with relevant associations, unions, institutes and government bodies.

FINANCIAL MANAGEMENT

INVESTMENT PERFORMANCE

Investment returns play a significant part in ensuring the sustainability of the Scheme. This is necessary to cater for the increase in the long service leave liability and to maintain levy rates at the lowest possible level.

Investment Performance 2014-2019



BUDGET PERFORMANCE

The operational budget is closely monitored on a monthly basis. The administration costs include \$641,130 paid to QLeave to administer the Contract Cleaning Industry Portable Long Service Leave Scheme on behalf of the Authority.

Project type	Actual (\$000s)	Variance to Budget (\$000s)
Levies income	3,385	395
Investment income	4,708	843
Supplies, services and employee expenses	1,391	166
Long service leave payments	2,325	(625)

The total provision for the Scheme's accrued long service leave entitlements at 30 June 2019, as determined by the actuary, was \$29.35 million which is an increase of \$5.02 million (21%) from the previous year.

The 2018-19 financial year saw the Authority make an operating deficit of \$646,000. Equity is \$43.26 million.



GOVERNANCE

The Contract Cleaning Industry (Portable Long Service Leave) Authority ('the Authority') is governed by a board of directors (the 'Board') appointed by the Governor-in-Council, in accordance with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* (the 'Act'). The Board reports to the Honourable Grace Grace MP, Minister for Employment and Minister for Industrial Relations.

The Contract Cleaning Industry (Portable Long Service Leave) Scheme (the 'Scheme') is administered by QLeave, on behalf of the Authority. QLeave is remunerated through an administration charges arrangement.

The role of the Board includes:

- responsibility for the Authority's commercial policy and management
- determining the strategic direction and overseeing development of the Strategic Plan
- monitoring strategic goals and managing risks
- monitoring financial and investment performance
- ensuring that the Authority performs its functions in an appropriate, effective and efficient way.

The Board operates under the provisions of the Act and other governing legislation, and within the scope of the Board Guidelines.

COMPOSITION OF THE BOARD

The Board is appointed for a term of three years and directors are eligible for re-appointment. The term of the current Board commenced on 1 July 2017 and is due to expire on 30 June 2020.

The Board consists of six directors:

- (a) the chairperson
- (b) the deputy chairperson
- (c) two directors representing employers in the contract cleaning industry
- (d) two directors representing workers in the contract cleaning industry.

The deputy chairperson must be a person with knowledge of, and experience in, commerce, economics, finance or management.

The current Board comprised the following directors:

Chairperson:	Don Brown
Deputy Chairperson:	Sue Ryan
Employer Representatives:	Ken Holder Kim Puxty
Worker Representatives:	Damien Davie Natalia Pantano

FOCUS FOR THE BOARD 2018-19

The major issues for the Board for the 2018-19 year were:

- to manage the investment portfolio in accordance with the Investment Policy Statement
- to monitor the actuarial position to ensure the adequacy of the Authority's funds and the adequacy of the levy rate
- to increase compliance under the Act by ensuring relevant employers are registered with the Scheme, through a dedicated compliance program

REMUNERATION

The Board falls within Remuneration Level 3 of Category Regulation, Administration and Advice under the Queensland Government's Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities.

BOARD MEETINGS

Director	Meetings attended	Approved daily fee	Actual fees received
Number of meetings held	5		
Don Brown	4	\$390	\$1560
Sue Ryan	5	\$300	\$1590
Ken Holder	4	\$300	\$1200
Kim Puxty	5	\$300	\$1500
Damien Davie	5	\$300	\$1500
Natalia Pantano	4	\$300	\$1200

2018-19 BOARD PERFORMANCE ASSESSMENT

The Board directors undertake an annual Board performance evaluation, to highlight the achievements throughout the financial year and identify opportunities for improvement. The evaluation is a structured self-assessment process that also allows individual directors to review their own performance. The outcomes of the evaluation are discussed in an *in camera* session led by the Chairperson, to identify the strengths and development requirements of board operations, review and measure the Authority's progress towards its goals, training needs and open channels of communication.



DIRECTORS OF THE BOARD

→ DON BROWN, CHAIRPERSON

Mr Brown was appointed as Chairperson of the Board on 1 July 2017. Mr Brown's previous roles include those of Queensland Workplace Rights Ombudsman, Member of the Queensland Industrial Relations Commission and Union Official.

Mr Brown brings to the Board a comprehensive range of skills in dealing with complex issues, including dispute resolution, conducting sensitive investigations requiring confidentiality and convening, chairing and facilitating high level meetings and conferences.

→ SUE RYAN BBus (Accounting), GAICD, DEPUTY CHAIRPERSON

Ms Ryan was appointed as Deputy Chairperson of the Board on 1 July 2017, and has a broad range of experience in senior executive government positions across a number of portfolios.

Ms Ryan's roles have included policy development and service delivery, corporate governance and financial and investment management. As Chief Financial Officer, Ms Ryan had strategic oversight of budgets up to \$1 billion. Ms Ryan's financial experience extended to providing strategic analysis and advice to a State Government Minister on the financial position, trends and investment decisions. Ms Ryan also developed and implemented grants programs, investment reprioritisation initiatives, investment programs and benefits realisation frameworks.

Ms Ryan is currently the Chairperson of three Audit and Risk Committees and is an independent member for another two Audit and Risk Committees for a number of State Government Departments. Ms Ryan believes that robust audit, risk and compliance functions of an agency is key to strong corporate governance.

→ KEN HOLDER BA, MA (Hons), MBA, GAICD, JP (Qual), EMPLOYER REPRESENTATIVE

Mr Holder was appointed to the Board in 2014. For the past 11 years, Mr Holder has been the CEO and a Director of Pickwick Group Pty Ltd. He is also a Director of its Indigenous joint venture partner, Pickwick 1A Facilities Services & Recruitment Pty Ltd. These integrated facilities services companies provide contract cleaning and associated services to a wide range of commercial and industrial businesses and government organisations throughout Australia and New Zealand.

Mr Holder has over 30 years' business experience in the private sector, including facility services, building, industrial and manufacturing products, and forestry. Prior to Pickwick, Mr Holder spent over 20 years in general management and senior marketing and business development roles with several international publicly listed companies based in New Zealand, Australia and Canada.

→ KIM PUXTY DipBus, JP (Qual), EMPLOYER REPRESENTATIVE

Ms Puxty was appointed to the Board in 2011. Ms Puxty is the Manager of Ellems Cleaning Service Pty Ltd, and has been an Executive Committee Member of the Building Service Contractors Association of Australia (BSCAA - Queensland Division) since 2010. Ms Puxty currently holds the role of Director of BSCAA Queensland and President of BSCAA National.

Ms Puxty has over 20 years' experience in the contract cleaning industry, within both administration and operations areas. Ms Puxty's administration experience within the commercial cleaning industry includes areas such as human resources, payroll, accounts, quality assurance and managing of client profiles. Ms Puxty has also managed client accounts for large associations and government entities.



→ **DAMIEN DAVIE, WORKER REPRESENTATIVE**

Mr Davie was appointed to the Board in 2010. Mr Davie is the Property Services Coordinator for United Voice Union, and has been with the Union since 2004. Mr Davie's role as Coordinator of Property Services Division of United Voice Union covers all contract cleaners in Queensland, as well as the industries of contract security and contract catering. Additionally, Mr Davie is a member of the Union's national Strategic Steering Group which develops policies for wages and conditions, deals with issues affecting contract cleaners and develops national standards for wages.

Mr Davie travels extensively throughout the State to liaise with both contract cleaning workers and employer companies, to promote the best interests of workers in the industry, resolve workplace issues affecting contract cleaning industry workers and negotiate fair and equitable working conditions for contract cleaning industry workers.

→ **NATALIA PANTANO BSc (Pontificia Universidad Janeriana), WORKER REPRESENTATIVE**

Ms Pantano was appointed to the Board on 1 July 2017 and is a union official with United Voice Union. Ms Pantano has been an organiser since 2010, representing contract cleaners and security officers. Ms Pantano is hands-on, highly skilled and solutions focussed, working for the betterment of worker rights. Ms Pantano's career demonstrates expertise and outstanding performance in providing industrial and employment advice to contract cleaners, liaising with employer groups and industry organisations.

Ms Pantano is actively involved with the Queensland Community Alliance providing information to international students and vulnerable workers about exploitation and compliance with the *Labour Hire Licensing Act 2017*.



RISK MANAGEMENT

ACTUARIAL REPORTING

A full actuarial assessment is performed every two years to investigate the adequacy of the Authority's funds and the long service leave levy, to ensure the Scheme's financial viability to perpetuity, with an interim assessment every other year.

The Authority's actuary, Mercer Consulting, forecasts whether investment strategies will continue to generate sufficient funds to meet future commitments for long service leave payments, and maintain the long-term sustainability of the Scheme.

An interim actuarial assessment was undertaken in 2018-19 to examine the financial position of the Scheme in relation to the long service leave entitlements accrued up to 30 June 2019. The Actuary concluded that the Scheme remains in a very sound financial position and the current levy rate remains appropriate.

INTERNAL AUDIT

The Authority's Internal Audit function has been fully outsourced to Protiviti since 2017.

The Authority's Internal Audit Program has adopted an integrated approach on the issues of governance, risk management and compliance. The focus of the program for 2018-19 included:

- compliance with laws and regulations, policies, procedures and contracts
- reliability and integrity of financial and operational information review
- enterprise risk management review
- statutory registers and claims review
- review and renewal of the Internal Audit Charter and Framework.

Whilst staff training is undertaken for QLeave's high risk areas, specific training in risk management is being conducted to ensure a culture of risk management is embedded throughout the organisation.

EXTERNAL AUDIT

The external audit function is undertaken by the Queensland Audit Office. The external audit program and timetable are presented to the Board in April for approval. In August, the findings, recommendations and audited financial statements are presented to the Board for approval and Queensland Audit Office for certification.

RECORDKEEPING

Under the cost-sharing agreement, the Authority utilises QLeave's information and recordkeeping systems, including Content Manager for electronic document and records management.

The Authority relies on QLeave for its commitment to quality recordkeeping practices in order to achieve compliance with the *Public Records Act 2002*, and Records Governance Policy.

For information on recordkeeping and information system activities undertaken by QLeave in 2018-19 refer to the QLeave Annual Report 2018-19.

CONTRACT CLEANING INDUSTRY Strategic Plan 2019-23



VISION





To be Australia's most effective provider of portable long service leave benefits to the contract cleaning industry



PURPOSE

Contribute to a contract cleaning industry whose workers are retained, rewarded and treated with equity

STRATEGIC PLAN AND PRIORITIES FOR THE NEXT REPORTING PERIOD

GOAL	STRATEGY	MEASURES
 Effective systems and technology that provide confidence	<ul style="list-style-type: none"> → Maintain a secure reliable contemporary technology platform that meets the needs of our customers → Progress the implementation of a Customer Relationship Management (CRM) solution → Improve vendor relationship management 	<ul style="list-style-type: none"> → Availability and speed of network and systems → CRM – current state mapped, scoped, future state agreed, costed, implementation partner on board, implemented → Services and projects delivered in accordance with agreed contract requirements
 Excellence in customer engagement and service delivery	<ul style="list-style-type: none"> → Develop multi-channel communications in conjunction with customers and stakeholders → Drive interjurisdictional collaboration → Progress formal customer service accreditation → Develop a strong QLeave brand 	<ul style="list-style-type: none"> → Commence adhoc and annual cyclic surveying of our customers - Workers and Employers → Overall satisfaction of 90% measured against customer experience objectives (be clear, be helpful, make it easier and do what you say) → Staged implementation of customer service accreditation – preparation, self-assessment, submission and test → Measures and reporting frameworks designed for all functional areas → A 5% increase in registered contract cleaning industry workers each year for the next three years
 A customer focussed workforce that is engaged, resilient and results oriented	<ul style="list-style-type: none"> → Develop a formal implementation plan for Working for Queensland survey results → Human Resources Management frameworks developed to achieve objectives 	<ul style="list-style-type: none"> → Improvements in engagement, leadership and innovation measures → Succession planning embedded → Performance management embedded
 Maintain responsible investment strategies to support levy stability	<ul style="list-style-type: none"> → Manage the investment portfolio in accordance with risk and return profile outlined in the Investment Policy Statement. Investment strategy monitored and reviewed annually with Investment Adviser 	<ul style="list-style-type: none"> → Accrued Benefits Reserve Index in a range of 105 - 120% → Targeted levy compliance activity

ACCOUNTABILITIES



We manage funds required to ensure that workers will be paid when they take long service leave



We operate with Board governance and staff adopt the accountabilities and tradition of the Public Service to protect the interests of levy payers and workers

GOVERNANCE STATEMENT



QLeave provides quality services by maintaining sound governance arrangements for accountability, managing risk, culture and compliance. This enables the agency to prepare and respond to future scheme demands

STRATEGIC RISKS

→ REPUTATION

Failure to maintain key stakeholder support

→ FINANCIAL

Financial position does not meet long term liabilities

→ OPERATIONAL

Systems do not provide the services required for levy collection, information entry and portable long service leave payment

→ HUMAN RESOURCE

Poorly engaged staff fail to contribute to opportunities to improve client services



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FINANCIAL STATEMENTS

Contract Cleaning Industry (Portable Long Service Leave) Authority

For the Year Ended 30 June 2019



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Contract Cleaning Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2019

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Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
OPERATING RESULT			
Income from Continuing Operations			
Portable long service leave levies	B1-1	3,385	4,042
Income from investments	B1-2	3,156	3,048
Net fair value gain on investments	B1-3	1,547	2,069
Interest		5	4
Total Income from Continuing Operations		8,093	9,163
Expenses from Continuing Operations			
Employee expenses		10	10
Supplies and services	B2-1	1,381	983
Impairment losses	B2-2	3	(8)
Portable long service leave scheme benefits	C5	7,345	4,592
Total Expenses from Continuing Operations		8,739	5,577
Operating Result from Continuing Operations		(646)	3,586
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		(646)	3,586

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Financial Position
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	C1	191	46
Receivables	C2	881	2,262
Investments	C3	72,174	66,193
Prepayments		-	2
Total Current Assets		73,246	68,503
Total Assets		73,246	68,503
Current Liabilities			
Payables	C4	625	256
Provision for scheme benefits	C5	18,851	14,548
Total Current Liabilities		19,476	14,804
Non-Current Liabilities			
Provision for scheme benefits	C5	10,503	9,786
Total Non-Current Liabilities		10,503	9,786
Total Liabilities		29,979	24,590
Net Assets		43,267	43,913
Equity			
Accumulated surplus		43,267	43,913
Total Equity		43,267	43,913

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Changes in Equity
For the year ended 30 June 2019

	Accumulated Surplus \$'000
Balance as at 1 July 2017	40,327
Total Comprehensive Income for the Year	3,586
Balance at 30 June 2018	<u>43,913</u>
Total Comprehensive Income for the Year	(646)
Balance at 30 June 2019	<u><u>43,267</u></u>

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Statement of Cash Flows
for the year ended 30 June 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019 \$'000	2018 \$'000
<i>Inflows:</i>			
Interest		5	4
Portable long service leave levies		3,492	3,940
GST input tax credits from ATO		111	75
<i>Outflows:</i>			
Employee expenses		(10)	(8)
Supplies and services		(838)	(770)
Portable long service leave paid		(2,325)	(2,262)
GST paid to suppliers		(103)	(93)
Net cash provided by operating activities	CF-1	<u>332</u>	<u>886</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows:</i>			
Proceeds from investments		187	209
<i>Outflows:</i>			
Purchase of investments		(200)	(970)
Investment expenses paid		(174)	(195)
Net cash used in investing activities		<u>(187)</u>	<u>(956)</u>
 Net increase/(decrease) in cash and cash equivalents		145	(70)
 Cash and cash equivalents - opening balance		<u>46</u>	<u>116</u>
Cash and cash equivalents - closing balance	C1	<u><u>191</u></u>	<u><u>46</u></u>

The accompanying notes form part of these financial statements.

Contract Cleaning Industry (Portable Long Service Leave) Authority

Statement of Cash Flows

for the year ended 30 June 2019

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2019	2018
	\$'000	\$'000
Operating surplus	(646)	3,586
<i>Adjustments to investment items:</i>		
Investment income	(5,968)	(4,790)
Investment expense	174	195
<i>Changes in assets and liabilities</i>		
Increase (decrease) in PLSL scheme benefits provision	5,020	2,334
(Increase) decrease in receivables	1,381	(446)
(Increase) decrease in prepayments	2	(2)
Increase (decrease) in payables	369	9
Net cash provided by operating activities	332	886

SECTION 1
ABOUT THE AUTHORITY AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Contract Cleaning Industry (Portable Long Service Leave) Authority (Authority) was established under the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*.

The principle place of business of the Authority is Unit 1, 62 Crockford Street, Northgate QLD 4013.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The Authority has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements and comply with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2019.

The financial statements are for the Authority as a single entity. With respect to compliance with Australian Accounting Standards and Interpretations, the Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit statutory body which commenced operations 1 July 2005.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note E3.

A1-3 PRESENTATION

Currency and rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2017-18 financial statements and has been restated where necessary to be consistent with disclosures in the current reporting period.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Authority does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Chair of the Authority's Board and the General Manager of QLeave at the date of signing the Management Certificate.

A1-5 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for the following:

- Provisions expected to be settled 12 or more months after the reporting date which are measured at their present value; and
- Investments with QIC which are measured at fair value.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-5 BASIS OF MEASUREMENT (continued)

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.
- The *income approach* converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Present value

Present value represents the present discounted value of the future net cash flows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

A2 AUTHORITY OBJECTIVES

The objective of the Authority is to administer a paid long service leave scheme for eligible workers within the contract cleaning industry in accordance with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005*.

The Authority is funded by a levy imposed on worker wages, currently 0.75%, and the income earned on the investment of these funds.

For the 2018-19 financial year, the Authority reported to the Minister for Education and Minister for Industrial Relations (Hon Grace Grace MP).

The Authority does not employ staff. The General Manager of the Authority is the person appointed as the General Manager of the Building and Construction Industry (Portable Long Service Leave) Authority (BCI or QLeave) and manages the business of the Authority. The BCI staff provide the Authority with the administrative support services that it requires to carry out its functions. Costs shown in the statement of comprehensive income under employee expenses represents committee attendance fees for Directors.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 INCOME FROM LEVIES

	2019	2018
	\$'000	\$'000
Portable long service leave levies	<u>3,385</u>	<u>4,042</u>

Accounting policy - Income from levies

Revenue is recognised where it can be reliably measured and the entity has an unconditional right to receive it in the period to which it relates. Levy revenue applicable to the last quarter, April to June 2019, has been estimated and accrued based on levies received year to date and specifically the average of the three quarter return periods, July 2018 to March 2019.

B1-2 INCOME FROM INVESTMENTS

	2019	2018
	\$'000	\$'000
Distribution from:		
QIC Cash Enhanced Fund	224	184
QIC Growth Fund	1,678	2,864
QIC Diversified Australian Equities Fund	683	-
QIC International Equities Fund	571	-
Total	<u>3,156</u>	<u>3,048</u>

Accounting policy - Income from investments

Distribution income and earnings from investments are recognised when the right to receive the payment is established.

B1-3 NET FAIR VALUE GAIN ON INVESTMENTS

	2019	2018
	\$'000	\$'000
<i>QIC Cash Enhanced Fund</i>		
Earnings	254	206
Less: Distributions	(224)	(184)
Fair value movement	<u>30</u>	<u>22</u>
<i>QIC Growth Fund</i>		
Earnings	2,857	4,910
Less: Distributions	(1,678)	(2,863)
Fair value movement	<u>1,179</u>	<u>2,047</u>
<i>QIC Diversified Australian Equities Fund</i>		
Earnings	959	-
Less: Distributions	(683)	-
Fair value movement	<u>276</u>	<u>-</u>
<i>QIC International Equities Fund</i>		
Earnings	633	-
Less: Distributions	(571)	-
Fair value movement	<u>62</u>	<u>-</u>
Total fair value movement	<u>1,547</u>	<u>2,069</u>

Accounting policy - Net fair value gain on investments

Gains arising from changes in the fair value measurement of investment funds are included in the operating result for the period in which they arise.

Net fair value movement on investments Note D1-4.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

B2 EXPENSES

B2-1 SUPPLIES AND SERVICES

Accounting policy - Procurement

For a transaction to be classified as supplies and services, the value of goods and services received by the Authority must be approximately equal value to the value of the consideration exchanged for those goods or services.

	2019 \$'000	2018 \$'000
Agency fees - QLeave ⁽¹⁾	1,093	692
Audit fees ⁽²⁾	4	11
Consultancy charges (including actuarial fees)	10	30
Contractor charges	11	-
Fund management fees ⁽³⁾	175	193
Insurance premiums - QGIF ⁽⁴⁾	2	2
Other expenses	44	39
Postage & freight	42	16
Total	1,381	983

Agency fees - QLeave

- (1) The Authority, under agreement, pays to QLeave a fee for the administrative services that it requires to carry out its functions effectively and efficiently, including the collection of levies.

Audit fees

- (2) The total audit fees quoted by the Queensland Audit Office relating to the external audit of the 2018-19 financial statements are estimated to be \$11,100 (2018: \$11,100). There are no non-audit services included in this amount.

Fund management fees

- (3) Fund management fees are charged by Queensland Investment Corporation for the management of the Authority's investments.

Insurance premiums - QGIF

- (4) The Authority's risks are insured through the Queensland Government Insurance Fund and premiums are paid on a risk assessment basis. In addition, the Authority pays premiums to WorkCover Queensland in respect of its obligations for Director compensation.

B2-2 IMPAIRMENT LOSSES

Impairment

	2019 \$'000	2018 \$'000
Trade receivables	3	(8)

Impairment losses may arise on assets held by the Authority from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in Note C2-1

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Cash at bank	<u>191</u>	<u>46</u>

Accounting policy - Cash and cash equivalents

For the purpose of the statement of financial position and the statement of cash flow, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

C2 RECEIVABLES

	2019 \$'000	2018 \$'000
Trade debtors	73	42
Less: Loss allowance	<u>(4)</u>	<u>(20)</u>
	69	22
Accrued revenue	780	2,199
GST input tax credits receivable	<u>32</u>	<u>41</u>
	812	2,240
Total	<u>881</u>	<u>2,262</u>

Accounting policy - Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the end of a return quarter. Settlement of these amounts is required within 14 days from the end of the quarter.

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written off as at 30 June. The allowance for impairment is based on loss events in conjunction with current debtor monitoring and analysis.

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting policy - Impairment of receivables

The loss allowance for trade debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the authority's debtors, and relevant industry data form part of the Authority's impairment assessment.

Where the Authority has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 90 days past due and the department has ceased enforcement activity. If the amount of the debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed in Note B2-2.

C3 INVESTMENTS

	2019 \$'000	2018 \$'000
QIC - Cash Enhanced Fund	10,086	9,238
QIC - Growth Fund	40,456	56,955
QIC - Diversified Australian Equities Fund	11,839	-
QIC - International Equities Fund	9,793	-
Total	<u>72,174</u>	<u>66,193</u>

Accounting policy - Investments

The Authority's investments are held at fair value through profit and loss and are limited to unlisted unit trusts managed by Queensland Investment Corporation (QIC). The fair value of these investments were estimated using market approach based on unit price of the relevant trust at reporting date. The unit price is derived based on observable market data for underlying investments held by the trust.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

C4 PAYABLES

Accounting policy - Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, net of applicable trade and other discounts. Amounts owing are unsecured and generally settled on 30 day terms.

	2019 \$'000	2018 \$'000
Trade creditors	609	224
Accrued charges	16	32
Total	625	256

C5 PROVISION FOR SCHEME BENEFITS

Accounting policy - Provisions

Provisions are recorded when the Authority has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

	2019 \$'000	2018 \$'000
Current		
Provision for scheme benefits expected to be settled within 12 months	2,275	1,700
Provision for scheme benefits expected to be settled after 12 months	16,576	12,848
Total *	18,851	14,548
Non-current		
Provision for scheme benefits	10,503	9,786
Total	29,354	24,334
Movement in provisions		
Balance as at 1 July	24,334	22,000
Additional provision recognised	7,345	4,592
Reductions in provisions from payments	(2,325)	(2,258)
Balance as at 30 June	29,354	24,334

Payments for long service leave claims are assessed and calculated in accordance with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* and regulations.

Scheme eligible members as at 30 June were 55,228 (2018: 44,589).

* The total current provision of \$18.85 million (2018: \$14.55 million) represents the value for which the Authority does not have an unconditional right to defer settlement for at least 12 months. The Authority only expects to pay \$2.28 million (2018: \$1.7 million) over the next 12 months.

Key Estimates and Judgements: Provision

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* at intervals of at least every two years to investigate the sufficiency of the Authority's funds and the adequacy of the rate of long service leave. The Authority ensures an independent actuarial assessment is undertaken in accordance with legislation.

Mercer Consulting (Australia) Pty Ltd was appointed by the Authority on 1 October 2016. The latest actuarial assessment of the scheme's liabilities by Mercer Consulting (Australia) Pty Ltd dated 19 February 2019 was prepared utilising 31 December 2018 worker data based on a number of assumptions.

The major assumptions used in the actuarial valuation of the scheme benefits were:

- The long-term investment return of 5.0% per annum net of management costs (2018: 6.7% per annum).
- The rate of wage increase of 3.0% per annum (2018: 2.5% per annum).
- The real rate of return of 2.0% per annum (2018: 4.2% per annum).
- The prescribed award wage rate of \$794.58 from 1 July 2018 (\$767.80 from 1 July 2017).
- The rate at which members retire was assumed to be 5% at 50-62 years, 20% at 63-69 years and 100% at 70 years.

The provision has been discounted using a rate of 5.0% reflecting the long-term rate of return on the Authority's assets to determine the present value.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 4
NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT

D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

What is fair value?

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Authority include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Authority's assets/liabilities, internal records of recent costs (and/or estimate of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Fair value measurement hierarchy

All assets and liabilities of the Authority for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1	represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
Level 2	represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
Level 3	represents fair value measurements that are substantially derived from unobservable inputs.

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES

The Authority's holdings in financial assets at fair value through profit and loss is limited to unlisted unit trusts managed by QIC Limited. The fair value of these holdings was based on the unit price of the relevant trust at reporting date. The unit price is derived based on observable market data for underlying investments held by the trust. Accordingly, the Authority classifies these financial assets as level 2.

D1-3 CATEGORISATION OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	Level 1		Level 2		Level 3		Total carrying amount	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Investments								
QIC Cash Enhanced Fund	-	-	10,086	9,238	-	-	10,086	9,238
QIC Growth Fund	-	-	40,456	56,955	-	-	40,456	56,955
QIC Diversified Australian Equities Fund	-	-	11,839	-	-	-	11,839	-
QIC International Equities Fund	-	-	9,793	-	-	-	9,793	-
Total	-	-	72,174	66,193	-	-	72,174	66,193

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

D1 FAIR VALUE MEASUREMENT (continued)

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION

	2019 \$'000	2018 \$'000
QIC Cash Enhanced Fund		
Carrying amount at 1 July	9,238	9,533
Plus		
Earnings	254	206
Contributions	817	-
Distributions reinvested	224	-
Less		
Distributions	(224)	(184)
Redemptions	(50)	-
Redemptions	(173)	(317)
Carrying amount at 30 June	10,086	9,238
QIC Growth Fund		
Carrying amount at 1 July	56,955	51,109
Plus		
Earnings	2,857	4,910
Contributions	300	1,407
Distributions reinvested	2,892	2,584
Less		
Distributions	(1,678)	(2,863)
Redemptions	(20,857)	-
Redemptions - Fees	(13)	(192)
Carrying amount at 30 June	40,456	56,955
QIC Diversified Australian Equities Fund		
Carrying amount at 1 July	-	-
Plus		
Earnings	959	-
Contributions	10,880	-
Distributions reinvested	683	-
Less		
Distributions	(683)	-
Redemptions	-	-
Carrying amount at 30 June	11,839	-
QIC International Equities Fund		
Carrying amount at 1 July	-	-
Plus		
Earnings	633	-
Contributions	9,160	-
Distributions reinvested	571	-
Less		
Distributions	(571)	-
Redemptions	-	-
Carrying amount at 30 June	9,793	-
Total carrying amount at June	72,174	66,193

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

D2 FINANCIAL RISK DISCLOSURES

D2-1 FINANCIAL INSTRUMENT CATEGORIES

Financial assets and financial liabilities are recognised in the statement of financial position when the Authority becomes party to the contractual provisions of the financial instrument. The Authority has the following categories of financial assets and liabilities:

Category	Note	2019 \$'000	2018 \$'000
Financial assets			
Financial assets measured at amortised cost:			
Cash and cash equivalents	C1	191	46
Receivables	C2	881	2,262
Financial assets at fair value through profit or loss:			
QIC - Cash Enhanced		10,086	9,238
QIC - Growth Fund		40,456	56,955
QIC - Diversified Australian Equities Fund		11,839	-
QIC - International Equities Fund		9,793	-
	C3	72,174	66,193
Total		73,246	68,501
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	C4	625	256
Total		625	256

No financial assets and financial liabilities have been offset and presented in the statement of financial position.

D2-2 FINANCIAL RISK MANAGEMENT

(a) Risk exposure

Financial risk management is implemented pursuant to the Authority's investment policy statement. This policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority.

The Authority's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	The risk that the Authority may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The Authority is exposed to credit risk in respect of its receivables (Note C2).
Liquidity risk	The risk that the Authority may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The Authority is exposed to liquidity risk in respect of its payables (Note C4) and payments for long service leave claims (Note C5).
Market risk	<p>The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.</p> <p><i>Price Risk</i> is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.</p> <p><i>Interest rate risk</i> is the risk that the fair value or future cash flows of the financial instrument will fluctuate because changes in market interest rates.</p>	<p>The Authority is exposed to price risk through investments with QIC (Note C3). The Authority is exposed to adverse movements in the level of volatility of the financial markets in respect to these investments.</p> <p>The Authority is exposed to interest rate risk through cash and cash equivalents (Note C1) which is subject to variable interest rates.</p>

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-2 FINANCIAL RISK MANAGEMENT (continued)

(b) Risk measurement and management strategies

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis	The Authority manages credit risk through the use of a <i>debtor management strategy</i> . This strategy ensures all funds owed are monitored on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The Authority manages liquidity risk through the use of a <i>liquidity management strategy</i> . This strategy aims to reduce the exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet all obligations as they fall due. This is achieved by ensuring that appropriate levels of cash are held within various accounts in accordance with the Authority's investment strategy so as to meet the expected liabilities.
Market risk	Price sensitivity Interest rate sensitivity analysis	To manage the risk of a decline in portfolio value due to adverse movements in market price the QIC investment structure diversified in 2018-19 to include the QIC International Equities Fund and the QIC Diversified Australian Equities Fund. The Authority does not undertake any hedging in relation to interest risk. The Authority's <i>Investment Policy Statement</i> is reviewed annually to ensure that an appropriate asset allocation exists to give expected returns for given levels of risk over time.

D2-3 CREDIT RISK DISCLOSURES

Credit risk management practices

The Authority has included a loss allowance on trade receivables in Note C2. The Authority's write off policy is disclosed in Note C2-1.

Credit risk exposure

The following table represents the Authority's maximum exposure to credit risk based on statutory amounts net of any allowances:

Category	Note	2019 \$'000	2018 \$'000
Financial assets			
Receivables	C2	881	2,262

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority. Refer to Note C2-1.

D2-4 LIQUIDITY RISK - CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

The following table sets out the liquidity risk of financial liabilities held by the Authority.

	2019	Contractual maturity			2018	Contractual maturity		
	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial liabilities								
Payables	625	625	-	-	256	256	-	-

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-5 MARKET RISK

The following market sensitivity analysis reflects the outcome to profit and loss if investment unit price would change by +/- 3% applied to the carrying amount as at 30 June 2019 (2018: +/- 3%). These fluctuations are considered appropriate given the current world economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$2,166,000 (2018: \$1,986,000). This is attributable to the Authority's exposure to investment returns held with QIC's Investment Funds.

Financial Instruments	Carrying amount \$'000	2019 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Fund	10,086	(303)	(303)	303	303
QIC - Growth Fund	40,456	(1,214)	(1,214)	1,214	1,214
QIC - Diversified Australian Equities Fund	11,839	(355)	(355)	355	355
QIC - International Equities Fund	9,793	(294)	(294)	294	294
Potential Impact		(2,166)	(2,166)	2,166	2,166

Financial Instruments	Carrying amount \$'000	2018 Market rate risk			
		- Sensitivity		+ Sensitivity	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
QIC - Cash Enhanced Fund	9,238	(277)	(277)	277	277
QIC - Growth Fund	56,955	(1,709)	(1,709)	1,709	1,709
QIC - Diversified Australian Equities Fund	-	-	-	-	-
QIC - International Equities Fund	-	-	-	-	-
Potential Impact		(1,986)	(1,986)	1,986	1,986

D3 CONTINGENCIES

As at 30 June 2019, there were no contingent assets or liabilities.

D4 EVENTS AFTER THE BALANCE DATE

There have been no events occurring after balance date which would materially affect the financial statements or disclosures.

D5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impact of new and amended Australian Accounting Standards issued but with future commencement dates are set out below:

AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the Authority when preparing the financial statements for 2019-20. The Authority has reviewed the impact of AASB 15 and AASB 1058 and identified there is no impact on adoption of the new Standards.

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 5
OTHER INFORMATION

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Details of key management personnel

The following details for non-Ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the Authority during 2018-19 and 2017-18. Further information about these positions can be found in the body of the Annual report under the section relating to The Board.

Position	Position Responsibility
Board Director	Commercial policy and management of the Authority
General Manager	Management of the Authority under direction of the Board

The following persons held the position of Director during the year ended 30 June 2019.

Mr Donald Brown	Chair
Ms Susanne Ryan	Deputy Chair
Mr Kenneth Holder	Employer Representative (BSCAA)
Ms Kim Puxty	Employer Representative (BSCAA)
Mr Damien Davie	Worker Representative (UVU)
Ms Natalia Pantano	Worker Representative (UVU)

KMP remuneration policies

Board members remuneration is guided by the provisions of the *'Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities'* issued by the Department of Justice and Attorney-General Public Service Commission and paid in accordance with the remuneration assessment approved by Cabinet.

Remuneration expenses

The following disclosures focus on the expenses incurred by the Authority attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the statement of comprehensive income.

2018-19

Position	Short term employee expenses		Long term employee expenses	Post employment expenses	Termination benefits	Total
	Monetary Expenses	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Mr Donald Brown	1,560	-	-	-	-	1,560
Ms Susanne Ryan	1,590	-	-	-	-	1,590
Mr Kenneth Holder	1,200	-	-	-	-	1,200
Ms Kim Puxty	1,500	-	-	-	-	1,500
Mr Damien Davie	1,500	-	-	-	-	1,500
Ms Natalia Pantano	1,200	-	-	-	-	1,200
Total Remuneration	8,550	-	-	-	-	8,550

Contract Cleaning Industry (Portable Long Service Leave) Authority
Notes to the Financial Statements
for the year ended 30 June 2019

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration expenses (continued)

2017-18

Position	Short term employee expenses		Long term employee expenses	Post employment expenses	Termination benefits	Total
	Monetary expenses \$	Non-monetary benefits \$	\$	\$	\$	\$
Mr Donald Brown	1,560	-	-	-	-	1,560
Ms Susanne Ryan	1,590	-	-	-	-	1,590
Mr Kenneth Holder	1,500	-	-	-	-	1,500
Ms Kim Puxty	1,500	-	-	-	-	1,500
Mr Damien Davie	1,230	-	-	-	-	1,230
Ms Natalia Pantano	1,200	-	-	-	-	1,200
Total Remuneration	8,580	-	-	-	-	8,580

All directors excluding Ms N Pantano and Mr D Davie were paid for committee attendance. Committee attendance fees for Ms N Pantano and Mr D Davie were paid to the United Voice Union.

Performance payments

No KMP remuneration packages provide for performance or bonus payments.

E2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

Apart from the details disclosed in these financial statements, no Director has entered into a material contract with the Authority.

The terms and conditions of any transaction with Directors and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to Non-Director related entities on an arm's length basis.

From time to time, particular Directors of the Authority may be required to comply with the *Contract Cleaning Industry (Portable Long Service Leave) Act 2005* in respect of payment of levies for their own business undertakings in cleaning work. The levying of these charges is on the same terms and conditions as those entered into by other liable parties.

E3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

Changes in accounting policies - AASB 9 Financial Instruments

The Authority applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Under AASB 9, financial instruments are categorised into one of three measurement bases - amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest (SPPI)', and
- the Authority's business model for managing the assets.

The following summarises the impact of AASB 9 on the categorisation and valuation of the amounts reported as it applies to the Authority:

- There is no change to either the classification or valuation of cash and cash equivalents.
- There is no change to either the classification or valuation of trade (statutory) receivables. Currently, AASB's requirements on subsequent measurement (including impairment) do not apply to statutory receivables, however the Authority has been recommended to use the impairment principles of AASB 9 to calculate the loss allowance for statutory receivables.
- All financial liabilities listed in Note D2-1 will continue to be measured at amortised cost.
- There is no change to either the classification or valuation of investments. The Authority's investments are stated at fair value through profit or loss (FVTPL) as they do not satisfy the 'solely payments of principal and interest (SPPI)' test. The fair value of these investments are estimated using the market approach based on unit price of the relevant trust at reporting date. The unit price is derived based on observable market data for the underlying investments held by the trust.

Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit and loss.

E3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY (continued)

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2018-19.

Accounting standards applied for the first time

Other than AASB 9 *Financial Instruments*, which is detailed above, no accounting standards that apply to the Authority for the first time in 2018-19 have any material impact on the financial statements.

E4 TAXATION

The activities of the Authority are exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Authority. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note C2).

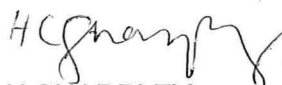
The collection of levies is not subject to GST.

CERTIFICATE OF THE CONTRACT CLEANING INDUSTRY (PORTABLE LONG SERVICE LEAVE) AUTHORITY

for the year ended 30 June 2019

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1) (b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Contract Cleaning Industry (Portable Long Service Leave) Authority for the financial year ended 30 June 2019 and of the financial position of the Authority at the end of that year; and
- (c) we acknowledge responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



H SHARPLEY
A/General Manager
22 August 2019



D BROWN
Chair
22 August 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of the Contract Cleaning Industry (Portable Long Service Leave) Authority.

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Contract Cleaning Industry (Portable Long Service Leave) Authority.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report 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 summaries of significant accounting policies and other explanatory information, and certificates given by the Chair and the Acting General Manager.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity'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 it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



26 August 2019

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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PUBLIC AVAILABILITY

This annual report can be viewed online at www.qleave.qld.gov.au

Copies of this report are available from:

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ADDITIONAL INFORMATION

Information on consultancies, overseas travel and Queensland Language Services Policy can be accessed at www.qld.gov.au/data.



INTERPRETER SERVICE STATEMENT

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report you can contact us on (07) 3018 0333 and we will arrange an interpreter to effectively communicate the report to you.





PORTABLE
LONG SERVICE
LEAVE

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