

annual report **2018-2019**

Building and Construction Industry (Portable Long Service Leave) Authority

- **OUR VISION** To be a national leader in portable long service leave schemes which assures membership benefits.
- **OUR PURPOSE** Contribute to a building and construction industry whose workers are retained, rewarded and treated with equity.
- OUR 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 is the trading name of the Building and Construction Industry (Portable Long Service Leave) Authority, established in 1992 to administer a paid long service leave scheme for eligible workers in the building and construction industry.

The portable long service leave scheme is administered in accordance with the Building and Construction Industry (Portable Long Service Leave) Act 1991.

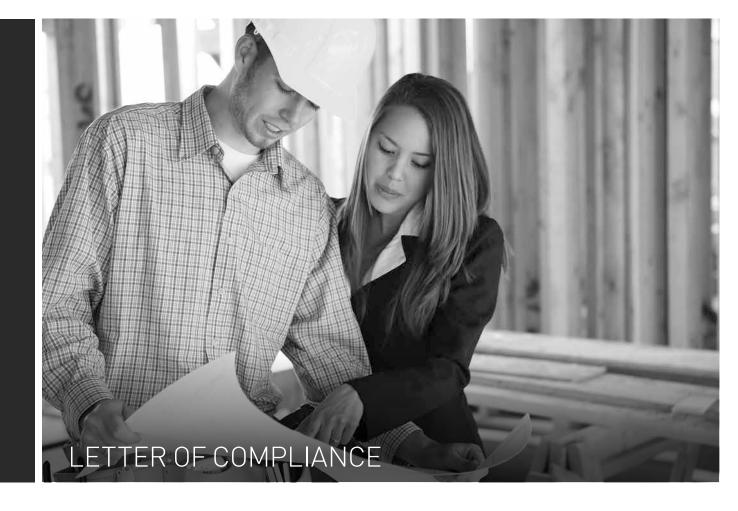
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The Honourable Grace Grace MP Minister for Education and Minister for Industrial Relations PO Box 15033 CITY EAST QLD 4002 17 September 2019

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2018-19 and financial statements for the Building and Construction 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

Peta Irvine

CHAIRPERSON (appointed 5 September 2019)
Building and Construction Industry (Portable Long Service Leave) Authority

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ABOUT THE AUTHORITY

QLeave was established in 1992 to administer the portable long service leave scheme for workers and employers in Queensland's building and construction industry.

The Scheme is established under the *Building and Construction Industry (Portable Long Service Leave) Act 1991*. It is funded by a statutory and actuarially determined levy on the total cost of all construction work in Queensland costing \$150,000 or more, and the investment of these funds. Based on actuarial recommendations, the levy rate has remained at 0.25% since July 2014. Where the total cost of work is over \$1.169 billion, a reducing, tiered levy rate applies.

In addition to the portable long service leave levy, QLeave also collects the Building and Construction Work Health and Safety levy, for Workplace Health and Safety Queensland, and the Construction Skills Queensland levy, to provide industry training. The collection of these levies contributed to the Queensland Government's objective for the community: create jobs in a strong economy and keep Queenslanders healthy.

A major project was commenced to scope an appropriate Customer Relationship Management solution that would support QLeave to achieve its strategic goal of providing excellence in customer engagement and service delivery. This initiative has enabled the review of our processes to ensure optimal customer service delivery, improved business efficiency and meet the objective of being a responsive Government. In addition, it has supported the development of a Business Reference Group that will continue to foster a culture of improvement and innovation across all business areas following implementation of a new system in the next financial year.

As at 30 June 2019, the Scheme had 367,444 workers and 20,421 employers registered. Since 1992, long service leave payments totalling \$950.7 million have been paid to industry workers. In the 2018-19 financial year, long service leave claims of \$126.8 million were paid by QLeave to over 19,000 workers. A cap of \$1,980 per week on wage rates for all long service leave payments was applied for the 2018-19 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 long service leave benefits for the building and construction industry in the future.

We are also appreciative of the ongoing efforts and contributions of staff, management and board members. The Board and management remain committed to improved administrative efficiency, scheme sustainability and excellence in service delivery. A special thank you to our outgoing board members for their efforts over the years.





OBJECTIVES AND PERFORMANCE INDICATORS

GOAL	STRATEGY	MEASURES	ACHIEVED
Effective systems and technology that provide confidence	 → Maintain a secure reliable contemporary platform that meets the needs of our customers → Progress the implementation of a Customer Relationship Management (CRM) solution → Improve vendor relationship management 	 → 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 	 → 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	 → Develop multi-channel communications in conjunction with customers and stakeholders → Drive interjurisdictional collaboration → Progress formal customer service accreditation → Develop a strong QLeave brand 	 → Commence adhoc and annual cyclic surveying of our customers – workers, employers and levy payers → 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 → Remove barriers in communicating interstate migration of members to create seamless customer experience 	 → The survey schedule was deployed across all customer groups and measured satisfaction at 95% of workers, 92% of employers and 87% of levy payers → The process of formal customer service accreditation is continuing → Measures and reporting frameworks continue to be developed → Work to improve customer experience across jurisdictions is continuing
A customer focussed workforce that is engaged, resilient and results oriented	 → Develop a formal implementation plan for Working for Queensland survey results → Human Resources Management frameworks developed to achieve objectives 	 → Improvements in engagement, leadership and innovation measures → Succession planning embedded → Performance management embedded 	 → An electronic performance development system was introduced → An external consultant is working with the leadership and management team in engagement and capability development → Embedding of succession planning is ongoing
Maintain responsible investment strategies to support levy stability	 → 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 	→ Accrued Benefits Reserve Index in a range of 105-120% → Targeted levy compliance activity	\rightarrow Q1 107.07% \rightarrow Q2 109.08% \rightarrow Q3 104.95% \rightarrow Q4 113.13% Compliance objectives were met with over \$6 million in additional levy income collected

CUSTOMER SERVICE DELIVERY

PERFOR	MANCE MEASURES	2014-15	2015-16	2016-17	2017-18	2018-19
	Workers registered	290,255	290,306	303,578	337,854	367,414
	Employers registered	19,406	19,957	18,037	18,621	20,421
	Number of claims paid	12,026	13,922	14,894	14,532	19,146
(A)	Value of claims paid	\$83.9m	\$98m	\$98.6m	\$97.8m	\$126.8m
$\overline{\uparrow}$	Capped weekly rate of pay	\$1,940	\$1,960	\$1,980	\$1,980	\$1,980
?	Missing service requests	1,404	1,522	1,667	2,117	3,060
(6)	Worker claims – % online	55.5%	79.3%	88.2%	89.0%	87.4%
√ ®√>	Employer reimbursement – % online	70.2%	80.7%	89.6%	87.8%	82.8%
②	Worker service returns – % lodged online	79%	86%	94%	92.6%	93.3%
(\$)	Levies collected	\$68,612,000	\$82,750,000	\$84,206,000	\$76,555,000	\$75,909,000
-	Works notified	32,143	33,980	35,519	35,078	30,351
	% Works notified online	65%	69%	87%	98%	94%

Personal

Employer \$8,759,056

VALUE OF CLAIMS PAID TO DATE (\$ MILLION)





Leaving the industry \$31,302,456

VALUE OF CLAIMS

- → Legislation enables QLeave to annually review all worker records with the option to cancel the membership of those workers who have not recorded service in the previous four financial years. We increased the volume of communication to workers surrounding potential cancellation of their membership to ensure workers access their entitlements. We continue to work with interstate colleagues to ensure that interstate workers are not at risk of losing their membership or entitlement. QLeave undertakes data matching activities with Australia Post to ensure member data is up-to-date. QLeave has begun communicating with affected members to identify and cancel any registrations as appropriate.
- → At the end of each financial year, registered employers are required to provide QLeave with a worker service return listing their eligible workers and employment periods. 93.3% of employers registered with QLeave submitted their returns online.
- → Employers who completed their worker service return online were prompted to complete a satisfaction survey regarding their experience with the lodgement process. A satisfaction rating of 92% was achieved for the online return process. 90% of employers were satisfied with the time taken to complete their return. Of those employers who contacted QLeave, 88% were satisfied with the service provided.
- → The annual long service leave statement was distributed to workers in October 2018. 187,989 (56%) workers received their statement via email. This statement shows a worker's service record for the previous financial year and their current long service leave benefit, based upon information supplied by their employers. Our call monitoring demonstrated that the distribution of long service leave statements traditionally led to a significant increase in workers contacting QLeave. Through highlighting missing service and long service leave entitlements on the statements, workers were able to self-service to make claims and request missing service immediately. A newsletter accompanied the statement and supplementary information was provided to those workers with a long service leave entitlement. Workers are able to access their current long service leave details online at any time.
- \rightarrow Long service leave payments were made to:
 - registered workers, under the Building and Construction Industry (Portable Long Service Leave) Act 1991
 - registered employers who received reimbursement of long service leave benefits paid directly to their employees under the *Industrial Relations Act 1999*
 - long service leave schemes in other states and territories in reimbursement of claims paid to workers for work performed in Queensland.

See page 3 for the value of claims paid to workers, employers and interstate schemes.

STAKEHOLDER ENGAGEMENT

- → QLeave continued to support the building and construction industry through sponsorship of the Master Builders Housing and Construction awards, Housing Industry Association (HIA) Housing and Kitchen awards, Master Concreter's awards and Master Plumbers awards throughout the state. In addition to the housing awards QLeave also supported other events such as the Master Builders Industry Insights, the Master Builders Member Roadshow, the Master Plumbers Member Roadshow, the HIA Business Partner Network events and the Civil Contractors Federation Field Day. All of these events promoted the Scheme and provided an opportunity for employers to receive further education on their obligations. QLeave also continued to be involved in activities such as the Queensland Council of Unions' Labour Day Parade and Women in Construction events.
- → Education and compliance staff attended major building sites across Queensland to inform workers about the Scheme and raise awareness of its benefits.
- → QLeave supported the AMWU and ETU Delegates Conventions this year and we continue to offer support to union stakeholders through our delegates' portal. This dedicated section of our website assists union delegates to communicate important information about QLeave with their members. It provides quick links, a help and feedback form and direct contact details for QLeave staff.

- → QLeave continues to engage with apprenticeship bodies and labour hire organisations. Our partnership with TAFE SkillsTech ensures we speak to foundation apprentice students about the Scheme and the benefit of maintaining their membership in the future. We have developed this further to include third and fourth year students as a way of maintaining this engagement throughout their apprenticeship. QLeave is also improving engagement with the industry through direct involvement with the TAFE coffee trailer which attends building sites across Brisbane to provide education and support to workers.
- \rightarrow Advertising in industry publications and journals continued to promote the Scheme's key messages and raise general awareness within the industry.
- → QLeave provides a cost effective levy collection service for Workplace Health and Safety and Construction Skills Queensland, and administers the Contract Cleaning Industry Portable Long Service Leave Scheme under a cost sharing agreement.

COMPLIANCE

- → Compliance activities focussed on identifying and collecting underpaid levy and the identification of unregistered employers. Data matching with our partner agencies and missing service requests received from registered workers identified potentially liable employers. A range of intelligence sources are used for the identification of unpaid levy.
- → Compliance activities for 2018-19 have identified an additional \$6.11m which is 8.04% of the total levy income.
- → 3,060 requests for missing service were processed during the year, assisting registered workers to maintain accurate long service leave records in the register. Encouraging workers to check the accuracy of their long service leave statements, to ensure long service leave benefits are maximised, remains an ongoing focus for QLeave.
- → 1,042 unregistered employers were identified through our compliance activities with most of these already converted to active employers who are contributing service for their employees.
- ightarrow 3,266 new employers were contacted to discuss their QLeave obligations and provide any support they need to fulfil these obligations.

CASE STUDY - COST OF CONSTRUCTION COMPLIANCE

QLeave's levies compliance activities encourage adherence with legislation through targeted engagement, awareness and education. Levy collection compliance monitors the construction activity in Queensland to ensure that the levy is paid on all works undertaken for which a levy is due and payable. All projects with a cost of work value greater than \$1M are reviewed for accurate notification and levy calculation. Partnering with industry partners is an effective compliance strategy which includes working with councils, private certifiers and stakeholders.

The Cordell online database provides QLeave with fully researched construction, infrastructure and building project information. In conjunction with other data collected from the Queensland Building and Construction Commission (QBCC), Cordell data is used to complete a series of data matching compliance activities. This allows early identification of building projects to determine accuracy of the cost of work stated on the development application. Project variations are reviewed and followed up to ensure the correct levy is paid on the total leviable cost of work.

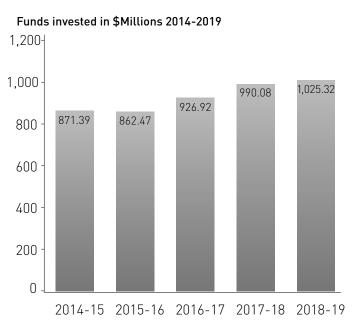
Near Maps technology provides virtual site access using aerial imagery. This enables off-site compliance inspection, analysis and monitoring of work sites and project milestones.

FINANCIAL MANAGEMENT

An overall surplus of \$21.84 million was achieved in 2018-19. This can be attributed to higher than expected investment returns.

The Authority's equity is \$141.42 million.

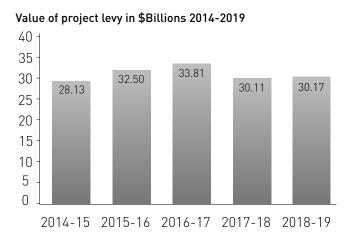
INVESTMENT MARKET PERFORMANCE



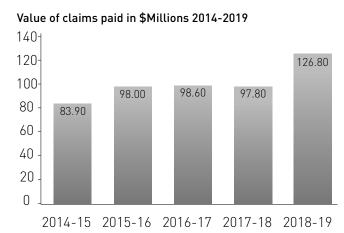
100 - 98.17 93.62 80 - 60 - 43.24 20 - 12.43

2014-15 2015-16 2016-17 2017-18 2018-19

BUILDING ACTIVITY



LONG SERVICE LEAVE CLAIMS PAID



GOVERNANCE

QLeave is governed by a board of directors (the 'Board') appointed by the Governor-in-Council, in accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991* (the 'Act'). The Board reports to the Honourable Grace Grace MP, Minister for Education and Minister for Industrial Relations.

The role of the Board includes:

- \rightarrow responsibility for QLeave's commercial policy and management
- \rightarrow determining the strategic direction
- ightarrow ensuring QLeave achieves, and acts in accordance with, its goals and carries out its objectives outlined in its corporate plan
- → monitoring financial performance
- \rightarrow managing strategic and operational risks
- \rightarrow providing advice and recommendations to the Minister on issues affecting the provision of long service leave in the industry and the operation of the Act
- → ensuring that QLeave 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 2016 and expires on 30 June 2019.

The Board consists of eight directors:

- (a) the chairperson
- (b) the deputy chairperson, who must have knowledge of, and experience in, financial affairs
- (c) three directors representing employers in the building and construction industry
- (d) three directors representing workers who perform building and construction work.

The relationship between the Board and QLeave's executive management is one of direct, open communication and full disclosure of relevant information relating to QLeave's financial and operational performance.

Board directors are selected for their depth of knowledge, expertise and experience in either finance and investment, law, corporate governance and/or the building and construction industry. The Board is proactive in identifying factors affecting the building and construction industry, with a view to achieving a balance between the interests of workers, employers, stakeholders and the long-term sustainability of the Scheme.

Directors are encouraged to undertake professional development through the Australian Institute of Company Directors and other development avenues. Directors' professional development is focused on, enhancing existing skills and ensuring the Board maintains a high standard required by best practice corporate governance frameworks.

The Board as at 30 June 2019 comprises the following directors:

Chairperson: Jackie D'Alton
Deputy Chairperson: Adam Stoker

Employer Representatives: Penny Cornah, Damian Long, Kirsty Augustine Worker Representatives: Wallace Trohear, Rohan Webb, Stephen Baker

Stephen Baker joined the Board in February 2019, filling a casual vacancy for a Worker Representative.

A new Board was appointed on 5 September 2019. The new Board comprises the following directors:

Chairperson: Peta Irvine

Deputy Chairperson: Melanie Woodward

Employer Representatives: Penny Cornah, Damian Long, Sue-Ann Fresneda

Employee Representatives: Stephen Baker, Arturo Menon, Peter Ong

FOCUS FOR THE BOARD 2018-19

The major challenges for the Board for the 2018-19 year were to:

- \rightarrow actively manage the investment portfolio in accordance with the Investment Policy Statement
- \rightarrow manage the actuarial position to ensure sufficient funds and adequacy of the levy rate
- ightarrow ensure the Internal Audit Plan and associated frameworks appropriately monitored QLeave's internal controls to ensure they remain effective and adequate to minimise risk
- \rightarrow ensure any findings and recommendations of the Internal and External Audit functions were addressed by QLeave Management in a timely manner.

REMUNERATION

The Board is classified as a Regulation, Administration and Advice – Level 3 category body under the Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies (Remuneration Procedures). Directors receive annual remuneration.

BOARD MEETINGS

Director	Board	Audit, Risk Management and Compliance Committee	Finance Committee	Approved annual fee	Actual fees received
Number of meetings held	6*	2	1		
Jackie D'Alton	6	2**	1**	\$6,000	\$6,000
Adam Stoker	6	2	1	\$4,500	\$4,500
Penny Cornah	6	2	n/a	\$4,500	\$4,500
Damian Long	6	n/a	1	\$4,500	\$4,500
Kirsty Augustine	5	n/a	n/a	\$4,500	\$4,500
Rohan Webb	5	n/a	1	\$4,500	\$4,500
Wallace Trohear	4	2	n/a	\$4,500	\$4,500
Stephen Baker	3	n/a	n/a	\$4,500	\$1,875

^{*} five Board meetings held and one conducted by written reference
** attended as an observer

2018-19 BOARD PERFORMANCE ASSESSMENT

The Board directors undertake an annual Board performance evaluation to highlight the achievements throughout the 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 QLeave's progress towards its goals, training requirements and open channels of communication.

BOARD COMMITTEES

The Board has established two committees relating to specific matters, to assist in fulfilling its functions within an environment of effective and appropriate corporate governance.

Audit, Risk Management and Compliance Committee

The Audit, Risk Management and Compliance Committee acts in an advisory capacity to the Board. The Committee supports the work of the Board in fulfilling its corporate governance and oversight responsibilities. The aim of the Committee is to improve the efficiency of the Board by delegating responsibilities to the Committee, where greater attention can be given to the specified responsibilities.

The Committee's responsibilities include those set out under the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*. It operates under guidelines, which comply with:

- ightarrow the Queensland Treasury Audit Committee Guidelines
- \rightarrow the Institute of Internal Auditors International Professional Standards

The Audit, Risk Management and Compliance Committee comprises Adam Stoker (Chairperson), Wally Trohear and Penny Cornah.

The Committee plays an important role with regard to the integrity of QLeave's financial information and system of internal controls and encompasses the following areas:

- \rightarrow external audit and financial reporting
- \rightarrow internal audit functions
- ightarrow risk management and internal controls
- → compliance with performance management framework
- \rightarrow compliance with legislative and regulatory requirements

The Authority's internal audit function is undertaken by an external provider, Protiviti. The Authority's external audit function is undertaken by an external provider, William Buck, with oversight by the Queensland Audit Office. Both external providers report to the Board through the Audit, Risk Management and Compliance Committee.

The Audit, Risk Management and Compliance Committee met on two occasions during 2018-19.

The Committee's compliance with its reporting obligations is provided in a report to the Board, under section 35 of the *Financial and Performance Management Standard 2009*.

During the year, the Audit, Risk Management and Compliance Committee undertook:

- \rightarrow oversight of the external audit process and financial statements
- \rightarrow oversight of the way in which the Authority recognises revenue
- \rightarrow a review of the impact of new accounting standards
- \rightarrow oversight of the internal audit program
- ightarrow a review of QLeave's tangible and intangible assets

Finance Committee

The Finance Committee's role is to support the Board in fulfilling its financial and investment oversight responsibilities. The Committee plays an important role with regard to the integrity of QLeave's financial information and encompasses the following areas:

- ightarrow review of the proposed annual budget and recommendation to the Board for endorsement, prior to Ministerial approval
- \rightarrow review the Board's Investment Policy Statement
- \rightarrow monitor the performance of QLeave's investments in line with the Investment Policy Statement
- \rightarrow review and monitor the performance of QLeave's funds manager
- $\rightarrow\,$ review the wage rate for long service leave claims and referral to the Board for endorsement, prior to ministerial approval
- $\rightarrow \,$ monitor the actuarial position.

The Finance Committee comprises Adam Stoker (Chairperson), Damian Long and Rohan Webb.

The Committee was required to meet on one occasion during 2018-19.



DIRECTORS OF THE BOARD

→ JACQUELINE D'ALTON BCom, MAppFin, FAICD, SnrF FINSIA - CHAIR

Ms D'Alton was appointed as Chairperson of the QLeave Board on 1 July 2013 and prior to that had been Deputy Chairperson since 1998.

Ms D'Alton has more than 30 years' experience in financial markets, including broader based responsibilities in bank treasury functions to more specialised roles, including Treasurer of the Bank of Queensland and a senior role in Programme Debt and Capital with Suncorp Group Treasury. Ms D'Alton now concentrates on her Board and Committee roles.

From 2012 to 2017, Ms D'Alton was Chairperson of Topology, a talented music ensemble and remained in that position until 2017, when her role changed to Board Member.

From 2013 to 2017, Ms D'Alton was the Secretary of the Motor Neurone Disease Association of Queensland, which provides care and services for people with Motor Neurone Disease and is now a Committee Member of the Governance Committee.

Ms D'Alton was a Board member of the Brisbane Cricket Ground Trust from 1999 until her appointment in 2001 to the Major Sports Facility Authority (MSFA), which is responsible for major sporting and entertainment venues throughout Queensland. Ms D'Alton was a Board member of the MSFA until 2007.

→ ADAM STOKER MTax, LLB (Hons), BSc - DEPUTY CHAIR

Mr Stoker was appointed to the position of Deputy Chair of the QLeave Board on 1 July 2013.

Mr Stoker currently holds the position of General Counsel and Head of Corporate and Legal Services within the air transport industry. Mr Stoker has extensive experience in corporate governance, project construction and delivery, workplace relations and workplace safety and environmental law. Prior to entering the air transport industry, Mr Stoker was employed in-house for a mining company, providing corporations law and taxation advice in capital markets, merger and acquisitions and general commercial advisory.

→ PENNY CORNAH DipHR, DipHosMgt, DipEventMgt CertIVTrngAssmnt, GAICD - EMPLOYER REPRESENTATIVE

Ms Cornah was appointed as a Director of QLeave on 1 July 2016. Ms Cornah's background is in human resources, events and communications. Ms Cornah is the Executive Director of the Master Plumbers' Association of Queensland (MPAQ). MPAQ is a peak industry body representing plumbing contractors throughout Queensland, from sole operators to medium sized plumbing businesses through to large contracting firms. Ms Cornah identifies her role as heading the organisation that is the conduit between protecting community health and the environment.

Ms Cornah was appointed as a Director of Master Plumbers Australia Ltd in 2012 and in 2016 was appointed as Company Secretary for Master Plumbers Australia. Ms Cornah is the Chairperson of the Service Trades Council, a statutory body that sits under the Queensland Building and Construction Commission, set up to represent the plumbing, drainage, fire protection and air-conditioning and mechanical services industries. Ms Cornah is also Director of the Services Trades College, a position to which she was appointed in 2015. In 2017, Ms Cornah was also appointed as a Director of Construction Skills Queensland. Ms Cornah is also a member of the Queensland Government's Ministerial Construction Council and Queensland Chapter Co-Vice President of the National Association of Women in Construction.

→ DAMIAN LONG BEng (Civil) (Hons), GAICD - EMPLOYER REPRESENTATIVE

Mr Long was appointed to the QLeave Board on 1 July 2017. He is the current Chief Executive Officer of Civil Contractors Federation (CCF) QLD and is also a past President. Mr Long has 30 years construction experience in earthworks, road works, structures, residential and industrial subdivision construction, project and business management.

Mr Long's career has spanned a diverse range of industries within Australia, from oil, commercial building, infrastructure, commercial civil works, residential and industrial civil works. Mr Long has a wealth of experience in senior management roles in private organisations and dealing with public sectors.

Mr Long holds a Bachelor of Engineering (Civil) and is a Registered Adjudicator under the *Building and Construction Industry Payments Act 2004*.

→ KIRSTY AUGUSTINE ADip Mgt, BBus HR/IR, GradCert IR - EMPLOYER REPRESENTATIVE

Ms Augustine was appointed as a Director of the QLeave Board on 26 October 2017 and has over 20 years' experience in the Human Resources / Industrial Relations field. Ms Augustine is currently the Industrial Relations Manager for CPB Contractors Pty Limited and responsible for overseeing the IR strategy and performance in Queensland and Papua New Guinea.

Ms Augustine has significant experience in the construction and energy sectors, managing industrial relations for employers and employer associations and currently chairs the Master Builders Industrial Relations subcommittee.

Ms Augustine also volunteers for benevolent associations: such as a Board Member for Brisbane Youth Service and as a retail supervisor for St Vincent de Paul Society Queensland.

→ WALLACE TROHEAR - WORKER REPRESENTATIVE

Mr Trohear was appointed to the position of Director of the QLeave Board on 1 July 2016. Mr Trohear is one of the founding QLeave Board directors: playing a key role in establishing the portable long service leave scheme in Queensland and brings a wealth of knowledge, experience and history to the Board.

Mr Trohear is a carpenter by trade, having served his apprenticeship in Ireland and also worked as a foreman and project manager. Mr Trohear joined the Building Workers Industrial Union in 1973 and since that time has worked tirelessly to gain fair pay, a safe workplace and improved conditions for workers in the building and construction industry. Mr Trohear has held numerous union and industry committee positions.

Mr Trohear is currently the Chairperson of:

- ightarrow Mates in Construction Queensland
- ightarrow Building Unions Superannuation Scheme Queensland (BUSSQ) Risk and Audit Committee
- → Skylight Financial Solutions.

Mr Trohear is currently a Director of:

- \rightarrow Mates in Construction Australia
- \rightarrow BUSSQ
- → BUSSQ Property Trust.

Mr Trohear is the immediate past state secretary of the Construction Forestry Mining Energy Union (CFMEU) (previously the Building Workers Industrial Union).

Mr Trohear has over 54 years' experience in the building and construction industry and more than 30 years representing workers in the industry. He continues to be a strong advocate for the industry in Queensland.

→ ROHAN WEBB - WORKER REPRESENTATIVE

Mr Webb has been a Director of the QLeave Board since 2010. Mr Webb is a fitter and turner by trade and has extensive experience in the construction and manufacturing industry.

Mr Webb is currently the Branch Secretary of the Australian Manufacturing Workers' Union (AMWU) Queensland and Northern Territory. Mr Webb has been representing workers for over 30 years.

Mr Webb also represents his union and members as an employee representative on the Australian Super Queensland Advisory Committee, Queensland Manufacturing Ministerial Committee, Jobs Queensland and CoverForce Income Protection. Mr Webb is also the Honorary President of the Queensland Council of Unions.

→ STEPHEN BAKER - WORKER REPRESENTATIVE

Mr Baker was appointed as Director of the QLeave Board in February 2019.

Mr Baker is currently the Branch Secretary for the Australian Workers' Union (AWU) Queensland Branch and has previously held the positions of Assistant Secretary Queensland Branch, Vice President Queensland Branch, Southern District Secretary and is a member of the AWU National Executive.

Mr Baker holds a Diploma of Superannuation, Certificates in Frontline Management, Investment for the Superannuation Industry, Insurance for the Superannuation Industry and RG146 for the Superannuation Industry (ASIC Regulatory Guide 146 Compliance Course in relation to the provision of financial advice).

Mr Baker has a strong focus of workplace health and safety, a collaborative approach and the belief in the strength of people working together for better outcomes. Mr Baker has also represented workers on the AusSafe Super Board and various Work Health and Safety Committees.

EXECUTIVE MANAGEMENT

The executive management team comprises the General Manager, Director Governance and Corporate Services and Director Finance and Client Services

Executive management leads QLeave's strategic, operational, financial performance, and corporate governance functions and significant projects, and ensures quality implementation of recommendations of all in-house committees, and internal and external audits. The Executive support the Board in achieving its strategic objectives and through oversight of the management of strategic and organisational risks.

The General Manager, Helen Sharpley (Acting), is accountable to the Board and to the Minister, and has overall responsibility for:

- \rightarrow undertaking accountable officer responsibilities as set out in State legislation
- \rightarrow implementing the Board's strategic plan in accordance with the government's policy objectives
- \rightarrow administering the Board's investment policies and strategies
- \rightarrow providing authoritative advice to the Board, the Minster and the Government on matters relevant to QLeave
- → administering the Board's investment policies and strategies
- ightarrow managing the Authority within legislative and policy frameworks, maintaining a positive organisational culture
- → undertaking appeals and making determinations
- \rightarrow facilitating government and industry liaison and providing a nexus between the Board and the organisation
- ightarrow administering collection services for the building and construction industry by collecting the Work Health and Safety levy and the Construction Skills Queensland levy
- \rightarrow administering reciprocal arrangements with similar schemes in other states and territories.

The Director Governance and Corporate Services, Esther Blest (Acting), is responsible for:

- ightarrow ensuring best practice in the operation of QLeave's business, governance, performance and reporting functions
- ightarrow overseeing corporate communications and publications
- ightarrow managing human resources including building team capability to nurture a high performing team culture
- ightarrow leading technology and information systems support to enable the organisation in delivering excellence in customer engagement and service delivery
- \rightarrow board secretariat
- → shaping corporate strategies in support of QLeave's strategic direction
- ightarrow providing expert analysis and strategic advice to the General Manager on governance, risk, legislation, policy and corporate functions
- → coordinating the internal auditing of QLeave
- ightarrow leading the ongoing review and development of legislation and policy frameworks
- ightarrow negotiating contracts, agreements and memoranda of understanding with other government agencies, ensuring those arrangements are in accordance with legislative requirements and Information Privacy Principles.



The Director Finance and Client Services, Allison Kessey, is responsible for:

- → providing expert strategic analysis and advice to the General Manager and Boards on Scheme operations, financial management, stakeholder engagement and service innovation
- ightarrow leading the client service operations of QLeave to ensure the adoption of best practice and the provision of high quality and professional customer engagement and service delivery
- ightarrow driving ongoing improvements in operational efficiency and client experience with a focus on optimising digital client services
- ightarrow overseeing educational and awareness programs through QLeave's Stakeholder Engagement function, to encourage worker participation in the scheme
- ightarrow ensuring that stakeholder ideas and insights are incorporated into strategy, planning and continuous improvement
- \rightarrow ensuring payments of long service entitlements are made in an accurate and timely manner
- \rightarrow leading the finance team by providing high level financial oversight, reporting and advice regarding organisational budgets, revenue performance and ongoing capacity to meet commitments
- ightarrow ensuring funds are available to meet commitments through levy compliance and collection
- \rightarrow coordinating the external auditing of QLeave
- \rightarrow liaising closely with QLeave's provider of actuarial services to ensure that industry insights and trends are incorporated in financial modelling which is used to evaluate and maintain Scheme viability.
- \rightarrow capturing and analysing the strategic implications of changes in relevant industries and work patterns, ensuring that QLeave is well positioned to respond in a timely way to trends.
- \rightarrow contributing strategically to the ongoing review and development of legislation and policy frameworks.

RISK MANAGEMENT

RISK MANAGEMENT COMMITTEE

As a statutory body, QLeave is subject to the provisions of the *Financial Accountability Act 2009* to establish and maintain appropriate risk management systems.

The role of the Risk Management Committee is to provide advice to the Executive and Board (through the Audit, Risk Management and Compliance Committee) to ensure the effective identification and management of risk in accordance with the *Financial and Performance Management Standard 2009* and other relevant legislation.

The primary objectives of the Risk Management Committee include:

- → co-ordination, development, implementation and monitoring of QLeave's risk management framework across the following content areas:
 - risk management policy and procedures
 - business continuity planning policy and procedures
 - risk registers
 - fraud and corruption control policy and strategy
 - work health and safety.
- \rightarrow ongoing review of QLeave's governance framework to ensure risk is being appropriately handled by the organisation, including through:
 - policies and procedures
 - quality assurance of staff's application of policies and procedures
 - systems appraisals
- \rightarrow cyclic review of QLeave's functional business areas and significant projects to ensure compliance with relevant legislation including ongoing:
 - effective risk identification, assessment and planning
 - risk management and mitigation
 - risk monitoring and reporting

QLeave's Risk Management Committee meets quarterly to provide continuous review of the risk register. The risk management policy is developed in accordance with ISO 31000:2018 – Risk Management Guidelines.

- \rightarrow The 2018-19 achievements of the Risk Management Committee include:
 - commencing review of QLeave's operational risks
 - adding workplace health and safety risks to the scope of the Committee's functions
 - engaging Protiviti to undertake an enterprise risk management (ERM) review of QLeave's operations
 - commencing implementation of the recommendations of Protiviti's ERM report

The Risk Management Committee meets quarterly and the Committee's membership comprises:

- → Helen Sharpley, Acting General Manager (Chairperson)
- ightarrow Esther Blest, Acting Director Governance and Corporate Services
- ightarrow Allison Kessey, Director Finance and Client Services
- → Paula Sellin, Manager Human Resources
- → Robert O'Brien, Manager Technology Services
- → Tracey Edwards, Manager Finance Services
- → Nawar Matti, Manager Client Services
- ightarrow David McCluney, Manager Strategy and Performance.

ACTUARIAL REPORTING

A full actuarial assessment is performed, every two years, to investigate the sufficiency of the Authority's funds and the adequacy of the rate of long service leave levy, to ensure the Scheme's financial viability to perpetuity. An interim assessment is conducted every other year. QLeave's actuary, Mercer Consulting, works with our Investment Advisor, PricewaterhouseCoopers, and Funds Manager, Queensland Investment Corporation.

Mercer Consulting forecasts, as accurately as possible, 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 found the Scheme is currently in a sound financial position, as assets are more than required to cover Accrued Benefits Liabilities and Vested Benefits. Accrued Benefits Liabilities is the present value of expected future long service leave payments based on entitlements accrued up to 30 June 2019. Vested Benefits is the sum of the entitlements of those workers who have reached eligibility and assuming this was paid on 30 June 2019.

INTERNAL AUDIT

Internal audit plays a key role in assisting the Board to carry out its governance responsibilities in ensuring the effectiveness of QLeave's internal control framework. The internal audit function has been fully outsourced to Protiviti since 2017

QLeave'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:

- ightarrow compliance with laws and regulations, policies, procedures and contracts
- $\,
 ightarrow\,$ reliability and integrity of financial and operational information review
- \rightarrow enterprise risk management review
- ightarrow statutory registers and claims review
- \rightarrow review and renewal of the Internal Audit Charter and Framework to ensure they remain consistent with audit and ethical standards.

The progress against the internal audit program and findings of the audit activities are monitored by the Audit, Risk Management and Compliance Committee to ensure QLeave's operations meet the strategic plan.

The internal audit function has had due regard to the Audit Committee Guidelines.

EXTERNAL AUDIT

The external audit function is undertaken by the Queensland Audit Office. The external audit program and timetable are presented to the Audit, Risk Management and Compliance Committee (Committee) in April for endorsement and referral to the Board for approval. The findings, recommendations and audited financial statements are presented to the Committee in August for endorsement. The audited financial statements are referred to the Board for approval and Queensland Audit Office for certification.

INFORMATION SYSTEMS AND RECORDKEEPING

QLeave's dedicated Technology Services Unit manages the Information and Communication Technology (ICT) program delivery to support the organisation's staff and functions and to ensure QLeave meets its information management statutory obligations. It delivers essential and business critical technology services that align with governance requirements and QLeave's strategic direction. This function supports two of the Board's strategic goals:

- → effective systems and technology that provide confidence
- \rightarrow excellent in customer engagement and service delivery.

During the year, QLeave's Technology Services Steering Committee (TSSC) approved a four-year ICT strategic plan and roadmap outlining the cost effective application and management of ICT systems and resources.

TECHNOLOGY SERVICES STEERING COMMITTEE (TSSC)

The TSSC provides advice to QLeave's Executive about the establishment and oversight of the the strategic direction for ICT related matters. It identifies and considers strategic information services initiatives aimed at delivering effective services for QLeave and the customers it serves, as well as protecting QLeave's ICT assets.

Membership of the committee comprises:

- → General Manager (Chairperson)
- → Director Governance and Corporate Services
- \rightarrow Director Finance and Client Services
- → Manager Technology Services
- ightarrow Guest members (by invitation)

ICT achievements for 2018-19 were:

- → commenced a significant project to consolidate their customer information and interactions from disparate sources into a single Customer Relationship Management (CRM) solution. A supplier was engaged, and has worked with QLeave to design and build the functionality for the CRM solution consolidating customer engagement by providing a consistent customer experience across various channels. It is expected the CRM will be delivered next financial year.
- → developed QLeave's defence-in-depth approach to cyber protection rather than simply relying on one primary security technique. This approach provides a number of important, advanced protection techniques.
- → enhanced QLeave's Business Continuity capabilities by implementing an auto-fail-over system for the two internet connections. The systems put in place will detect if the primary link loses connectivity or the host carrier has a service outage and failover to the redundant carrier link without loss of service.
- \rightarrow implemented a new ITIL ServiceDesk system to support the provision of IT products and services including asset and change management functions.
- \rightarrow replaced desktop fleet with Windows 10 and Microsoft Office 2016, with old desktop assets disposed of in accordance with QGCIO processes.
- ightarrow developed an Information Asset Register to identify QLeave information assets, providing a step by step process for carrying out an information review.
- → reviewed and updated all Technology Services policies, procedures and work instructions to support staff in meeting the organisation's ICT capability and legislative obligations.

RECORDKEEPING

QLeave continues its commitment to quality recordkeeping through the provision of systems and processes that support full and accurate record keeping. Records are managed to preserve corporate knowledge, document our actions, decisions and communications while providing the foundation of government accountability.

QLeave uses an electronic document and records management system to effectively manage and secure its administrative records. It also uses several business management systems to capture, secure and manage its core business records.

Throughout the year records were responsibly managed through sound information management and recordkeeping practices that comply with the *Public Records Act 2002*, and Records Governance Policy as well as whole-of-government recordkeeping policies and guidelines issued by the State Archivist. Disposal of records is conducted by utilising the current retention and disposal schedule authorised by the State Archivist and QLeave's approved QDAN 661v1. Record of disposal is captured by the completion of Disposal Approvals, Compliance Declarations, maintaining a Disposal Register and the issuing of a Destruction Certificate when carried out by a third party.

In 2018-19 the following recordkeeping initiatives and activities were completed:

- ightarrow gap analysis conducted on records management
- → self-assessment undertaken on recordkeeping maturity within QLeave
- ightarrow update of Information Security Classification
- ightarrow program developed to cover staff awareness, training and information sessions about good record keeping practices
- $\,
 ightarrow\,$ full overview was undertaken of the contracts register

STRATEGY AND PERFORMANCE

QLeave's Strategy and Performance functions include organisational strategy, planning, performance, managing QLeave's risk management framework, reporting and corporate communications. In addition, this function also provides secretariat support to QLeave's Board.

Policy and procedures

Business processes are researched, analysed and managed in conjunction with the development and review of policies and procedures to ensure alignment with legislation, standards and government policy. Organisational frameworks and functions are developed and monitored to support QLeave's strategic agenda including Right to Information, Public Interest Disclosure and Information Privacy.

Communications

Stakeholder engagement and communication plans and activities are developed and delivered to promote positive awareness of QLeave and a strong corporate brand including:

- → annual reports, newsletters, presentations and other corporate information
- → web content and other material suitable for the QLeave's website and intranet
- ightarrow conducting surveys and other research methods to evaluate QLeave's communication strategies and customer service.

Data analysis and reporting

Data analysis and information is provided to support organisational performance and client service delivery, including:

- ightarrow collating, analysing, documenting and reviewing information and data requirements for existing and proposed internal processes and systems
- ightarrow evaluating potential technical software solutions and system architectures to ensure they meet business requirements
- $\,
 ightarrow\,$ assisting in the identification and implementation of data accuracy, system and business improvements
- \rightarrow responding to information requests from internal and external stakeholders.

Board Secretariat

The Board Secretariat provides professional support services to the General Manager and governance of Boards for QLeave including:

- \rightarrow arranging and scheduling Board meetings, setting agendas, circulating papers and reports, attending and minuting meetings
- ightarrow ensuring that documents presented to Boards are of a high standard to inform decision making
- \rightarrow accurately recording Board considerations in correspondence and minutes and realise decisions and actions arising from Board and Committee meetings.

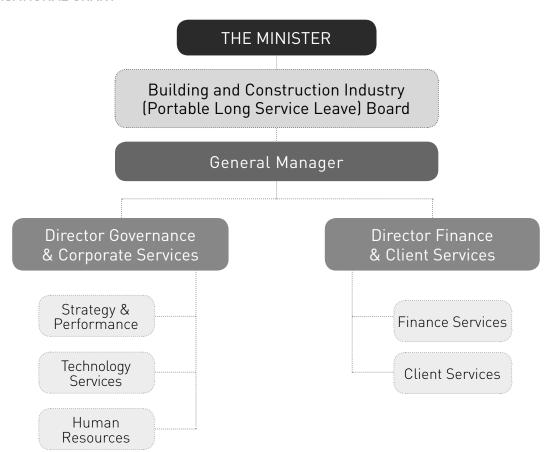
Risk

The Strategy and Performance function supports QLeave's Risk Management Committee in monitoring the organisation's risk management framework and associated internal controls and managing the internal audit function.



PEOPLE

ORGANISATIONAL CHART



ORGANISATIONAL STRUCTURE

QLeave maintained its structure throughout 2018-19 as new managers and senior leaders were introduced to the organisation. Employees impacted by the changes made to the organisational structure, during 2017, continued to be deployed to other government agencies in line with relevant legislation and directives. Continued work towards a new customer relationship management system resulted in the addition of temporary project roles focused on business analysis, solution development, product ownership, communications, training and testing.

PUBLIC SECTOR ETHICS AND VALUES

Values, conduct and ethics at QLeave are guided by the framework for Queensland Government employees which includes the public service values, general public services principles in sections 25 and 26 of the *Public Service Act 2008* and ethical requirements, values and standards of conduct in the *Public Service Ethics Act 1994* and the Code of Conduct for the Queensland Public Service. QLeave staff learn about public sector ethics and values during induction and as part of our annual compliance-based training program.

OUR PEOPLE

As at 30 June 2019, QLeave had 68 full-time equivalents. Full-time equivalent is calculated in consideration of part-time arrangements and extra hours, casual employees, employees on leave without pay and employees on half-pay. The permanent separation rate for 2018-19 decreased to 20.5% (from 23.63% during the previous year).

INDUSTRIAL AND EMPLOYEE RELATIONS FRAMEWORK

Conditions of employment for QLeave employees are stipulated under the *Public Service Act 2008*, the *Queensland Public Service Officers and Other Employees Award – State 2015* and *State Government Entities Certified Agreement 2015*. Negotiations for a replacement agreement commenced in 2018 with information provided to all QLeave employees as activities progressed.

There were no redundancy, early retirement or retrenchment packages paid during the period.

STRATEGIC WORKFORCE PLANNING

QLeave's people goal during 2018-19 continued to be a customer focussed workforce that is engaged, resilient and results oriented. Activities to support our two key long-term people strategies include responding to Working for Queensland results and developing human resource management frameworks.

QLeave participated in the 2018 Working for Queensland employee opinion survey conducted by the Public Service Commission. Positive survey results were achieved overall with staff reporting happiness with their workgroups. Workplace health and safety, recruitment and selection process, leaderhip, workload and health were identified as areas for improvement.

QLeave continued to look at how we could offer more diverse and increased opportunities for learning and development, including through internal opportunities and external secondments.

QLeave engaged an external consultant to work with QLeave's leadership to improve communication and collaboration. A change manager is engaged to support the transition to the new Customer Relationship Management system.

QLeave transitioned from paper-based to online performance and development plans in late 2018. Employee performance goals differ in each team, but all align with the Queensland Government public service values.

QLeave employees continued to participate in compliance-based training throughout the year and added to their customer service capability with staff participating in further sessions facilitated by the Customer Service Institute of Australia (CSIA).

Staff continued to access a range of flexible work practices including part-time, staggered start and finish times and accrued time. Employee Assistance Program (EAP) services were enhanced with QLeave engaging AccessEAP in early 2019. Our wellbeing focus continued with events including R U Ok day, promotion of suicide awareness training by Mates In Construction and facilitation of on-site reflexology and massage paid by the employee provided.

Reward and recognition activities continued with individual achievement and team performance acknowledged each quarter in our Circle of Excellence award program.

Strategic Plan

2019-23



VISION

To be a national leader in portable long service leave schemes which assures membership benefits



PURPOSE

Contribute to a building and construction industry whose workers are retained, rewarded and treated with equity

STRATEGIC PLAN AND PRIORITIES FOR THE NEXT REPORTING PERIOD

Availability and speed of network and systems technology platform that meets the needs of our customers ### Availability and speed of network and systems technology platform that meets the needs of our customers ### 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

- Develop multi-channel communications in conjunction with customers and stakeholders
- ightarrow Drive interjurisdictional collaboration
- → Progress formal customer service accreditation
- ightarrow Develop a strong QLeave brand

- Commence adhoc and annual cyclic surveying of our customers - Workers, Employers and Levy Payers
- 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
- → Remove barriers in communicating interstate migration of members to create seamless customer experience



A customer focussed workforce that is engaged, resilient and results oriented

- → Develop a formal implementation plan for Working for Queensland survey results
- Human Resources Management frameworks developed to achieve objectives
- → Improvements in engagement, leadership and innovation measures
- ightarrow Succession planning embedded
- ightarrow Performance management embedded



Maintain responsible investment strategies to support levy stability

- → 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
- ightarrow Accrued Benefits Reserve Index in a range of 105 120%
- $\,
 ightarrow \,$ Targeted levy compliance activity

ACCOUNTABILITIES



We manage funds required to ensure that workers will be paid when they take long service leave (in accordance with QLeave's governing legislation).



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 is committed to 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

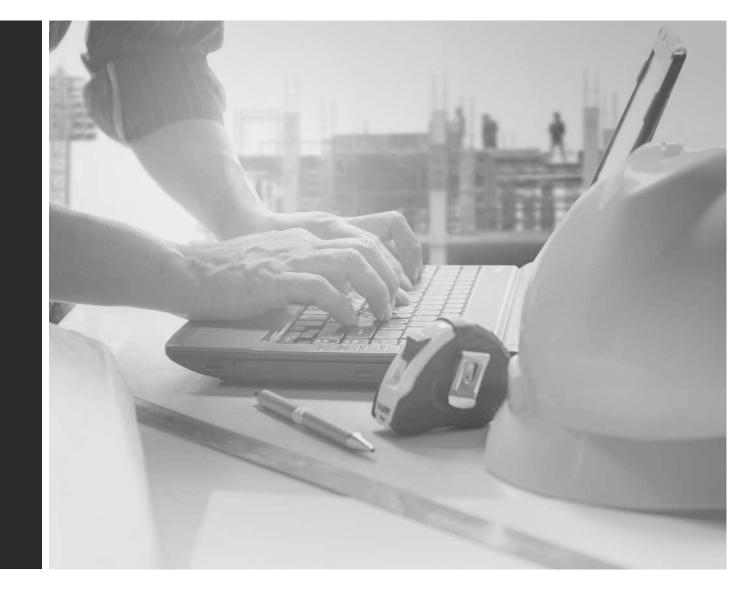
Financial position does not meet long term liabilities

→ OPERATIONAL

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

ightarrow Human resource

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



FINANCIAL STATEMENTS

Building and Construction Industry (Portable Long Service Leave) Authority
For the Year Ended 30 June 2019

Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2019

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Building and Construction Industry (Portable Long Service Leave) Authority

Financial Statements

For the Year Ended 30 June 2019

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Building and Construction Industry (Portable Long Service Leave) Authority Statement of Comprehensive Income

For the year ended 30 June 2019

Notes	2019 \$'000	2018 \$'000
B1-1	75,909	76,555
B1-2	47,015	48,609
B1-3	22,865	44,977
	35	35
	1,776	1,827
_	4	947
	147,604	172,950
B2-1	5,693	5,004
B2-2	3,016	3,240
	2,589	2,565
C4-1	30	1,138
B2-3	151	223
B2-4	(62)	53
C8 _		136,837
	125,761	149,060
	21,843	23,890
	-	-
<u>-</u>	21,843	23,890
	B1-1 B1-2 B1-3 B2-1 B2-2 C4-1 B2-3 B2-4	\$'000 B1-1

Building and Construction Industry (Portable Long Service Leave) Authority Statement of Financial Position

as at 30 June 2019

	Notes	2019	2018
Current Assets		\$'000	\$'000
Cash and cash equivalents	C1	15,074	12,269
Receivables	C2	8,559	31,868
Investments	C3	1,015,324	980,084
Prepayments		859_	914
Total Current Assets		1,039,816	1,025,135
Non-Current Assets			
Receivables	C2	2,973	7,274
Plant and equipment	C4-1	1,658	1,427
Intangible assets	C5-1	652	-
Total Non-Current Assets		5,283	8,701
Total Assets		1,045,099	1,033,836
Current Liabilities			
Payables	C6	3,412	1,865
Provision for employee benefits	C7	1,379	1,169
Provision for scheme benefits	C8	442,285	438,734
Lease incentive		86	129
Lease liability		125	8
Total Current Liabilities	,	447,287	441,905
Non-Current Liabilities			
Provision for employee benefits	C7	56	-
Provision for scheme benefits Lease incentive	C8	455,236 1,102	471,216
Total Non-Current Liabilities		456,394	1,140 472,356
Total Non-ourient Liabilities		430,394	472,330
Total Liabilities		903,681	914,261
Net Assets		141,418	119,575
Equity			
Accumulated surplus		141,418	119,575
Total Equity	:	141,418	119,575

Building and Construction 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	95,685
Total Comprehensive Income for the Year	23,890
Balance at 30 June 2018	119,575
Total Comprehensive Income for the Year	21,843
Balance at 30 June 2019	141,418

Building and Construction Industry (Portable Long Service Leave) Authority Financial Statements

Statement of Cash Flows

For the year ended 30 June 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019 \$'000	2018 \$'000
Inflows: Interest Portable long service leave levies Other revenue GST collected from customers GST input tax credits from ATO		249 81,972 1,980 206 374	258 80,585 2,490 515 323
Outflows: Employee expenses Supplies and services Portable long service leave GST paid to suppliers GST remitted to ATO Net cash used in operating activities	CF-1 _	(5,439) (1,072) (127,039) (575) - (49,344)	(4,964) (2,819) (97,920) (868) (7) (22,407)
CASH FLOWS FROM INVESTING ACTIVITIES Inflows: Proceeds from investments		80,768	52,227
Outflows: Purchase of investments Investment expenses paid Payments for intangible assets, plant and equipment Net cash provided by investing activities	- -	(25,000) (2,584) (1,035) 52,149	(27,500) (2,544) (1,445) 20,738
Net increase (decrease) in cash and cash equivalents		2,805	(1,669)
Cash and cash equivalents - opening balance Cash and cash equivalents - closing balance	C1 =	12,269 15,074	13,938 12,269

Building and Construction 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 \$'000	2018 \$'000
Operating surplus/(deficit)	21,843	23,890
Non-cash items included in operating result:		
Depreciation and amortisation expense	151	223
Net losses on disposal of plant and equipment	-	1,138
Adjustments to investment items:		
Investment income	(91,007)	(89,890)
Investment expense	2,584	2,543
Changes in assets and liabilities		
(Increase) decrease in receivables	27,610	237
(Increase) decrease in prepayments	55	(380)
Increase (decrease) in payables	1,547	381
Increase (decrease) in PLSL scheme benefits provision	(12,429)	39,050
Increase (decrease) in employee entitlements provision	266	31
Increase (decrease) in lease provision	36	370
Net cash provided by operating activities	(49,344)	(22,407)

Notes to the Financial Statements

For the Year Ended 30 June 2019

SECTION 1

ABOUT THE AUTHORITY AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Building and Construction Industry (Portable Long Service Leave) Authority (Authority or QLeave) was established under the *Building and Construction Industry (Portable Long Service Leave) Act 1991*.

The principal 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 *Building and Construction Industry (Portable Long Service Leave) Act 1991.* In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2018.

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 on 1 July 1992.

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 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 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.

Notes to the Financial Statements

for the year ended 30 June 2019

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/depreciated 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 inflows 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 building and construction industry in accordance with the *Building and Construction Industry (Portable Long Service Leave) Act 1991.*

The Authority is funded by a levy of 0.25% imposed on building and construction activities over \$150,000 and up to \$1.16 billion (GST exclusive). A tiered levy rate for major works is applied for cost of work over \$1.16 billion (GST exclusive). The levy rate is reduced to 0.125% for cost of work between \$1.16 billion to \$5.80 billion (GST exclusive) and no levy over \$5.80 billion (GST exclusive). The Authority is further funded by income earned from 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 provides services to the following on a fee for service basis:

- Contract Cleaning Industry (Portable Long Service Leave) Authority;
- · Workplace Health and Safety Queensland; and
- Building and Construction Industry Training Fund (Qld) trading as Construction Skills Queensland.

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

75,909

Portable long service leave levies

Accounting policy - Income from levies Revenue is recognised where it can be reli

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 is recognised at the date of notification.

At a future date, should a notification be withdrawn or cancelled then a negative impact on levy revenue will occur.

QLeave recognises revenue on formal cost of work notifications (notwithstanding the fact QLeave collects levies on longer term works over their term). The quantum of revenue is estimated based on three elements (i) the applicable levy rate (actual) multiplied by (ii) the leviable cost of work (estimate), discounted (iii) by the time cost of money (if material).

76,555

Legislative changes effective 1 July 2014 allows a tiered rate where the cost of work is more than \$1.16 billion (GST exclusive).

B1-2 INCOME FROM INVESTMENTS

	2019	2018
	\$'000	\$'000
Interest from:		
Queensland Treasury Corporation	205	219
Distribution from:		
QIC Growth Fund	24,723	28,854
QIC Diversified Australian Equities Fund	9,464	8,281
QIC International Equities Fund	9,374	7,565
QIC GFI Inflation Plus Fund	1,872	833
QIC Bonds Plus Fund	925	2,104
QIC Cash Enhanced Fund	452	753
Total	47,015	48,609

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
QIC Growth Fund		
Earnings	38,459	50,359
Less: Distributions	(24,723)	(28,854)
Fair value movement	13,736	21,505
QIC Diversified Australian Equities Fund		
Earnings	14,389	19,729
Less: Distributions	(9,464)	(8,281)
Fair value movement	4,925	11,448
QIC International Equities Fund		
Earnings	14,465	19,807
Less: Distributions	(9,374)	(7,565)
Fair value movement	5,091	12,242

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 in Note D1-4.

REVENUE (continued) **B1**

B1-3 NET FAIR VALUE GAIN ON INVESTMENTS (continued)

	2019	2018
	\$'000	\$'000
QIC GFI Inflation Plus Fund		
Earnings	(45)	1,208
Less: Distributions	(1,872)	(833)
Fair value movement	(1,917)	375
QIC Bonds Plus Fund		
Earnings	1,732	1,348
Less: Distributions	(925)	(2,104)
Fair value movement	807	(756)
QIC Cash Enhanced Fund		
Earnings	675	916
Less: Distributions	(452)	(753)
Fair value movement	223	163
Total fair value movement	22,865	44,977

B2 **EXPENSES**

B2-1 EMPLOYEE EXPENSES

	2019 \$'000	2018 \$'000
Employee benefits		
Salaries and wages	4,176	3,743
Annual leave expense	505	394
Employer superannuation contributions	620	500
Long service leave expense	94	124
Employee related expenses		
Workers' compensation premium	12	16
Payroll tax	277	220
Fringe benefits tax	9	7
Total	5,693	5,004

Full-time equivalent employees*

68

Accounting policy - Wages, salaries and annual leave

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates. As the Authority expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

For unpaid annual leave entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values.

The increase in full-time equivalent employees is due to additional resources required for the internally generated software research and development project, backfill for staff on long term leave and the conversion of agency staff to payroll to reduce costs.

52

Accounting policy - Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

<u>Defined benefit plan</u> - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the Authority at the specified rate following completion of the employee's service each pay period. The Authority's obligations are limited to those contributions paid.

Accounting policy - Workers' compensation premiums

The Authority pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

B2 EXPENSES (continued)

B2-2 SUPPLIES AND SERVICES		
	2019	2018
	\$'000	\$'000
Advertising and promotions	139	171
Computer costs	585	519
Personnel development	79	86
Audit fees (1)	8	25
Contractor charges	423	1,091
Consultancy charges	183	172
Legal expenses	39	15
Travel costs	31	27
Telecommunication costs	83	85
Printing and photocopying	13	30
Reference materials	48	61
General administration	435	462
Insurance premiums - QGIF (2)	5	6
Leases - rental	479	352
Building services	97	77
Portable and attractive assets	83	17
Other expenses	11	44
Internally generated software research		
costs	275	<u> </u>
Total	3,016	3,240

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.

Audit fees

(1) Total audit fees quoted by the Queensland Audit Office relating to the external audit of the 2018-19 financial statements are estimated to be \$27,000 (2018: \$27,000). There are no non-audit services included in this amount.

Insurance premiums - QGIF

(2) The Authority's risks are insured through the Queensland Government Insurance Fund and premiums are paid on a risk assessment basis.

B2-3 DEPRECIATION AND AMORTISATION

Software	-	183
incurred in respect of: Plant and equipment	151	40
Depreciation and amortisation were	2019 \$'000	2018 \$'000

B2-4 IMPAIRMENT LOSSES

	2019 \$'000	2018 \$'000
Trade receivables Plant and equipment	(62)	53
Software	-	-
Total	(62)	53

Impairment

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 the following notes:

Receivables - Note C2-1 Plant and equipment - Note C4-5 Intangible assets - Note C5-3

SECTION 3 NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS			Accounting policy - Cash and cash equivalents
	2019 \$'000	2018 \$'000	For the purposes of the statement of financial position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June
Cash at bank Queensland Treasury Corporation (QTC)	5,074	2,269	as well as deposits at call with financial institutions.
Deposits at call	10,000	10,000	
Total	15,074	12,269	
C2 RECEIVABLES			Accounting policy - Receivables
	2019 \$'000	2018 \$'000	Receivables are measured at amortised cost which approximates their fair value at reporting date.
Current			
Trade debtors	7,880	9,694	Trade debtors are recognised at the amounts due at the
Less: Loss allowance	(18)	(70)	time of project notification. An instalment arrangement
	7,862	9,624	may be approved to applicants in accordance with Section 82 of the Building and Construction Industry (Portable Long
Accrued revenue	14	21,368	Service Leave) Act 1991. Trade debtors are presented as
GST payable	14	18	current assets unless collection is not expected for more
	28	21,386	than 12 months after reporting date.
Other Debtors	669	868	Other debtors generally arise from the Authority acting on a
Less: Loss allowance	-	(10)	fee for service basis for other agencies. Income for providin
	669	858	these services is in accordance with agency agreements. Terms are a maximum of one month, no interest is charged,
Total current receivables	8,559	31,868	no security is obtained and no loss allowance is provided for
Non-current			
Trade debtors*	2,973	7,274	
Total	11,532	39,142	

^{*} The non-current trade debtors figure represents the discounted present value of instalments allowed under Section 82 of the *Building and* Construction Industry and (*Portable Long Service Leave*) Act 1991.

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.

The Authority's other debtors are from Queensland Government agencies or Australian Government agencies. Accrued debtors comprise the levy revenue for the last day of June 2019. No loss allowance is recorded for these receivables on the basis of materiality. Refer to Note D2 for the Authority's credit risk management policies.

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 Authority 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 B2-4.

C3 INVESTMENTS			
	2019 \$'000	2018 \$'000	Accounting policy - Investments
QIC - Growth Fund	585,220	561,411	The Authority's investments are stated at fair value through
QIC - Diversified Australian Equities Fund	164,010	145,848	profit or loss and are limited to unlisted unit trusts managed
QIC - International Equities Fund	160,568	142,852	by QIC Limited. The fair value of these investments were
QIC - GFI Inflation Plus Fund	39,786	39,753	estimated using market approach based on unit price of the
QIC - Bond Plus Fund	47,476	44,806	the relevant trust at reporting date. The unit price is derived
QIC - Cash Enhanced Fund	18,264	45,414	based on observable market data for underlying investments
Total	1,015,324	980,084	held by the trust.

PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT C4-1

	2019 \$'000	2018 \$'000
Plant and equipment at cost	2,223	2,232
Less: Accumulated depreciation	(953)	(805)
Plant and equipment work-in-progress*	388	
Carrying amount at 30 June	1,658	1,427
Represented by movements in carrying amount at 1 July	1,427	1,160
Acquisitions (including upgrades)**	24	1,445
Acquisitions work-in-progress *	388	-
Disposals***	(30)	(1,138)
Depreciation expense	(151)	(40)
Carrying amount at 30 June	1.658	1.427

Plant and equipment work-in-progress comprise the fitout costs for the Authority's ground floor tenancy with works estimated to be completed late July 2019.

RECOGNITION AND ACQUISITION C4-2

Accounting policy - Recognition

Basis of capitalisation and recognition thresholds

The Authority holds no property. Plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition.

Expenditure on plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the Authority. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Accounting policy - Cost of acquisition

Historical cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

C4-3 MEASUREMENT USING HISTORICAL COST

Accounting policy

Plant and equipment is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such plant and equipment is not materially different from their fair value.

Acquisitions for prior year mainly relate to plant and equipment for the fit-out of the Authority's new office at Northgate.

^{***} Disposals for prior year mainly relate to the write-off of plant and equipment at the Authority's old office at Lutwyche.

Notes to the Financial Statements

for the year ended 30 June 2019

C4 PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C4-4 DEPRECIATION EXPENSE

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost of each asset progressively over its estimated useful life to the Authority.

Key Judgement: Straight line depreciation is used reflecting the progressive, and even consumption of future economic benefits over their useful life to the Authority.

Expenditure that increases the originally assessed capacity or service potential of an asset is capitalised, in accordance with the Authority's threshold limits, and the new depreciable amount is depreciated over the remaining useful life of the asset.

For the Authority's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Depreciation Rates

Key Estimates: For each class of depreciable asset the following depreciation rates are used:

Class	Useful life
Plant and equipment:	
Computer equipment	5 years
Office equipment	5 years
Tenancy fitout	15 years*

^{*} The Authority's office accommodation lease has a fifteen year term which includes the renewal option of an additional five years.

C4-5 IMPAIRMENT

Accounting policy

Indicators of impairment and determining recoverable amount

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. See note B2-4.

Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Recognising impairment losses

An impairment loss is recognised immediately in the statement of comprehensive income.

Reversal of impairment losses

Impairment losses are reversed through income.

for the year ended 30 June 2019

C5 INTANGIBLES AND AMORTISATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2019 \$'000	2018 \$'000
Software	3,130	3,130
Less: Accumulated amortisation	(3,130)	(3,130)
Internally generated software		
work-in-progress*	652	-
Carrying amount at 30 June	652	-
Represented by movements in carrying amoun	t:	
Carrying amount at 1 July		
, ,	-	_
Acquisitions	-	-
Acquisitions work-in-progress *	652	-
Disposals	-	-
Amortisation	-	-
Carrying amount at 30 June	652	-

^{*} Internally generated software work-in-progress comprises the development costs of a new customer relationship management software solution to replace the current end of life software.

C5-2 RECOGNITION AND MEASUREMENT

Accounting policy

At 30 June the Authority has recorded internally generated software work-in-progress with a carrying amount of \$652,000. It is anticipated this software will be commissioned and amortised during the 2019-20 financial year in accordance with the following accounting policies.

Intangible assets of the Authority comprise purchased software and internally generated software. Intangible assets with a historical cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. Any research and training costs are expensed as incurred.

C5-3 AMORTISATION EXPENSE

Accounting policy

All intangible assets of the Authority have finite useful lives and are amortised on a straight line basis over the estimated useful life to the Authority. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of the Authority's intangible assets is zero.

Useful life

	Useful
Class	life
Intangible asset:	
Software	5 years

C5-4 IMPAIRMENT

Accounting policy

Intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. See note B2-4.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the Authority, including discontinuing the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

Trade creditors are recognised upon receipt or services ordered and are measured at the amount (i.e. agreed purchase/contract price applicable trade and other discounts). Amo are generally settled on 30 day terms. Total 1,885 1,196 applicable trade and other discounts). Amo are generally settled on 30 day terms. C7 PROVISION FOR EMPLOYEE BENEFITS E2019 2018 Long service leave each payroll period having regard to current remuneration rates, employment related on factors including accumulated years of emp actual amounts paid to employees for long service leave provision for long service leave provision: Balance at 1 July 812 792 Additional provision frecognised 295 124 Reductions in provision from payments 18alance at 30 June 923 812 Non-current Provision for long service leave 923 812	e nominal a gross of unts owing assessed at employee costs and other oyment and ervice leave. thority does
Trade creditors Accrued charges Total Total	assessed at employee costs and other oyment and ervice leave. thority does
Accounting policy - Long service leave 2019 2018 Long service leave entitlements payable are generally settled on 30 day terms.	assessed at employee costs and other oyment and ervice leave. thority does
Total 3,412 1,865 C7 PROVISION FOR EMPLOYEE BENEFITS 2019 2018 \$'000 \$'000 each payroll period having regard to current remuneration rates, employment related on-factors including accumulated years of employees for long service leave Provision for long service leave 923 812 actual amounts paid to employees for long service leave 1,379 1,169 Movement in current long service leave provision: Balance at 1 July Additional provision recognised 295 124 Reductions in provision from payments (184) (104) Balance at 30 June Accounting policy - Long service leave each payroll period having regard to current remuneration rates, employment related on-factors including accumulated years of employees for long service leave 1,379 1,169 Current benefits represent those that the Aunot have an unconditional right to defer settly at least 12 months.	employee costs and other oyment and ervice leave. thority does
C7 PROVISION FOR EMPLOYEE BENEFITS 2019 2018 Long service leave entitlements payable are each payroll period having regard to current remuneration rates, employment related on-factrued annual leave 456 357 factors including accumulated years of employees for long service leave 923 812 actual amounts paid to employees for long service leave 1,379 1,169 Current benefits represent those that the Aunot have an unconditional right to defer settle at least 12 months. Balance at 1 July 812 792 Additional provision recognised 295 124 Reductions in provision from payments (184) (104) Balance at 30 June 923 812 Non-current	employee costs and other oyment and ervice leave. thority does
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Current Accrued annual leave	costs and other oyment and ervice leave. thority does
Provision for long service leave Total 1,379 1,169 Current benefits represent those that the Aunot have an unconditional right to defer settle at least 12 months. Balance at 1 July Additional provision recognised Reductions in provision from payments Balance at 30 June 923 812 Current benefits represent those that the Aunot have an unconditional right to defer settle at least 12 months. 812 792 Additional provision recognised (184) (104) Balance at 30 June 923 812 Non-current	ervice leave. thority does
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Movement in current long service leave provision: Balance at 1 July Additional provision recognised Reductions in provision from payments Balance at 30 June Non-current not have an unconditional right to defer settl at least 12 months. 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	•
Movement in current long service leave provision: Balance at 1 July Additional provision recognised Reductions in provision from payments Balance at 30 June Non-current at least 12 months. 124 (104) 923 812	ement for
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Reductions in provision from payments Balance at 30 June (184) (104) 923 812 Non-current	
Balance at 30 June 923 812 Non-current	
Provision for long service leave <u>56</u> -	
C8 PROVISION FOR SCHEME BENEFITS Accounting policy - Provisions	
2019 2018 Provisions are recorded when the Authority	nas a present
\$'000 \$'000 obligation, either legal or constructive as a r	sult of a past
Current event. They are recognised at the amount of	•
Provision for scheme benefits 130,073 117,000 reporting date for which the obligation will be	
expected to be settled within 12 months future period. Where the settlement of the control of th	-
Provision for scheme benefits 312,212 321,734 expected after 12 or more months, the oblig	
expected to be settled after 12 months Total * discounted to the present value using an ap discount rate.	propriate
10tal 442,200 400,704 discount fate.	
Non-current	
Provision for scheme benefits 455,236 471,216	
Total 897,521 909,950	
Movement in provisions	
Balance at 1 July 909,950 870,900 Payments for long service leave claims are	assessed and
Additional provision recognised 114,344 136,837 calculated in accordance with the <i>Building</i> a	
Reductions in provisions from payments (126,773) (97,787) Industry (Portable Long Service Leave) Act	
Balance at 30 June 897,521 909,950 regulations.	1991 and

Scheme eligible members as at 30 June were 367,414 (2018: 337,854).

* The total current provision of \$442.29 million (2018: \$438.73 million) represents the value for which the Authority does not have an unconditional right to defer settlement for at least 12 months. The Authority expects to pay \$130 million (2018: \$117 million) over the next 12 months.

The liability has been recorded as both a current liability and a non-current liability in accordance with AASB 101 Presentation of Financial Statements and AASB 137 Provisions, Contingent Liabilities and Contingent Assets whereby the current liability represents any amount of scheme benefits liability for which the Authority does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2019

C8 PROVISION FOR SCHEME BENEFITS (continued)

Key Estimates and Judgements: Provision

The long service leave liability of the scheme was determined via actuarial assessment as required by the *Building and Construction Industry (Portable Long Service Leave) Act 1991* 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 14 June 2019 was prepared utilising 30 November 2018 worker data based on a number of assumptions.

The major actuarial assumptions used were:

- The long-term investment return of 5.0% per annum net of management costs (2018: 7.0% per annum).
- The rate of wage increase of 3.0% per annum (2018: 3.0% per annum).
- The average wage rate of \$1,477.00 per week as at 30 June 2018. A capped rate of \$2,018.00 per week applies to all claims from 1 July 2019.
- Expenses of administering the Scheme at 0.02% of leviable contract values.
- Workers are defined as active if they have earned service credits within the financial year ending 30 June 2018 and inactive if they
 have not earned any service credits in the same period.
- Current active workers accrue 162 days service credits per annum and new workers 97 days service credits per annum in their first year.
- Total building contract values of \$30 billion as at 30 June 2018.
- Estimated inflation on building costs of 4.6% per annum.
- Rate of labour productivity of 1.2% per annum.
- Loading for unreported service of 1.5% on the total scheme liabilities.

Employers are required to submit annual returns for eligible workers at the end of each financial year. Collation and processing of employer information is provided to the actuary in October/November each year.

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 construction costs (and/or estimates of such costs), 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

Financial Assets

Investments

QIC Growth Fund

QIC Diversified Australian Equities Fund

QIC International Equities Fund

QIC GFI Inflation Plus Fund QIC Bond Plus Fund

QIC Cash Enhanced Fund

Total

Lev	el 1	Leve	el 2	Lev	el 3	Total Carryi	ng amount
2019	2018	2019	2018	2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	585,220	561,411	-	-	585,220	561,411
-	-	164,010	145,848	-	-	164,010	145,848
-	-	160,568	142,852	-	-	160,568	142,852
-	-	39,786	39,753	-	-	39,786	39,753
-	-	47,476	44,806	-	-	47,476	44,806
-	-	18,264	45,414	-	1	18,264	45,414
-	-	1,015,324	980,084	-	-	1,015,324	980,084

D1 FAIR VALUE MEASUREMENT (continued)

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION

		2019 \$'000	2018 \$'000
QIC Growth Fund	Carrying amount at 1 July Plus	561,411	542,212
	Earnings Contributions	38,459 -	50,359 -
	Distributions reinvested Less	36,690	26,806
	Distributions	(24,723)	(28,854)
	Redemptions	(25,000)	(27,500)
	Redemptions - Fees	(1,617)	(1,612)
	Carrying amount at 30 June	585,220	561,411
QIC Diversified Australian Equities Fund	Carrying amount at 1 July Plus	145,848	127,103
	Earnings Contributions	14,389 -	19,729 -
	Distributions reinvested Less	13,657	7,690
	Distributions Redemptions	(9,464)	(8,281) -
	Redemptions - Fees	(420)	(393)
	Carrying amount at 30 June	164,010	145,848
QIC International Equities	Carrying amount at 1 July	142,852	122,979
Fund	Plus Earnings	14,465	19,807
	Contributions Distributions reinvested	- 13,048	- 8,021
	Less Distributions	(9,374)	(7,565)
	Redemptions Redemptions - Fees	(423)	(390)
	Carrying amount at 30 June	160,568	142,852
	jg	100,000	,
QIC GFI Inflation Plus Fund	Carrying amount at 1 July Plus	39,753	38,834
	Earnings Contributions	(45) -	1,208 -
	Distributions reinvested Less	2,057	648
	Distributions Redemptions	(1,872)	(833)
	Redemptions - Fees	(107)	(104)
	Carrying amount at 30 June	39,786	39,753
QIC Bond Plus Fund	Carrying amount at 1 July Plus	44,806	44,452
	Earnings	1,732	1,348
	Contributions	-	-
	Distributions reinvested Less	1,987	1,229
	Distributions Redemptions	(925)	(2,104)
	Redemptions - Fees	(124)	- (119)
	Carrying amount at 30 June	47,476	44,806

Notes to the Financial Statements

for the year ended 30 June 2019

D1 FAIR VALUE MEASUREMENT (continued)

QIC Cash Enhanced Fund

D1-4 LEVEL 2 FAIR VALUE MEASUREMENT - RECONCILIATION (continued)

	\$'000	\$'000
Carrying amount at 1 July	45,414	39,341
Plus		
Earnings	675	916
Contributions	25,000	27,500
Distributions reinvested	705	518
Less		
Distributions	(452)	(753)
Redemptions	(53,000)	(22,000)
Redemptions - Fees	(78)	(108)
Carrying amount at 30 June	18,264	45,414

2019

2018

Total Carrying Amount at June 1,015,324 980,084

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:

		2019	2018
Category	Note	\$'000	\$'000
Financial assets			
Financial assets measured at amortised cost:			
Cash and cash equivalents	C1	15,074	12,269
Receivables	C2	11,532	39,142
Financial assets at fair value through profit or loss:			
QIC Growth Fund		585,220	561,411
QIC Diversified Australian Equities Fund		164,010	145,848
QIC International Equities Fund		160,568	142,852
QIC GFI Inflation Plus Fund		39,786	39,753
QIC Bond Plus Fund		47,476	44,806
QIC Cash Enhanced Fund		18,264	45,414
	C3	1,015,324	980,084
Total		1,041,930	1,031,495
Financial liabilities Financial liabilities measured at amortised cost:			
Payables	C6	3,412	1,865

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

for the year ended 30 June 2019

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-2 RISKS ARISING FROM FINANCIAL INSTRUMENTS

(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 falling 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 C6) and payments for long service leave claims (Note C7).
Market risk	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. Price Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.	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.
	Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Authority is exposed to interest rate risk through cash and cash equivalents (Note C1) subject to variable interest rates.

(b) Risk measurement and management strategies

The Authority measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis	The Authority manages credit risk through the use of a debtor management strategy. 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 liquidity management strategy. This strategy aims to reduce exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet employee, supplier and scheme recipient 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 analysis 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 remains diversified and includes three capital funds and three liquidity funds. The Authority does not undertake any hedging in relation to interest rate 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.

Notes to the Financial Statements

for the year ended 30 June 2019

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-3 CREDIT RISK DISCLOSURES

Credit risk management practices

The Authority has included a loss allowance on trade receivables (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 contractual amounts net of any allowances:

Category	Note	2019 \$'000	2018 \$'000
Financial assets		<u>_</u>	
Trade receivables	C2	11,532	39,142

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	Cont	Contractual maturity		2018	Cont	ractual mat	urity	
	Total	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	
Financial liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Payables	3,412	3,412	-	-	 1,865	1,865	-	-	-

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 \$30.46 million (2018: \$29.40 million). This is attributable to the Authority's exposure to investments held with QIC's Growth Fund, Diversified Australian Equities Fund, International Equities Fund, GFI Inflation Plus Fund, Bond Plus Fund and Cash Enhanced Fund.

		2019 Market rate risk					
	Carrying	- Sen	sitivity	+ Sens	sitivity		
Financial instruments	amount	Profit	Equity	Profit	Equity		
	\$'000	\$'000	\$'000	\$'000	\$'000		
QIC - Growth Fund	585,220	(17,557)	(17,557)	17,557	17,557		
QIC - Diversified Australian Equities Fund	164,010	(4,920)	(4,920)	4,920	4,920		
QIC - International Equities Fund	160,568	(4,817)	(4,817)	4,817	4,817		
QIC - GFI Inflation Plus Fund	39,786	(1,194)	(1,194)	1,194	1,194		
QIC - Bond Plus Fund	47,476	(1,424)	(1,424)	1,424	1,424		
QIC - Cash Enhanced Fund	18,264	(548)	(548)	548	548		
Potential impact		(30,460)	(30,460)	30,460	30,460		

		2018 Market rate risk					
	Carrying	- Sens	- Sensitivity		sitivity		
Financial instruments	amount	Profit	Equity	Profit	Equity		
	\$'000	\$'000	\$'000	\$'000	\$'000		
QIC - Growth Fund	561,411	(16,842)	(16,842)	16,842	16,842		
QIC - Diversified Australian Equities Fund	145,848	(4,375)	(4,375)	4,375	4,375		
QIC - International Equities Fund	142,852	(4,286)	(4,286)	4,286	4,286		
QIC - GFI Inflation Plus Fund	39,753	(1,193)	(1,193)	1,193	1,193		
QIC - Bond Plus Fund	44,806	(1,344)	(1,344)	1,344	1,344		
QIC - Cash Enhanced Fund	45,414	(1,362)	(1,362)	1,362	1,362		
Potential impact		(29,402)	(29,402)	29,402	29,402		

D2 FINANCIAL RISK DISCLOSURES (continued)

D2-5 MARKET RISK (continued)

The following interest rate sensitivity analysis reflects the outcome to profit and loss if interest rates would change by +/- 1% from year end rates applicable to the Authority's cash assets. These fluctuations in interest rates are considered appropriate given the current economic and market climate. With all other variables held constant, the Authority would have a surplus/(deficit) and equity increase/(decrease) of \$151,000 (2018: \$123,000).

		2019 Interest rate risk			
	Carrying	- Sensitivity		+ Sensitivity	
Financial instruments	amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	15,074	(151)	(151)	151	151
Potential impact		(151)	(151)	151	151

		2018 Interest rate risk			
	Carrying	- Sensitivity		+ Sensitivity	
Financial instruments	amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	12,269	(123)	(123)	123	123
Potential impact		(123)	(123)	123	123

D3 CONTINGENCIES

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

D4 COMMITMENTS

Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are payable:

	2019 \$'000	2018 \$'000
Not later than 1 year	480	507
Later than 1 year but not later than 5 years	1,951	2,101
Later than 5 years	5,303	2,873
Total	7,734	5,481

Accounting policy - Leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line basis unless another systematic basis is more reflective of the time pattern of the lessee's benefit.

Operating leases are entered into as a means of acquiring office accommodation and printing services. The office accommodation lease has a fifteen year term ending on 3 May 2033. This term includes the renewal option of an additional five years as it is reasonably certain that QLeave will exercise that option. The printing services lease has a five year term ending on 30 June 2020.

Capital expenditure commitments

Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2019 \$'000	2018 \$'000
Major plant and equipment		
Not later than 1 year	46	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	46	-
•		
Intangibles		
Not later than 1 year	636	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	636	-

Notes to the Financial Statements

for the year ended 30 June 2019

D5 EVENTS AFTER THE BALANCE DATE

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

The previous Board appointments expired on 30 June 2019. Subsequently a new Board was appointed by the Governor in Council on 5 September 2019. The new Board consists of five new members: Peta Irvine (Chairperson), Melanie Woodward (Deputy Chairperson), Sue-Ann Fresneda, Arturo Menon and Peter Ong. Three board members re-nominated and were appointed: Damian Long, Penny Cornah and Stephen Baker.

D6 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.

AASB 16 Leases

This standard will first apply to the Authority from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases - Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Impact for Lessees

Under AASB 16, the office accommodation operating leases (as defined by the current AASB 117 with commitments shown at Note D4) will be reported on the statement of financial position as right-of-use assets and lease liabilities.

The right-of-use assets will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus an estimate of costs to be incurred in dismantling and removing the underlying asset to the condition required by the terms and conditions of the leases, less any existing lease incentives and lease smoothing (straight-lining) liabilities. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the statement of comprehensive income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the Authority will apply the 'cumulative approach', and will not need to restate comparative information.

Outcome of review as lessees

The Authority has quantified the transitional impact on the statement of financial position and statement of comprehensive income of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16, as follows.

- Statement of financial position impact on 1 July 2019:
 - o \$5,263k increase in right-of-use lease assets
 - o \$3,950k increase in lease liabilities
- Statement of comprehensive income impact expected for the 2019-20 financial year, as compared to 2018-19:
 - o \$376k increase in depreciation and amortisation expense
 - o \$145k increase in interest expense
 - o (\$462k) decrease in supplies and services expense
 - o This results in a net increase of \$59k in total expenses

The Authority has also been advised by Queensland Treasury and the Department of Housing and Public Works (DHPW's) that, effective 1 July 2019, motor vehicles provided under the DHPW's QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme.

QLeave's printing services lease is also exempt from recognition due to the lease term ending within 12 months of the date of the initial application of the Standard. From 2019-20 onward, the costs for these services will continue to be expensed as supplies and services when incurred

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.

Ms Jacqueline D'Alton Chair
Mr Adam Stoker Deputy Chair

Ms Penny Cornah
Employer Representative (MPAQ)
Mr Damian Long
Employer Representative (CCF)
Ms Kirsty Augustine
Employer Representative (CPB)
Mr Rohan Webb
Worker Representative (AMWU)
Mr Wally Trohear
Worker Representative (CFMEU)
Mr Stephen Baker
Worker Representative (AWU)

KMP remuneration policies - Chair and Directors

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.

Annual remuneration expenses for the Chair and Directors is intended to include all meetings, with no additional payments for Committee meetings and comprise the following components:

<u>Short term employee expenses</u> include annual salary amounts paid in twelve equal instalments or as appropriate to align with that part of the year representing their KMP occupation.

KMP remuneration policies - General Manager

Annual remuneration expenses for the General Manager comprise the following components:

<u>Short term employee expenses</u> include salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

<u>Post-employment expenses</u> include amounts expensed in respect of employer superannuation obligations.

<u>Termination benefits</u> include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

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.

E1 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES (continued)

Remuneration expenses (continued)

2018-19

	Short term employee expenses		Long term employee expenses	Post employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non- monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Helen Sharpley - Acting General Manager	89	-	28	8	-	125
Julie Dahl - General Manager	98	-	4	10	-	112
Ms Jacqueline D'Alton	6	-	-	-	-	6
Mr Adam Stoker	4	-	-	-	-	4
Ms Penny Cornah	4	-	-	-	-	4
Mr Damian Long	4	-	-	-	-	4
Ms Kirsty Augustine	4	-	-	-	-	4
Mr Wally Trohear	4	-	-	-	-	4
Mr Rohan Webb	4	-	-	-	-	4
Mr Stephen Baker	2	-	-	-	-	2
Total Remuneration	219	-	32	18	-	269

2017-18

		Short term employee expenses		Post employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non- monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Julie Dahl - General Manager	196	-	1	21	-	218
Ms Jacqueline D'Alton	6	-	-	-	-	6
Mr Adam Stoker	4	-	-	-	-	4
Ms Penny Cornah	4	-	-	-	-	4
Mr Damian Long	4	-	-	-	-	4
Ms Kirsty Augustine	3	-	-	-	-	3
Mr Troy Spence	3		-	-	-	3
Mr Wally Trohear	4	-	-	-	-	4
Mr Rohan Webb	4	-	-	-	-	4
Total Remuneration	228	-	1	21	-	250

Committee attendance fees were paid directly to Ms J D'Alton, Mr A Stoker, Mr D Long and Mr W Trohear. Committee attendance fees were paid to the nominated organisation for Mr R Webb (Australian Manufacturing Workers Union), Ms P Cornah (Master Plumbers' Association of Queensland), Mr Stephen Baker (Australian Workers Union) and Ms K Augustine (CPB Contractors Pty Ltd).

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 transactions 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 *Building and Construction Industry (Portable Long Service Leave) Act 1991* and the *Work Health and Safety Act 2011* in respect of payment of levies for their own business undertakings in building and construction work. The levying of these charges is on the same terms and conditions as those entered into by other liable parties.

Notes to the Financial Statements

for the year ended 30 June 2019

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.

On adoption of AASB 9's new impairment model, the Authority de-recognised impairment losses of \$62,000 on its trade receivables. Below is a reconciliation of the ending impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

AASB 139 measurement category

	AASB 9 measure- ment category	Impairment allowance 30 June 2018	Re-measure- ment adjustment	Loss allowance 1 July 2018
		\$'000	\$'000	\$'000
Trade debtors	Amortised cost	80	(62)	18

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 BUILDING AND CONSTRUCTION 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 Building and Construction 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.

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

Acting General Manager

16 September 2019

P Irvine

Chair

16 September 2019



INDEPENDENT AUDITOR'S REPORT

To the Board of the Building and Construction Industry (Portable Long Service Leave) Authority.

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Building and Construction 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 the 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.

17 September 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.gld.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.





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